2019 Annual Report

More than
Innovation

Treet Corporation Limited

Welcome to Treet
Annual Report 2019

The secret of change is to focus all your energy not on fighting the old but on building the new
SOCRATES

Contents

Strategic report

Corporate Matters	08
Human Resource Management	20
Information System & Control	24
Introduction to Taxation Management	26
Financial Planning	44
Group Information	56
Our Mission & Vision Statement	58
Company Information	62
Directors' Profile	66
Guidelines To Business Conduct	95
Corporate Social Responsibility	96
Investment /Funding and Dividend Policies	98
Quality Policy	81
Financial Highlights	100
Key Operating Financial Data	105
Our Products	106

Governance

Chairperson's Review	114
Directors' Report to the Shareholders	115
Directors' Report to the Shareholders (Urdu)	129
Statement of Compliance	130
Independent Auditor's Review Report	132
Notice of Annual General Meeting	133
List of Employees of Subsidiary Company	142

Financial highlights (for the year ended 30 June 2019)

Rs.11.97bn
Net Sales
2018: Rs.9.41 bn

Rs.2.65bn
Export Sales
2018: Rs.2.09 bn

Rs.17.69bn
Fixed Assets (Net)
2018: Rs.13.31 bn

Rs.26.22bn
Total Assets (Net)
2018: Rs.21.00 bn

Rs.10.49bn
Shareholders' Equity
2018: Rs.9.07 bn

Rs.1.25bn
Gross Profit
2018: Rs.1.76 bn

Rs.(2.13)bn
Net Profit/(Loss)
2018: Rs.(0.63) bn

Rs.(0.79)bn
Operating Profit/(Loss)
2018: Rs.(0.09) bn

Chase the vision, not the money, the money will end up following you
Tony Hsieh

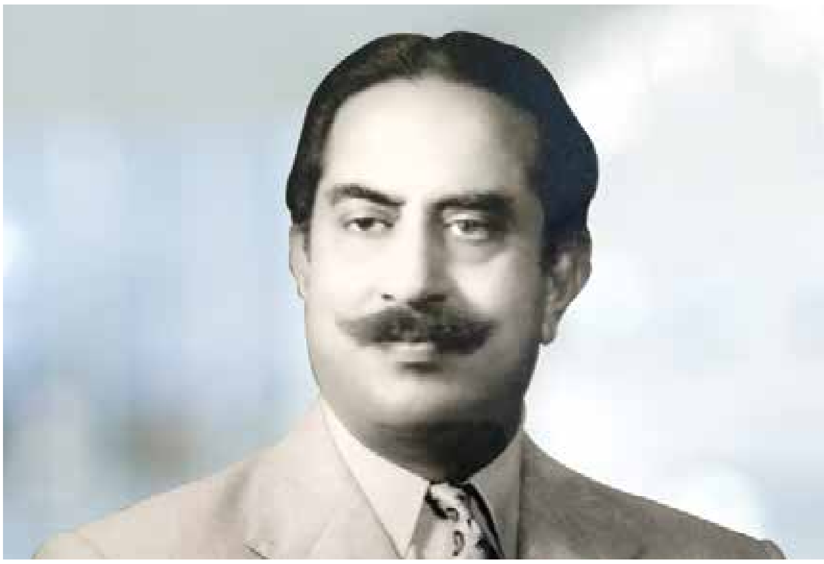
Treet Corporation Limited | Treet Holdings Limited | First Treet Manufacturing Modaraba | Global Arts Limited | Treet Battery Limited | Renacon Pharma Limited

Far and away the best prize that life offers is the chance to work hard at work worth doing

Theodore Roosevelt

About the founder

In loving memories



Syed Wajid Ali (Late)
December 20, 1911 – June 14, 2008

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

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

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

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

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

May God rest his soul in eternal peace, Ameen.


KM220B5-S

**SUCCESS IS NOT FINAL,
FAILURE IS NOT FATAL:
IT IS THE COURAGE TO
CONTINUE THAT COUNTS**

WINSTON S. CHURCHILL

Corporate Matters

Accrual of Profit on Participation Term Certificates (TCLTC) based on the full year consolidated results

The following accrual of profit is being made on TCLTC on the basis of yearly results:

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

	Rs.in 000
Consolidate Profit*	**N/A**

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

	Rs. in 000	Rs. per TCLTC
Category "B" Payment (Additional Profit in Cash)	-	-
Minimum Profit Payment in Cash	171,889	4.11
Financial Charges i.e. Total Profit in Cash	171,889	4.11

Pay-OFF MATRIX (PER TCLTC)			**Based on Extrapolated Profit for the full Year**		
Principal Redemption in Cash	**Minimum Profit Payment in Cash**	**Minimum Payment in Cash**	**Category "B " Payment (Additional Profit in Cash)**	**Total Profit in Cash**	**Total Payment in Cash**
(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2) + (4)	(6) = (1) + (5)
0.15	4.11	4.26	-	4.11	4.26

Payment will be made on following dates:

Respective Date(s) of Entitlements and Date(s) of Payment under Category "A" and Category "B" Payment for the 07th year will be as follows:

	Book Closure Dates (both days inclusive)			**Minimum Payment in Cash Date**	**Allotment Date for Conversion**	
Year	**From**	**To**	**Entitlement Date**	**under Category "A" Payment**		**Category "B" Payment (in Cash) Date**
2019	20-10-2019	26-10-2019	19-10-2019	02-11-2019	02-11-2019	02-11-2019

Apart from the "Total Payment in Cash", TCLTC holders [who are entitled on October 19, 2019] will also get Ordinary Shares of the Company on the following basis:

Principal Redemption Through Conversion

Principal Redemption through Conversion	No. of Shares through Conversion	Conversion Price per Share
4.11	0.08	51.38

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

EExample: Thus holder of 1,000 TCLTCs will get 80 Ordinary Shares of the Company on or before November 02, 2019 vis-à-vis principal value of Rs. 4,110/- forgone.

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

Note: After the above payment TCLTC will be ceased to exist No. of TCLTC Issued in FY - 2012-2013 - 41,820,250
Issued Price/Face Value per TCLT - Rs. 30/- per certificate.

Detail of Pay-offs in 07 Years		2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
	Rs. in 000	**Payment made on October 31, 2019**	Paid in FY 2018-2019	Paid in FY 2017-2018	Paid in FY 2016-2017	Paid in FY 2015-2016	Paid in FY 2014-2015	Paid in FY 2013-2014
Category "B" Payment (Additional Profit in Cash)		**-**	-	116,026	111,247	101,718	110,085	106,661
Minimum Profit Payment in Cash		**171,887**	173,145	173,145	173,145	173,145	173,145	173,145
Financial Charges i.e. Total Profit in Cash		**171,887**	173,145	289,171	284,392	274,863	283,230	279,806
Per PTC Amount in Rs.		**4.11**	**4.14**	**6.91**	**6.80**	**6.57**	**6.77**	**6.69**
		2018-2019	**2017-2018**	**2016-2017**	**2015-2016**	**2014-2015**	**2013-2014**	**2012-2013**
	Rs. in 000	**Payment/ Conversion will be made on before November 02, 2019**	Paid/ Converted in FY 2018-2019	Paid/ Converted in FY 2017-2018	Paid/ Converted in FY 2016-2017	Paid/ Converted in FY 2015-2016	Paid/ Converted in FY 2014-2015	Paid/ Converted in FY 2013-2014
Principal Amount Redeemed in Cash		**6,273**	6,273	6,273	6,273	6,273	6,273	6,273
Principal Amount Redeemed through Share Conversion		**171,887**	173,145	173,145	173,145	173,145	173,145	173,145
		178,160	179,418	179,418	179,418	179,418	179,418	179,418
Per PTC Amount in Rs.		**4.26**	**4.29**	**4.29**	**4.29**	**4.29**	**4.29**	**4.29**
Shares through Conversion issued / to be issued (nos.)		**3,345,780**	2,927,557	2,927,557	2,927,557	2,927,557	2,927,557	2,927,557
Conversion Price per Share		**51.38**	**59.14**	**59.14**	**59.14**	**59.14**	**59.14**	**59.14**
		2018-2019	**2017-2018**	**2016-2017**	**2015-2016**	**2014-2015**	**2013-2014**	**2012-2013**
	Rs. in 000	**after November 02, 2019**	after November 02, 2018	after November 02, 2017	after November 02, 2016	after November 02, 2015	after November 02, 2014	after November 02, 2013
Principal Payment Outstanding		**-**	178,160	357,578	536,996	716,414	895,832	1,075,250
Per PTC Amount in Rs.		**-**	**4.26**	**8.55**	**12.84**	**17.13**	**21.42**	**25.71**
Total Payment made in Cash		**178,160**	**179,418**	**295,444**	**290,665**	**281,136**	**289,503**	**286,079**
Shares through Conversion issued / to be issued (nos.)		**3,345,780**	2,927,557	2,927,557	2,927,557	2,927,557	2,927,557	2,927,557

Total Payment	Rs. in 000	**1,800,405**
No. of Certificates		**41,822,250**
Issued Price / Face Value per Certificate		**30.00**
TCLTC Issued Value	Rs. in 000	**1,254,668**
Shares through Conversion issued / to be issued (nos.)		**20,911,122**

Corporate Matters

Cost of Capital and Rate of Return

		Payment in Cash	No. of Shares**	Tax Rate	Tax Impact*	Financial Charges	Tax Shield	Net Cashflow
2012-2013	0	**1,254,668**	-	35%	40.15%	279,806	112,342	**1,367,010**
2013-2014	1	**(286,079)**	(2,927,557)	34%	39.20%	283,230	111,026	**(175,053)**
2014-2015	2	**(289,503)**	(2,927,557)	33%	38.25%	274,863	105,135	**(184,368)**
2015-2016	3	**(281,136)**	(2,927,557)	32%	37.30%	284,392	106,078	**(175,058)**
2016-2017	4	**(290,665)**	(2,927,557)	31%	36.35%	289,171	105,114	**(185,551)**
2017-2018	5	**(295,444)**	(2,927,557)	30%	35.40%	173,145	61,293	**(234,151)**
2018-2019	6	**(179,418)**	(2,927,557)	29%	34.45%	171,887	59,215	**(120,203)**
2019-2020	7	**(178,160)**	(3,345,780)	29%	34.45%	-	-	**(178,160)**
	Cost of Capital	**10.79%**		Cost of Capital (after Taxation Impact)				**-2.17%**

** equivalent to Bonus Shares
*after taking WPPF and WWF into account Rate of return to the Investors includes the following:
1. Share value received on conversion [particularly the disposal value of the shares if disposed of];
2. Taxation rate on interest is less than the taxation on dividend;

	Cash flow	No. of Shares	Market Price*	Total Pay-offs
2012-2013	(1,254,668)			(1,254,668)
2013-2014	286,079	2,927,557	48.40	427,773
2014-2015	289,503	2,927,557	69.09	491,768
2015-2016	281,136	2,927,557	55.73	444,289
2016-2017	290,665	2,927,557	43.27	417,341
2017-2018	295,444	2,927,557	36.80	403,178
2018-2019	179,418	2,927,557	24.00	249,679
2019-2020	178,160	3,345,780	13.75	224,164
Rate of Return for Investors				26.6%

*at the time of Conversion

Conversion against TCLTC

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

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

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

Code of Corporate Governance

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

Compliance with Code of Corporate Governance

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

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.

- Keeping in view the financial position of your Company, we do not have any significant doubt upon its continuance as a going concern.

- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

Employee Benefit Funds

Values of investments (in Rs. Million) of employees' retirement funds as per their respective audited accounts for the year ended on June 30, 2019 are as follows:

Provident Fund	450.777
Gratuity Fund	415.190
Superannuation Fund	446.555
Service Fund	215.094
Housing Fund	77.800
Benevolent Fund	13.436

Audit Committee

The Board of Directors of the Company has established an Audit Committee comprising of four members, in compliance with the Revised Code of Corporate Governance 2017 (CCG). Whom three are Non-Executive Directors including Chairman of the Committee. During the year June 30, 2019, the Committee met four times. The Meetings of the Audit Committee were held at least once every quarter prior approval of the interim and final results of the Company as required by CCG. The attendance of the Board Members was as follows:

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 by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

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

i. Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

ii. Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

iii. Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

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	Mr. Imran Azim	Non-Executive Director	P	P	A	P	3/4
3	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4
	Quorum of the Meetings		3/3	3/3	2/3	3/3	
P	Present in the Meeting						
A	Leave of Absence						

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

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.

Corporate Matters

vi. Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.

vii. Review of management letter issued by the External Auditors and Management response thereto:

Report of the Audit Committee

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

Financial Reporting:

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

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

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

Appointment of External Auditors:

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

Review of Management Letter issued by the External Auditors:

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

Internal Audit

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

Transfer Pricing

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

Risk Management Policy

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

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

Strategic Planning

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

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

Human Resources

The company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at-large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment. Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits. Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

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

Attendance report of HR & Remuneration Committee during the year 2018-2019

Sr. No.	Name	Designation	23/May/19	28/ Jun/19	2018-2019
1	Mr. Imran Azim	Chairman/ Member	P	P	2/2
2	Mr. Munir Karim Bana	Member	P	P	2/2
3	Mr. Muhammad Shafique Anjum	Member	P	P	2/2
4	Syed Sheharyar Ali	Member	P	P	2/2
5	Dr.Salman Faridi	Member	P	P	2/2
6	Mr. Amir Zia	CFO	P	P	2/2
7	Mr. Jahangir Bashir	HR Manager	P	P	2/2
8	Rana Shakeel Shaukat	Secretary	P	P	2/2
	Quorum of the Meetings		8/8	8/8	

P	Present in the Meeting
A	Leave of Absence

Terms of Reference of the Human Resource & Remuneration Committee:

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

i. A sound plan of organization for the company.

ii. An effective employees' development programme.

iii. Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.

iv. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.

v. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.

vi. Review the employees' development system to ensure that it:
   a. Foresees the company's senior management requirements.
   b. Provides for early identification and development of key personnel.
   c. Brings forward specific succession plans for senior management positions.
   d. Training and development plans.

vii. Compensation and Benefits:
   i. recommending human resource management policies to the board;
   ii. recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
   iii. recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and senior management reporting to CEO.

Corporate Matters

Meetings of the Board of Directors

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

Sr. No.	Name	Designation	30/Jul/18	4/Oct/18	30/Oct/18	20/Nov/18	21/Jan/19	26/Feb/19	30/Apr/19	23/May/19	2018-2019
1	Dr. Mrs. Niloufer Qasim Mahdi	Chairperson	A	P	P	P	A	A	A	A	3/8
2	Syed Shahid Ali Shah	Chief Executive Officer	P	A	P	P	P	P	P	P	7/8
3	Mr. Saulat Said	Executive Director	P	P	P	P	P	P	P	P	8/8
4	Dr. Salman Faridi	Independent Director	P	P	P	A	P	P	P	P	7/8
5	Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	A	P	P	7/8
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	A	P	P	P	7/8
7	Mr. Muhammad Shafique Anjum	Executive Director	P	P	P	P	P	P	P	P	8/8
8	Syed Sheharyar Ali	Executive Director	P	P	P	P	P	A	P	P	7/8
	Quorum of Meetings		7/8	7/8	8/8	7/8	6/8	5/8	7/8	7/8	

P	Present in the Meeting
A	Leave of Absence

Pattern of Shareholding

The pattern of shareholding of your Company as on June 30, 2019 is annexed with this report. This statement is in accordance with the amendments made through the Code.

Share Trading

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

For the purpose of this clause 5.19.11(xii) and clause 5.19.15 of the Code of Corporate Governance of PSX Regulations, the expression "executive" means the CEO, COO, CFO, Head of Internal Audit and Company Secretary and employees of the Company for whom the Board of Directors has determined [in their meeting held on October 04, 2019] the minimum threshold of gross salary (excluding retirement funds) of Rs. 8.00 million per annum for the financial year 2019-2020.

Future Expansion / Plans:

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

- Medical Complex that will provide comprehensive and advanced state of the art healthcare facilities that meet best international standards;
- Specialized Pharmacy Chain;
- Pharmaceutical Business (initially through marketing and trading);
- Multi-purpose Commercial Complex;
- Business Education;

Restructuring Plan

Battery Project is currently under First Treet Manufacturing Modaraba (FTMM). However, this segment is being transferred to separate entity namely "Treet Battery Limited" (TBL) under Scheme of Arrangement.

Since FTMM is listed Modaraba, TBL will be technically listed on the Pakistan Stock Exchange in accordance with applicable rules and regulations.

The benefits of the Scheme of Arrangement, shall include but are not limited to the following:

- De-bundling of business unit and exploration of value
- Requirement of International Market
- Additional Funds Raising
- Value creation for the Modaraba Certificate Holders
- Voting Rights for existing Modaraba Certificate Holders

Battery Unit is being spun-off to the existing certificate holders of the Modaraba under scheme of arrangement as per following Swap ratio:

Swap Ratio: 0.99840
i.e. 9,984 Share of Treet Battery Limited against Ten Thousand

(10,000) Certificates of First Treet Manufacturing Modaraba out of share premium.

Scheme of Arrangement

Cut-off date of the Scheme is as on June 30, 2019. Shares of TBL will be issued to the existing certificate-holders out of share premium and all the assets, liabilities and related loss [pertaining to Battery Segment] to be transferred to the TBL as follows:

Asset / Liabilities / Equity		FTMM Consolidated	FTMM	FTMM-Residual	Adjustment in Equity & Reserves	Adjustment in Equity & Reserves FTMM-Residual	Balance Sheet after Restructuring	Balance Sheet after Restructuring FTMM-Residual
			Battery Segment	Corrugation Segment & Soap Segment	Battery Segment	Corrugation Segment & Soap Segment	Battery Segment	Corrugation Segment & Soap Segment
		Rs. In 000	Rs. In 000	Rs. In 000	Rs. In 000	Rs. In 000	Rs. In 000	Rs. In 000
Property, plant and equipment		8,682,886	7,791,431	891,455			7,791,431	891,455
Long term advances		-	-	-			-	-
Long term deposits		10,932	717	10,215			717	10,215
Stores and spares		93,321	75	93,246			75	93,246
Stock in trade		1,858,077	1,562,820	295,257			1,562,820	295,257
Trade debts		754,829	74,081	680,748			74,081	680,748
Advances, deposits, prepayments and other receivables		552,548	343,368	209,180			343,368	209,180
Tax refunds due from the Government - Advance Tax		106,322	-	106,322			-	106,322
Tax refunds due from the Government - Sales Tax		1,017,183	1,017,183	-			1,017,183	-
Cash and bank balances		99,596	62,361	37,235			62,361	37,235
Issued, subscribed and paid up certificate capital		(1,956,000)	-	(1,956,000)			-	(1,956,000)
Statutory reserve		(511,941)	-	(511,941)			-	(511,941)
Certificate premium		(1,952,870)	-	(1,952,870)		1,952,870	-	-
Surplus on revaluation of property, plant & equipment		(387,476)	-	(387,476)			-	(387,476)
Accumulated loss		2,765,445	2,492,496	272,949		-	2,492,496	272,949
Deffered Taxation		(9,272)	-	(9,272)			-	(9,272)
Retention money payable		(21,662)	(8,090)	(13,572)			(8,090)	(13,572)
Short term borrowings - Banks		(3,924,345)	(3,924,345)	-			(3,924,345)	-
Short term borrowings - Treet Corporation Limited		(6,462,909)	(6,462,909)	-	-		(6,462,909)	-
Trade and other payables		(622,899)	(465,613)	(157,286)			(465,613)	(157,286)
Accrued profit on secured borrowings		(91,765)	-	(91,765)			-	(91,765)
Intra-Company Receivable/Payable		-	(2,483,575)	2,483,575	1,952,870	(1,952,870)	(530,705)	530,705
Share Capital - Treet Battery Limited	Note-1	-			(1,952,870)		(1,952,870)	-

Note-1 :

Treet Battery Limited	No. of Shares	Par Value Rs. In 000
Shares to be Issued to Certificateholders of First Treet Maufacturing Modaraba under SWAP Ratio	195,287,000	1,952,870

SWAP Ratio: 0.99840

9984 Share of Treet Battery Limited against Ten Thousand Certificates of First Treet Manufacturing Modaraba

Corporate Matters

Information Brief – Renacon Pharma Limited

Renacon Pharma Limited ("Renacon" or the "Company") is a prominent Hemodialysis Concentrates manufacturer in Pakistan. Hemodialysis Concentrates, marketed in powder and solution forms, are used only with hemodialysis machines and are meant to cleanse the blood by flowing it through a disposable filter called a dialyzer. Manufacturing products with a quality comparable to global leaders such as Fresenius (Germany), B. Braun (Germany), Toray (Japan), Nipro (Japan), Rockwell (USA), and Gambro (Sweden), Renacon's products cost approximately 20% less than foreign competition, making them highly suitable at dialysis centers in Pakistan. The current manufacturing facility of the company is situated on leasehold land at 18KM Ferozpur Road, opposite Nishtar Colony, Lahore.

Renacon was incorporated as an Association of Person ("AoP") by Dr. Salman Shakoh in 1996, in order to develop Bicarbonate Hemodialysis Concentrate in Pakistan. Until the early 1990s, Pakistan was predominantly using low-quality Acetate Hemodialysis Concentrate. Dr. Shakoh, a leading kidney physician, having performed and supervised several different dialysis procedures, used his knowledge and experience to indigenously develop a much superior quality solution in the form of Bicarbonate Concentrates. Unlike Acetate, which is toxic and has severe side-effects, Bicarbonate Concentrates are benign and dramatically improve the quality and span of life of dialysis patients.

The Company obtained its manufacturing license in 1998 and subsequently replaced majority market of the old Acetate solution with its newer Bicarbonate Concentrate solution within 5 years of introduction. Since then, through dedicated research, Renacon has developed a wide range of dialysis products, improved production processes, obtained the top and most stringent global medicine production and quality certifications, made successful inroads into the international dialysis market, and developed a unique and difficult-to-replicate blend of skillset: that of clinical nephrology and pharmaceutical production.

The AOP, Renacon Pharma, was converted into a Private Limited Company in Pakistan under the name of Renacon Pharma (Private) Limited in 2009. In 2017, Treet Corporation Limited acquired 58.16% shareholding in Renacon, effectively becoming the sponsor of the Company.

Today, Renacon is the only dialysis company in Pakistan that can produce over 100 formulations of Hemodialysis concentrate enabling it to provide customized solutions according to patients' needs. It is amongst the group of companies that have multiple certifications which vouch for the quality of its products and thus enable it to market its products internationally, including free sale authorization within the European Union.

Renacon's current manufacturing facility is situated on leasehold property at 18 KM Ferozpur Road, Lahore Pakistan. The facility has a total capacity of manufacturing up to 1,560,000 sessions worth of Hemodialysis Concentrates per annum. The plant obtains electricity via an industrial connection from Lahore Electric Supply Company. Water, which is a major input in formation of solutions, is bored at the facility and purified in a reverse osmosis (RO) plant.

The management of Renacon has identified an unmet need for Hemodialysis Concentrates and locally manufactured Blood Tubing Lines (BTLs) in Pakistan. The industry's current capacity only serves ten percent of the demand for concentrates and there is no local producer of BTLs in the country. The Company has therefore planned to establish a new manufacturing facility that will expand on its production capacity of Hemodialysis Concentrates and will have a dedicated plant for production of BTL and AVF Needle sets.

The proposed project will be located in Faisalabad Industrial Estate, Special Economic Zone (SEZ). Operating in the SEZ will allow the Company to gain incentives in the form of one-time exemption from custom duties and taxes on import of plant and machinery as well as exemption from all taxes on income for the next ten years. The facility will be situated off Lahore-Islamabad Motorway (M3), which will act as a center point for transportation to northern and southern parts of the country. The Company has already acquired 10 acres of land out of which 5 acres will initially be utilized to set up the proposed project, whereas excess land will be utilized for further expansion as and when the Company's management deems necessary.

The proposed facility will have a Hemodialysis plant with a production capacity of 15.30 million sessions of Hemodialysis Concentrates, a 9.8 times increase over the Company's current capacity. The BTL segment at the facility will have a capacity to manufacture 9.6 million sets of BTL and AVF needles, with each set consisting of one blood tubing line and a pair of AVF needles. The Company plans to manufacture BTLs from combinations of imported plastic resin while AVF needles will be imported as complete units to be sold along with BTLs. The two products may be sold separately as well, depending on the needs of customers.

Current Capacity		Post-expansion Capacity	
Hemodialysis Concentrates (sessions)	1,560,000	Hemodialysis Concentrates (sessions)	15,300,000
		BTL sets (units)	9,600,000

Blood Tubing Lines (BTL) and Arteriovenous Fistula (AVF) Needle Sets

BTL

AVF Needles

Hemodialysis Concentrates

Renacarb Concentrate

Renapulv Concentrate

Project Size – Faisalabad Project

	Rs. in million	
Land	67	FIEDMC – M-3 Industrial Estate
Building	1,049	Including PEB, Utilities, Compaction and Piling and Utilities
Plant & Machinery	300	Including packaging, filling machines
Others	84	
Working Capital	300	
Total	1,800	

Timelines of the Project	
Starting Date of the Project [when idea was conceived and subsequently worked upon)	1st Quarter of Financial Year 2019-2018
Completion Date of the Project	Completion Date of the Project By end of 30 June 2020
Expected date of Commercial Production	In the first quarter of(July ~September) of Financial Year 2020-2021
Expected date where project will start paying return on investment	By end of 30 June 2024

Corporate Matters

Detail of Shares Issued since January 01, 2017

Date	Issue Type	No. of Shares	Par Value per Share	Total (Nominal Value)	Right Price per Share	Right Proceeds
		Nos.	Rs.	Rs.	Rs.	Rs.
31-12-2016	Opening Shares	60,000	100	6,000,000		
17-01-2017	Right Issue	84,400	100	8,340,000	4,877	406,741,800
	Stock Split	1,434,000	10	14,340,000		
06-07-2017	Right Issue	400,086	10	4,000,860	500	200,043,000
17-07-2017	Bonus Issue	60,524,5838	10	605,248,380		
30-09-2017	Shares Outstanding	62,358,924	10	623,589,240		606,784,800
Share Premium		**Rs.**		Position as on	28-02-2019	Rs.
31-12-2016	Opening Balance	-				
17-01-2017	Right Issue	398,401,800				
06-07-2017	Right Issue	196,042,140				
16-07-2017	Balance before Bonus Issue	594,443,940				
17-07-2017	Bonus Issue out of Share Premium	594,443,940				
30-09-2017	Balance	-				
17-07-2017	Bonus Issue out of Retained Earnings	10,804,440				
		No. of Shares				
Issued for Cash		1,834,086				
Issued as Bonus Issue		60,524,838				
		62,358,924				

Sources of Funds

	Rs. in million	
Internal Sources	500	
Equity / Holding Company	700	Including intended private placement and short term loan from holding company (including equity injection)
Bank Borrowings / Loans	600	Including project loan and short term running finance

Future Prospects

Chronic Kidney Disease affects every one in ten people around the world. The worst form of this disease is known as End-Stage Renal Disease (ESRD) where there is a complete loss of kidney function and regular dialysis treatment (two to three times weekly) or a kidney transplant is needed to survive. It is estimated that approximately 20 million people suffer from ESRD around the world, but only over 2 million of them receive treatment via dialysis or transplant.

In Pakistan, data for the prevalence of ESRD is fragmented and largely undocumented, however healthcare professionals estimate that approximately 200,000 people are suffering from the disease across the country and this number is growing at an alarming rate of nearly 15,000 to 20,000 new patients every year . This is because Pakistan ranks amongst the highest in prevalence of two diseases that contribute to chronic kidney disease: diabetes, which affects every one in twelve Pakistanis, and hypertension, which affects every fourth adult in the country according to a report by WHO.

There are around 20,000 patients of ESRD being treated with Hemodialysis in Pakistan which means that for the other 90% people affected, regular treatment is either unaffordable or unavailable. Currently there are an estimated 450 dialysis centers - housing 5,400 dialysis machines - in all major cities across the country where approximately 3.1 million Hemodialysis procedures or sessions are carried out annually20. The requisite Concentrate solutions for the procedure are manufactured locally whereas machinery and disposables such as blood tubing lines (BTL) and AVF needles are imported.

The consumers of Hemodialysis Concentrates and disposables include all major hospitals across Pakistan providing dialysis treatment. It is estimated that out of the total number of procedures conducted in Pakistan, 40% are conducted in Public sector hospitals, 20% in hospitals/ centers established by Public-NGO partnership, 15% in NGO charity hospitals and remaining 25% in private commercial hospitals. SIUT Karachi with its 8 satellite centers contains more than 250 dialysis machines and stands to be the largest dialysis facility in South-East Asia

ESRD incidence is on the rise in Pakistan with 15,000 to 20,000 new patients emerging every year, primarily due to the widespread prevalence of diabetes and hypertension. This suggests that the market for Hemodialysis Concentrates, currently serving only ten percent of the total demand has vast potential to grow.

Renacon Pharma is in a good position to tap the growing need for Hemodialysis treatment. Currently catering to approximately 47% of the concentrates market, the Company's proposed expansion will increase its production capacity from 1.56 million sessions to 15.3 million sessions, a nearly ten-fold increase. This will allow the Company to gradually increase the market size for Hemodialysis Concentrates as treatment facilities expand across the country and to tap export potential across the world.

Management of your Company is confident that it will get good return on its investment in the form of dividend payouts and capital gains [value creation through listing process and availability of secondary market].

Human Resource Management

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

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

We divide our total payroll costs into Seven segments:

1. Monthly Salary to cover day to day expenses;

Annual Salary increase is linked Consumer

Price Index (CPI)

Employees get annual increments in July based on CPI;

Increment based on Performance

This is based on annual performance evaluation;

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

iii. Bonuses that are linked to production quantities/ sales volume;

iv. Profitability linked Incentives

5. Hospitalization coverage for self, immediate family and dependent parents;

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

6. Currently Company is running various retirement benefit funds;

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

- Defined Contribution Plans Provident Fund
- Service Fund Benevolent Fund Superannuation Fund -2 Housing Fund
- Defined Benefit Plans Gratuity Fund
- Superannuation Fund -1

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

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

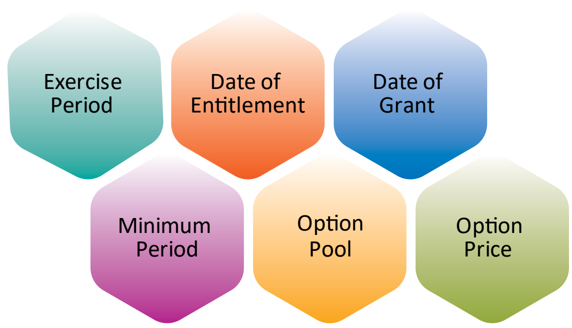
a. Group Life Insurance
b. Insurance Coverage that is linked to no. of Years Served x Last Salary drawn
c. Insurance Coverage that is linked to no. of Years Remaining in the Service x Last Salary drawn
d. Provident Fund Multiple Insurance
e. Pay Continuation Plan that insures pay continuation for 15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

f. Unit Plans Assurance Schemes linked to Benevolent Fund

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

8. Employees Stock Option Scheme (ESOS):

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



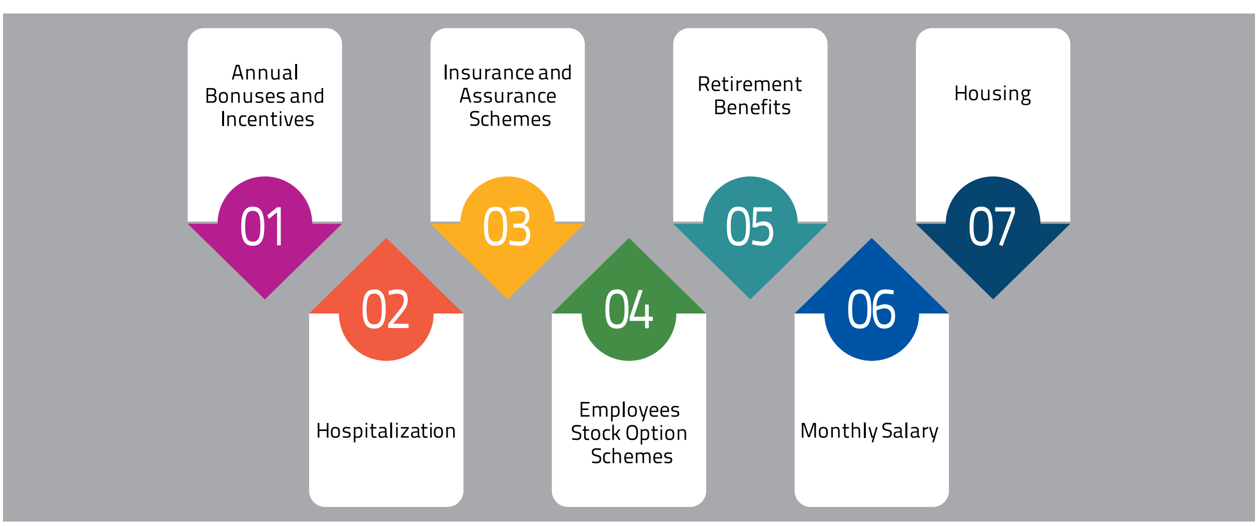
Your Company got approval of Treet Corporation – Employees Stock Option Scheme (ESOS) from Securities and Exchange Commission of Pakistan. Core objective of the scheme is to provide incentives to Management & Junior Executive employees of the Company (including subsidiary companies). This will not only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

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

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

"

It's about having the right people with the right abilities in the right place at the right time



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

Date of Grant	Financial Year	Share Strike Price	No. of Options Granted	No. of Employees
July 17, 2019	2018-2019	15.71	4,962,000	242

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

Treet Corporation Limited
Employees Stock Option Scheme (ESOS)

Financial Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Date of Grant	14/Jul/15	16/Jul/16	14/Jul/17	30/Jul/18	**17/Jul/19**
Date of Entitlement	1/Jul/15	1/Jul/16	1/Jul/17	1/Jul/18	**1/Jul/19**
Share Price (Option Price) from	14/Apr/15	16/Apr/16	14/Apr/17	30/Apr/18	**17/Apr/19**
Share Price (Option Price) to	13/Jul/15	15/Jul/16	13/Jul/17	29/Jul/18	**16/Jul/19**
Weighted Average Price i.e. Exercise Price in Rs. per Share	90.58	51.79	66.45	35.44	**15.71**
Revised Price i.e. "Exercise Price in Rs. per Share (Revised)	51.79	Not Revised	20.00	15.71	**Not Revised**
Minimum Vesting Period: from	15/Jul/15	17/Jul/16	15/Jul/17	31/Jul/18	**18/Jul/19**
Minimum Vesting Period: to	14/Jul/16	17/Jul/17	15/Jul/18	31/Jul/19	**17/Jul/20**
Exercise (Option) Period: from	15/Jul/16	18/Jul/17	16/Jul/18	1/Aug/19	**18/Jul/20**
Exercise (Option) Period: to	14/Jul/17	17/Jul/18	15/Jul/19	30/Jul/20	**17/Jul/21**
Grant of Option as a % of Shares Outstanding	2.97%	2.99%	3.00%	2.98%	**3.00%**
Share Outstanding (at the Date of Grant)	53,950,701	137,804,309	142,143,666	160,084,685	**165,450,942**
No. of Options Granted	1,604,800	4,114,100	4,259,400	4,768,700	**4,962,000**
No. of Options Exercised	1,411,800	533,451	2,438,700	-	**-**
No. of Options Declined /Lapsed but subsequently Offered	193,000	-	-	-	**-**
No. of Options Lapsed / Declined - [and subsequently NOT offered]	-	3,580,649	1,820,700	-	**-**
No. of Shares Issued (pursuant to exercise of options granted & offered)	1,604,800	533,451	2,438,700	-	**-**
Status	**Closed**	**Closed**	**Closed**	**Exercise-able**	**Vesting Period**
No. of Employees	210	202	271	298	**242**
Minimum Lock Period	Nil	Nil	Nil	Nil	**Nil**

No. of Shares Outstanding (A)			latest 165,450,942
Option Pool	15%	of A	24,817,641
Grant of Option	2014-2015		1,604,800
Grant of Option	2015-2016		4,114,100
Grant of Option	2016-2017		4,259,400
Grant of Option	2017-2018		4,768,700
Grant of Option	2018-2019		4,962,000
Option Granted			19,709,000
Balance Available in Option Pool			5,108,641

Summary	
No. of Options Vested	19,709,000
No. of Options Exercised	4,383,951
No. of Options Declined /Lapsed but subsequently Offered	193,000
No. of Options Lapsed / Declined - [and subsequently NOT offered]	5,401,349
No. of Shares Issued (pursuant to exercise of options granted & offered)	4,576,951

Pressure can burst a pipe, but pressure also makes diamonds

Information System and Control

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

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

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

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

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

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

Your Company is in the process of implementing business intelligence, performance management and resource planning and scheduling systems.

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

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

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

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

Administrative Procedures & Control

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

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

Succession Policy & Planning for Management Staff

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

Human Resource Management Policy

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

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

***Company means all Companies within Treet Group**

"

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

Colin Powell

Introduction to Taxation Management

There are numerous withholding/collecting taxes whereas major chunk comes from mainly 10 main heads shown below or as an advance tax under Section 147 (coupled with tax on return or on demand). Numerous headcounts [where no significant tax collection is being made] just create complexity and indulging corruption in the taxation system. Complexity in the system is being used as harassment tool.

This is one of the reason people do not want to come under tax net.

	Analysis of Direct Taxes		
	Rs. In billion		
Indirect	Collection on Demand	104.13	6.78%
Direct	With Returns	41.64	2.71%
Direct	Advance Tax - Section 147	335.79	21.85%
	Withholding / Collecting Taxes		
Indirect	Contracts / Supplies / Services	283.16	18.43%
Indirect	Imports	218.76	14.24%
Direct	Salary	133.36	8.68%
Direct	Dividends	57.85	3.76%
Indirect	Telephone	47.38	3.08%
Direct	Bank Interest	45.65	2.97%
Indirect	Cash Withdrawals	34.00	2.21%
Indirect	Electricity	33.83	2.20%
Direct	Export	28.28	1.84%
Direct	Technical Fee	26.01	1.69%
Indirect	Others	146.76	9.55%
Direct		668.57	44%
Indirect		868.03	56%
Thus Adjusted Direct Taxes			17.40%

Tax with return is significantly low (just 2.71% of total direct taxes) but takes too much discussion in media and various forums. ***Withholding/collecting tax rates are designed without understanding of underlying supply chain and business process.***

Taxation - Definition

1. **Withholding Agent - Section 153 (7) of the Income Tax Ordinance, 2001 includes;**
   - a person registered under the Sales Tax Act, 1990
   - Company
   - an association of persons, having turnover of fifty million rupees or above in [any of the preceding tax years]
   - an individual, having turnover of fifty million rupees or above in [any of the preceding tax years]

2. **Active Tax Payer List under Section 100 BA of the Income Tax Ordinance, 2001 includes;**

Rate of deduction or collection of tax

Where tax is required to be deducted or collected under any provision of this Ordinance from persons not appearing in the active taxpayers' list, the rate of tax required to be deducted or collected, as the case may be, shall be increased by hundred percent of the rate specified in the First Schedule to this Ordinance.

3. **Registration under Section 14 of the Sales Tax Act, 1990**

(1) Every person engaged in making taxable supplies in Pakistan, including zero -rated supplies, in the course or furtherance of any

taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:

(a) a manufacturer who is not running a cottage industry;
(b) a retailer who is liable to pay sales tax under the Act or rules made thereunder, excluding such retailer required to pay sales tax through his electricity bill under sub -section (9) of section 3;
(c) an importer;
(d) an exporter who intends to obtain sales tax refund against his zero-rated supplies;
(e) a wholesaler, dealer or distributor; and
(f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act;

4. Section 8(m) of the Sales Tax Act, 1990

The input goods attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number or NTN, as the case may be, of the recipient as stipulated in section 23.

5. Section 8(B) of the Sales Tax Act, 1990

Notwithstanding anything contained in this Act, in relation to a tax period, a registered person shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period.

6. Section 108(B) of the Income Tax Ordinance, 2001

Transactions under dealership arrangements. — (1) Where a person supplies products listed in the Third Schedule to the Sales Tax Act, 1990 or any other products as prescribed by the Board, under a dealership arrangement with the dealers who are not registered under the Sales Tax Act, 1990 and are not appearing in the active taxpayers' list under this Ordinance, an amount equal to seventy -five percent of the dealer's margin shall be added to the income of the person making such supplies.
(2) For the purposes of operation of this section, ten percent of the sale price of the manufacturer shall be treated as dealers' margin.

7. Rate of Tax under Normal Tax Regime under Division 1 & Division II [Part 1 of First Schedule]

Company	**29%**
Others (Individuals, Association of Persons etc.)	**0% ~ 35%**

8. Minimum tax under Section 113 [Division IX of Part 1 of First Schedule]

Motor Cycles	**0.25%**
Fast Moving Consumer Goods	**0.20%**
Other Cases	**1.50%**

9. Section 153 of the Income Tax Ordinance, 2001

for the sale of goods, except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year;	Minimum Tax unless company being a manufacturer of such goods [or public company listed on a registered stock exchange in Pakistan]

Introduction to Taxation Management

Rate of Taxes under Division III of Part III of First Schedule

	Applicable to	Active Tax Payer	Non-Active Tax Payer
Company – Fast Moving Consumer Goods (FMCG)	Distributors	2.0%	4.0%
Other – Fast Moving Consumer Goods (FMCG)	Distributors	2.5%	4.5%
Company - Sale of Goods other than above	All	4.0%	8.0%
Other - Sale of Goods other than above	All	4.5%	9.0%

10. Advance tax on sales to distributors, dealers and wholesalers [and Retailers]

		Active Tax Payer	Non-Active Tax Payer
Section 236G of the Income Tax Ordinance, 2001	Every manufacturer or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers	0.1%	0.2%
Section 236H of the Income Tax Ordinance, 2001	Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers	0.5%	1.0%

11. Registration under Section 14 of Sales Tax Act, 1990

Every person engaged in making taxable supplies in Pakistan, including zero - rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered.

Linkage between – Active Tax Payer, Registered Person and Withholding Agent

Sales Tax Status	Active Tax Payer Status	Withholding Agent Status
Sales Tax - Registered	Active Tax Payer	Withholding Agent
Sales Tax - Registered	Non-Active Tax Payer	Withholding Agent
Sales Tax – Un-Registered	Active Tax Payer	Withholding Agent (for individuals/AOP having turnover of at least Rs. 50.00 million in any preceding tax year)
Sales Tax – Un-Registered	Non-Active Tax Payer	Withholding Agent (for individuals/AOP having turnover of at least Rs. 50.00million in any preceding tax year)

Identified Issues

1. If every business becomes tax complaint and files due sales and profitability figures then in the supply chain every recipient of goods/ service has to withhold taxes according to above table **[Rate of Taxes under Division III of Part III of First Schedule].** Intermediaries do not earn that much margins (and they come under minimum tax regime) particularly FMCG (Fast Moving Consumer Goods) dealers, distributers work only 3%~4% margins. Even in other cases margin figures are not that high. We have to rationalize the withholding tax regime with the understanding of supply chain process.
2. Ambiguity in definition of different roles in supply chain process [i.e. stockists, distributors, dealers, wholesalers and retailers].
3. Only up to 90% of the output tax is allowed as an input tax [for items other than third schedule] means for the low margins sales tax refunds will be accumulated [and getting refund from Tax Authorities is gigantic task). Nevertheless it will create cash flow problems.
4. Under Sales Tax Act, 1990, no threshold of turnover is required for registration [and Tax Authorities have vast authorities to make him registered].
5. Section 153 and Section 236 G of the Income Tax Ordinance, 2001 are overlapping taxes to the same business.

We build-up following scenarios for various industries:

1. Supply Chain is fully tax Compliant **after** incorporating taxation measures introduced in Finance Act, 2019
2. Supply Chain is non-Compliant **before** incorporating taxation measures introduced in Finance Act, 2019
3. Supply Chain is non-Compliant **after** incorporating taxation measures introduced in Finance Act, 2019

Industry - Blade / Razors
Supply Chain – Manufacturer to Distributor to Large Wholesaler to Wholesaler to Retailer

Scenario 1 – Supply Chain is fully tax Compliant after incorporating taxation measures introduced in Finance Act, 2019

Blade/Razors	Supply Chain Margin	23%	Normal	FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	17,326.00	2,945.42	20,271.42	0.00%
Distributor	18,100.00	3,077.00	21,177.00	4.47%
Large Wholesaler	18,800.00	3,196.00	21,996.00	4.04%
Wholesaler	19,700.00	3,349.00	23,049.00	5.19%
Retailer	21,370.00	3,632.90	25,002.90	9.64%

	Sales Tax Status	Input Sales Tax Disallowed	Tax Rate	Status	Withholding Tax Status	Tax Status	Minimum Turnover Tax	Advance Tax
Manufacturer	Registered	-	29%	Company	2.00%	Active		
Distributor	Registered	-	35%	IND / AOP	2.50%	Active	0.20%	0.10%
Large Wholesaler	Registered	-	35%	IND / AOP	2.50%	Active	0.20%	0.50%
Wholesaler	Registered	-	35%	IND / AOP	2.50%	Active	0.20%	0.50%
Retailer	Registered		35%	IND / AOP		Active	0.20%	0.50%

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			774.00	700.00	900.00	1,670.00
Tax Rate	Net of Expenses 70% of Revenue		11%	11%	11%	11%
Tax	A		81.27	73.50	94.50	175.35
Turnover Tax	B		36.20	37.60	39.40	42.74
Witholding Tax	C		532.07	552.65	579.11	
236 G / H Tax			20.27	105.89	109.98	115.25
Sales Tax Disallowed		-	-	-	-	
Applicable Tax	A, B, C -whichever is higher		532.07	552.65	579.11	175.35
Net Income / (Loss) before Expenses		-	241.93	147.35	320.89	1,494.65

Introduction to Taxation Management

		Total Supply Chain	Total Supply Chain excluding Retail	
Value Addition		7,676.90	5,723.00	
Less :	Sales Tax	(3,632.90)	(3,349.00)	
	Input Tax Disallowed	-	-	
	Income Tax	(1,839.18)	(1,663.83)	
	Advance Tax under Section 236G/H	(351.38)	(236.14)	Cashflow Issue through refund
		(5,823.46)	(5,248.96)	
Net Value Addition		1,853.44	474.04	-
Expenses	70% of Revenue	(2,830.80)	(1,661.80)	
Net Gain / (loss) in Supply Chain		(977.36)	(1,187.76)	

Conclusion:
Supply chain becomes unviable due to withholding/collecting tax regime and Section 8B of the Sales Tax Act, 1990.

Scenario 2 – Supply Chain is non-Compliant before incorporating taxation measures introduced in Finance Act, 2019.

Blade/Razors	Supply Chain Margin	23%	Normal	FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	17,326.00	3,465.20	20,791.20	0.00%
Distributor	18,100.00	-	18,100.00	4.47%
Large Wholesaler	18,800.00	-	18,800.00	4.04%
Wholesaler	19,700.00	-	19,700.00	5.19%
Retailer	21,370.00	-	21,370.00	9.64%

	Sales Tax Status	Input Sales Tax Disallowed	Tax Rate	Status	Withholding Tax Status	Tax Status	Minimum Turnover Tax	Advance Tax
Manufacturer	Registered	-	29%	Company	2.00%	Active		
Distributor	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	0.20%
Large Wholesaler	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	1.00%
Wholesaler	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	1.00%
Retailer	Un-Registered	-	35%	IND / AOP		Non-Active	0.00%	1.00%

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			774.00	700.00	900.00	1,670.00
Tax Rate	Net of Expenses 70% of Revenue		11%	11%	11%	11%
Tax	A		81.27	73.50	94.50	175.35
Turnover Tax	B		-	-	-	-
Witholding Tax	C		-	-	-	
236 G / H Tax			41.58	-	-	-
Sales Tax Disallowed		-	-	-	-	
Applicable Tax	A, B, C -whichever is higher		81.27	73.50	94.50	175.35
Net Income / (Loss) before Expenses		-	692.73	626.50	805.50	1,494.65

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		4,044.00	2,374.00
Less :	Sales Tax	-	-
	Input Tax Disallowed	-	-
	Income Tax	(424.62)	(249.27)
	Advance Tax under Section 236G/H	(41.58)	(41.58)
		(466.20)	(290.85)
Net Value Addition		3,577.80	2,083.15
Expenses	70% of Revenue	(2,830.80)	(1,661.80)
Net Gain / (loss) in Supply Chain		747.00	421.35

Conclusion:

Supply chain becomes viable due to non-compliance and margins are further improved if no tax return is filed [and no tax is paid at the time of return].

Scenario 3 – Supply Chain is non-Compliant after incorporating taxation measures introduced in Finance Act, 2019

Blade/Razors	Supply Chain Margin	23%	Normal	FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	17,326.00	3,465.20	20,791.20	0.00%
Distributor	18,100.00	-	18,100.00	4.47%
Large Wholesaler	18,800.00	-	18,800.00	4.04%
Wholesaler	19,700.00	-	19,700.00	5.19%
Retailer	21,370.00	-	21,370.00	9.64%

	Sales Tax Status	Input Sales Tax Disallowed	Tax Rate	Status	Withholding Tax Status	Tax Status	Minimum Turnover Tax	Advance Tax
Manufacturer	Registered	2,061.79	29%	Company	2.00%	Active		
Distributor	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	0.20%
Large Wholesaler	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	1.00%
Wholesaler	Un-Registered	-	35%	IND / AOP	5.00%	Non-Active	0.00%	1.00%
Retailer	Un-Registered	-	35%	IND / AOP		Non-Active	0.00%	1.00%

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			774.00	700.00	900.00	1,670.00
Tax Rate	Net of Expenses 70% of Revenue		11%	11%	11%	11%
Tax	A		81.27	73.50	94.50	175.35
Turnover Tax	B		-	-	-	-
Witholding Tax	C		-	-	-	-
236 G / H Tax			41.58	-	-	-
Sales Tax Disallowed		2,061.79	-	-	-	-
Applicable Tax	A, B, C -whichever is higher		81.27	73.50	94.50	175.35
Net Income / (Loss) before Expenses		(2,061.79)	692.73	626.50	805.50	1,494.65

Introduction to Taxation Management

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		4,044.00	2,374.00
Less :	Sales Tax	-	-
	Input Tax Disallowed	(2,061.79)	(2,061.79)
	Income Tax	(424.62)	(249.27)
	Advance Tax under Section 236G/H	(41.58)	(41.58)
		(2,528.00)	(2,352.65)
Net Value Addition		1,516.00	21.35
Expenses	70% of Revenue	(2,830.80)	(1,661.80)
Net Gain / (loss) in Supply Chain		(1,314.80)	(1,640.45)

Conclusion:
Supply chain becomes viable due to non-compliance and margins are further improved if no tax is paid at the time of return. But manufacturer is penalized (heavily) due to this non-compliance and overall value creation process is negative if we take manufacturer's loss into account.

Industry - Motor Cycle
Supply Chain – Manufacturer to Dealer to Retailer

Scenario 1 – Supply Chain is fully tax Compliant after incorporating taxation measures introduced in Finance Act, 2019

Motorcycle	Margin	3%	Third Schedule	Non-FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	36,180.00	6,320.60	42,500.60	0.00%
Dealer	36,680.01		43,000.61	1.38%
Retailer	37,180.01		43,500.62	1.38%

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax	Advance Tax
Manufacturer	Registered	0.00%	29%	Company	4.00%	Active		
Dealer	Registered		35%	IND / AOP	4.50%	Active	0.25%	0.10%
Retailer	Registered		35%	IND / AOP	4.50%	Active	0.25%	0.50%

		Manufacturer	Dealer	Retailer
Income			500.01	500.01
Imputed Income		-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	-	52.50	52.50
Turnover Tax	B		91.70	92.95
Witholding Tax	C		1,935.03	
236G Tax	D		42.50	215.00
Applicable Tax	A, B, C, D -whichever is higher		1,935.03	215.00
Net Income / (Loss) before Expenses			(1,435.02)	285.00

		Total Supply Chain	Total Supply Chain excluding Retail	
Value Addition		7,320.62	6,820.61	
Less :				
	Sales Tax	(6,320.60)	(6,320.60)	
	Imputed Tax-Manufacturer	-	-	
	Income Tax	(2,150.03)	(1,935.03)	
	Advance Tax under Section 236G	(42.50)	(42.50)	Cashflow Issue through refund
		(8,513.13)	(8,298.13)	
Net Value Addition		(1,192.52)	(1,477.52)	
Expenses	0% of Revenue	(700.01)	(350)	
Net Gain / (loss) in Supply Chain		(1,892.53)	(1,827.53)	

Conclusion:

Supply chain becomes unviable due to withholding/Collecting tax regime.

Scenario 2 – Supply Chain is non-Compliant before incorporating taxation measures introduced in Finance Act, 2019

Motorcycle	Margin	3%	Third Schedule	Non-FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	36,180.00	6,320.60	42,500.60	0.00%
Dealer	36,680.01		43,000.61	1.38%
Retailer	37,180.01		43,500.62	1.38%

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax	Advance Tax
Manufacturer	Registered	0.00%	29%	Company	4.00%	Active		
Dealer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%	0.20%
Retailer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%	0.00%

		Manufacturer	Dealer	Retailer
Income			500.01	500.01
Imputed Income		-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	-	52.50	52.50
Turnover Tax	B		-	-
Witholding Tax	C		-	-
236G Tax	D		85.00	-
Applicable Tax	A, B, C, D -whichever is higher		85.00	52.50
Net Income / (Loss) before Expenses			415.01	447.51

Introduction to Taxation Management

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		7,320.62	6,820.61
Less :			
	Sales Tax	(6,320.60)	(6,320.60)
	Imputed Tax-Manufacturer	-	-
	Income Tax	(137.50)	(85.00)
		(6,458.10)	(6,405.60)
Net Value Addition		862.51	415.01
Expenses	0% of Revenue	(700.01)	(350)
Net Gain / (loss) in Supply Chain		162.50	65.00

Conclusion:
Supply chain becomes viable due to non-compliance and margins are further improved if no tax return is filed [and no tax is paid at the time of return].

Scenario 3 – Supply Chain is non-Compliant after incorporating taxation measures introduced in Finance Act, 2019

Motorcycle	Margin	3%	Third Schedule	Non-FMCG
			(Sales Tax)	(Product Type)
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	36,180.00	6,320.60	42,500.60	0.00%
Dealer	36,680.01		43,000.61	1.38%
Retailer	37,180.01		43,500.62	1.38%

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax	Advance Tax	Input Sales Tax Disallowed
Manufacturer	Registered	7.50%	29%	Company	4.00%	Active			6,320.60
Dealer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%	0.20%	
Retailer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%	0.00%	
									6,320.60

		Manufacturer	Dealer	Retailer
Income			500.01	500.01
Imputed Income		2,713.50		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	786.92	52.50	52.50
Turnover Tax	B		-	-
Witholding Tax	C		-	-
236G Tax	D		85.00	-
Applicable Tax	A, B, C, D -whichever is higher		85.00	52.50
Net Income / (Loss) before Expenses			415.01	447.51

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		7,320.62	6,820.61
Less			
	Sales Tax	(6,320.60)	(6,320.60)
	Imputed Tax-Manufacturer	(786.92)	(786.92)
	Input tax Disallowed	(6,320.60)	(6,320.60)
	Income Tax	(137.50)	(85.00)
		(13,565.62)	(13,598.12)
Net Value Addition		(6,245.01)	(6,777.51)
Expenses	0% of Revenue	(700.01)	(350)
Net Gain / (loss) in Supply Chain		(6,945.02)	(7,127.52)

Conclusion:

Supply chain becomes viable due to non-compliance and margins are further improved if no tax is paid at the time of return. But manufacturer is penalized (heavily) due to this non-compliance and overall value creation process is negative if we take manufacturer's loss into account.

Industry - Soap
Supply Chain – Manufacturer to Distributor to Large Wholesaler to Wholesaler to Retailer

Scenario 1 – Supply Chain is fully tax Compliant after incorporating taxation measures introduced in Finance Act, 2019

Soap	Margin	19%	Third Schedule	FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	1,486.64	299.90	1,786.54	0.00%
Distributor	1,558.10		1,858.00	4.81%
Large Wholesaler	1,577.10		1,877.00	1.28%
Wholesaler	1,596.10		1,896.00	1.28%
Retailer	1,764.10		2,064.00	11.30%

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax
Manufacturer	Registered	0.00%	29%	Company	2.00%	Active	
Distributor	Registered	0.00%	35%	IND / AOP	2.50%	Active	0.20%
Large Wholesaler	Registered	0.00%	35%	IND / AOP	2.50%	Active	0.20%
Wholesaler	Registered		35%	IND / AOP	2.50%	Active	0.20%
Retailer	Registered		35%	IND / AOP		Active	0.20%

Introduction to Taxation Management

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			71.46	19.00	19.00	168.00
Imputed Income		-	-	-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%	11%	11%
Tax	A	-	7.50	2.00	2.00	17.64
Turnover Tax	B		3.12	3.15	3.19	3.53
Witholding Tax	C		46.45	46.92	47.40	
Applicable Tax	A, B, C-whichever is higher		46.45	46.92	47.40	17.64
Net Income / (Loss) before Expenses		-	25.01	(27.92)	(28.40)	150.36

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		577.36	409.36
Less :			
	Sales Tax	(299.90)	(299.90)
	Imputed Tax-Manufacturer	-	-
	Income Tax	(158.41)	(140.77)
		(458.31)	(440.67)
Net Value Addition		119.05	(31.31)
Expenses	70% of Revenue	(194.22)	(76.62)
Net Gain / (loss) in Supply Chain		(75.18)	(107.94)

Conclusion:

Supply chain becomes unviable due to withholding tax regime.

Scenario 2 – Supply Chain is non-Compliant before incorporating taxation measures introduced in Finance Act, 2019

Soap	Margin	19%	Third Schedule	FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	1,486.64	299.90	1,786.54	0.00%
Distributor	1,558.10		1,858.00	4.81%
Large Wholesaler	1,577.10		1,877.00	1.28%
Wholesaler	1,596.10		1,896.00	1.28%
Retailer	1,764.10		2,064.00	11.30%

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax
Manufacturer	Registered	0.00%	29%	Company	2.00%	Active	
Distributor	Un-Registered	0.00%	35%	IND / AOP	5.00%	Non-Active	0.00%
Large Wholesaler	Un-Registered	0.00%	35%	IND / AOP	5.00%	Non-Active	0.00%
Wholesaler	Un-Registered		35%	IND / AOP	5.00%	Non-Active	0.00%
Retailer	Un-Registered		35%	IND / AOP		Non-Active	0.00%

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			71.46	19.00	19.00	168.00
Imputed Income		-	-	-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%	11%	11%
Tax	A	-	7.50	2.00	2.00	17.64
Turnover Tax	B		-	-	-	-
Witholding Tax	C		-	-	-	-
Applicable Tax	A, B, C-whichever is higher		7.50	2.00	2.00	17.64
Net Income / (Loss) before Expenses		-	63.96	17.01	17.01	150.36

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		577.36	409.36
Less :			
	Sales Tax	(299.90)	(299.90)
	Imputed Tax-Manufacturer	-	-
	Income Tax	(29.13)	(11.49)
		(329.03)	(311.39)
Net Value Addition		248.33	(97.97)
Expenses	70% of Revenue	(194.22)	(76.62)
Net Gain / (loss) in Supply Chain		(54.10)	(21.34)

Conclusion:

Supply chain becomes viable due to non-compliance and margins are further improved if no tax return is filed [and no tax is paid at the time of return].

Scenario 3 – Supply Chain is non-Compliant after incorporating taxation measures introduced in Finance Act, 2019

Soap	Margin	19%	Third Schedule	FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	1,486.64	299.90	1,786.54	0.00%
Distributor	1,558.10		1,858.00	4.81%
Large Wholesaler	1,577.10		1,877.00	1.28%
Wholesaler	1,596.10		1,896.00	1.28%
Retailer	1,764.10		2,064.00	11.30%

Introduction to Taxation Management

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax	Imputed Income
Manufacturer	Registered	7.50%	29%	Company	2.00%	Active		299.90
Distributor	Un-Registered	0.00%	35%	IND / AOP	5.00%	Non-Active	0.00%	-
Large Wholesaler	Un-Registered	0.00%	35%	IND / AOP	5.00%	Non-Active	0.00%	-
Wholesaler	Un-Registered		35%	IND / AOP	5.00%	Non-Active	0.00%	-
Retailer	Un-Registered		35%	IND / AOP		Non-Active	0.00%	-
								299.90

		Manufacturer	Distributor	Large Wholesaler	Wholesaler	Retailer
Income			71.46	19.00	19.00	168.00
Imputed Income		111.50	-	-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%	11%	11%
Tax	A	32.33	7.50	2.00	2.00	17.64
Turnover Tax	B		-	-	-	-
Witholding Tax	C		-	-	-	-
Applicable Tax	A, B, C-whichever is higher		7.50	2.00	2.00	17.64
Net Income / (Loss) before Expenses		(32.33)	63.96	17.01	17.01	150.36

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		577.36	409.36
Less :			
	Sales Tax	(299.90)	(299.90)
	Imputed Tax-Manufacturer	(32.33)	(32.33)
	Input Tax Disallowed	(299.90)	(299.90)
	Income Tax	(29.13)	(11.49)
		(661.26)	(643.62)
Net Value Addition		(83.90)	(234.26)
Expenses	70% of Revenue	(194.22)	(76.62)
Net Gain / (loss) in Supply Chain		(278.13)	(310.89)

Conclusion:

Supply chain becomes viable due to non-compliance and margins are further improved if no tax is paid at the time of return. But manufacturer is penalized (heavily) due to this non-compliance.

Industry - Battery
Supply Chain – Manufacturer to Dealer to Retailer

Scenario 1 – Supply Chain is fully tax Compliant after incorporating taxation measures introduced in Finance Act, 2019

Battery	Margin	18%	Third Schedule	Non-FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	3,060.00	612.00	3,672.00	0.00%
Dealer	3,215.00		3,827.00	5.07%
Retailer	3,600.00		4,212.00	12.58%
			-	

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax
Manufacturer	Registered	0.00%	29%	Company	4.00%	Active	
Dealer	Registered		35%	IND / AOP	4.50%	Active	1.50%
Retailer	Registered		35%	IND / AOP		Active	1.50%

		Manufacturer	Dealer	Retailer
Income			155.00	385.00
Imputed Income		-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	-	16.28	40.43
Turnover Tax	B		48.23	54.00
Witholding Tax	C		172.22	
Additional Discount				
Applicable Tax	A, B, C-whichever is higher		172.22	54.00
Net Income / (Loss) before Expenses			(17.22)	331.00

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		1,152.00	767.00
Less :			
	Sales Tax	(612.00)	(612.00)
	Imputed Tax-Manufacturer	-	-
	Income Tax	(226.22)	(172.22)
	Additional Discount	-	-
		(838.22)	(784.22)
Net Value Addition		313.79	(17.22)
Expenses	70% of Revenue	(378.00)	(108.50)
Net Gain / (loss) in Supply Chain		(64.22)	(125.72)

Conclusion:
Supply chain becomes unviable due to withholding tax regime.

Introduction to Taxation Management

Scenario 2 – Supply Chain is non-Compliant before incorporating taxation measures introduced in Finance Act, 2019

Battery	Margin	18%	Third Schedule	Non-FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	3,060.00	612.00	3,672.00	0.00%
Dealer	3,215.00		3,827.00	5.07%
Retailer	3,600.00		4,212.00	12.58%
			-	

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax
Manufacturer	Registered	0.00%	29%	Company	4.00%	Active	
Dealer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%
Retailer	Un-Registered		35%	IND / AOP		Non-Active	0.00%

		Manufacturer	Dealer	Retailer
Income			155.00	385.00
Imputed Income		-		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	-	16.28	40.43
Turnover Tax	B		-	-
Witholding Tax	C		-	
Additional Discount				-
Applicable Tax	A, B, C whichever is higher		16.28	40.43
Net Income / (Loss) before Expenses			138.73	344.58

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		1,152.00	767.00
Less :			
	Sales Tax	(612.00)	(612.00)
	Imputed Tax-Manufacturer	-	-
	Income Tax	(56.70)	(16.28)
	Additional Discount	-	-
		(668.70)	(628.28)
Net Value Addition		483.30	138.73
Expenses	70% of Revenue	(378.00)	(108.50)
Net Gain / (loss) in Supply Chain		105.30	30.23

Conclusion:
Supply chain becomes viable due to non-compliance and margins are further improved if no tax return is filed [and no tax is paid at the time of return].

Scenario 3 – Supply Chain is non-Compliant after incorporating taxation measures introduced in Finance Act, 2019

Battery	Margin	18%	Third Schedule	Non-FMCG
	Company Price	Sales Tax	Invoice Value	Margin
Manufacturer	3,060.00	612.00	3,672.00	0.00%
Dealer	3,215.00		3,827.00	5.07%
Retailer	3,600.00		4,212.00	12.58%
			-	

	Sales Tax Status	Imputed Income	Tax Rate	Status	Tax Status	Tax Status	Turnover Tax	Imputed Tax disallowed
Manufacturer	Registered	7.50%	29%	Company	4.00%	Active		612.00
Dealer	Un-Registered		35%	IND / AOP	9.00%	Non-Active	0.00%	-
Retailer	Un-Registered		35%	IND / AOP		Non-Active	0.00%	
								612.00

		Manufacturer	Dealer	Retailer
Income			155.00	385.00
Imputed Income		229.50		
Tax Rate	Net of Expenses 70% of Revenue	29%	11%	11%
Tax	A	66.56	16.28	40.43
Turnover Tax	B		-	-
Witholding Tax	C		-	
Additional Discount				-
Applicable Tax	A, B, C-whichever is higher		16.28	40.43
Net Income / (Loss) before Expenses		(66.56)	138.73	344.58

		Total Supply Chain	Total Supply Chain excluding Retail
Value Addition		1,152.00	767.00
Less :			
	Sales Tax	(612.00)	(612.00)
	Imputed Tax-Manufacturer	(66.56)	(66.56)
	Input Tax Disallowed	(612.00)	(612.00)
	Income Tax	(56.70)	(16.28)
	Advance Tax under Section 236G	-	-
		(1,347.26)	(1,306.83)
Net Value Addition		(195.26)	(539.83)
Expenses	70% of Revenue	(378.00)	(108.50)
Net Gain / (loss) in Supply Chain		(573.26)	(648.33)

Conclusion:

Supply chain becomes viable due to non-compliance and margins are further improved if no tax is paid at the time of return. But manufacturer is penalized (heavily) due to this non-compliance.

Introduction to Taxation Management

General Conclusion
Withholding tax regime and Section 8B of the Sales Tax Act, 1990 [and minimum turnover tax (particularly for other than FMCG business)] are major deterrent in tax compliance. Tax structure shows lack of understanding of supply chain process and **this is one of the reason people do not want to come under tax net.**

Cost of tax compliance is more than tax non-compliance.

"Chase the vision, not the money, the money will end up following you."


M-TECH
Generator
1

Preference Shares

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

The following are salient features of the proposed preference shares:

1.	**Total No. of Preference Shares**	100,000,000 preference shares of Rs. 10/- each (Authorized Capital – Preference Shares : 150,000,000) Authorized capital can be utilized in one or more tranche(s)
2.	**Cumulative / Non- Cumulative**	Cumulative Preference Shares
3.	**Issue Price**	Rs. 10/- per share with NIL premium
4.	**Rate of Preference Dividend**	Linked to Profitability of "Designated Subsidiary" i.e. Global Arts Limited as elaborated in the "Special Resolution"
5.	**Mode of Issuance**	By way of Right to the existing shareholders
6.	**Purpose of the Issue**	To finance the diversification stratagem of the Company i.e. for the educational project of the Company (detail is given below)
7.	**Listing**	Listing will be applied at Pakistan Stock Exchange Limited
8.	**Redemption**	Redemption any time after 04years of its first issue at par value in cash at option of preference shareholder
9.	**Exit Strategy**	Two exit options will be given to the Preference Shareholders: • Secondary Market : Preference Shares will be listed on Pakistan Stock Exchange Limited. • Redemption Option to the Preference Shareholder after expiry of 04years of first issue.
10.	**Participation in the Surplus Assets**	in the event of winding up of the Company or repayment of the capital of the Company, the Preference Shares will carry a preferential right over Ordinary Shares only to the extent of proceeds arising from sales of shares of the Designated Subsidiary and/or assets of the Designated Subsidiary
11.	**Convertibility**	Non-Convertible
12.	**Voting Right**	The following decisions shall not be taken either by the Company or the Designated Subsidiary except with the approval of the Preference Shareholders by means of an ordinary resolution passed at a general meeting of the Preference Shareholders: • Any sale, transfer, encumbrance or alienation of shares of the Designated Subsidiary owned by the Company or dilution of Company's shareholding in the Designated Subsidiary through any other means; • Nomination/selection of not less than 50 % of the proposed directors to be elected by the Company on the Board of Directors of the Designated Subsidiary; • Any sale, transfer, lease, encumbrance or alienation of the business, assets, undertaking etc. of the Designated Subsidiary or any portion thereof; • Any resolution for the winding-up of the Designated Subsidiary;
13.	-----	Clauses 4 & 4A [of the Articles of Association] for Preference Shares is attached herewith

Justification of the Issue

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

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

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

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

1. Educational Project

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

2. Global Arts Limited

Global Arts Limited (GAL) is wholly owned subsidiary of Treet Corporation Limited. Global Arts Limited (GAL), previously, Treet Services (Private) Limited was incorporated in Pakistan on 26th October 2007 as a private limited company under the Companies Ordinance, 1984. Subsequently, on 23 July 2014, the Company was converted into a public limited company.

Initially Company was envisaged to cater technical services but Company did not operate as such and thereafter has changed the name of the Company to "Global Arts Limited". Objects clauses are also changed to promote, establish, run manage and maintain, educational institutions, colleges of arts, research, sciences, information technology and business administration; higher level schools, academics, technical training centers and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliations to acquire the services of professors, associate professors, lecturers, teachers, managements skills and other professional from within the country and abroad as would be needed to run and promote educational institutions set up by the Company subject however, to the permission of competent authority but not to operate itself as a university and not to act as a degree awarding institution. Its registered office is situated at 72-B, Industrial Area Kotlakhpat, Lahore.

3. Society for Cultural Education

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

Preference Shares

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

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

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

4. Detail of the Project

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

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

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

5. Project Cost

Below is the break-up of the project cost:

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

6. Project Implementation Schedule

Acquisition of Land	15.29 acre of land at Raiwind Road, Lahore (near bhobhatian Chowk)
Completion of Civil Work	July 31, 2018
Start of First Session	September ~ October 2018

- School of Architecture, Design & Urbanism
- School of Digital & Cinematic Art
- School of Art
- School of Culture & Language

7. Means of Funding

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

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

8. Benefits to the Company

GAL will be receiving revenues from the following sources:

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

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

9. Financial Feasibility & Financial Projections

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

10 Rationale

Trend of Art and Culture education in Pakistan remained subdued due to various reasons. However, as Pakistan is opening up to the world need of Art and Culture education is eminent. What is needed is the state of the art facilities, with trained [and satisfied faculties] coupled with closed coordination with industry [to meet their requirements] that ensures not only groomed students [personally and professionally] but with their better chances to get jobs and thriving at their career path. Treet Group of Companies (Treet) recognized this gap and bringing state of the art degree awarding institute [with the national charter]. Since it is the unique project and getting quality and trained faculty coupled with designing up to the mark syllabus [catering modern industry requirements] and process of getting charter was quite lengthy and time consuming, Treet has undertaken this project with the internal finance (mainly borrowings). But since this project is now kicked off and revenue streams is coming from the project [again revenue streams will increase with each semester as they will be filled up e.g. 04 years bachelor degree is having 08 semester and some programmes are having 10 semester], management of the Company feels that it is right time to offer this project to the existing shareholders of the Company and to pay back its borrowed funds.

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

Preference
Shares

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

1. Exit strategy is available to the shareholders
   a. Through secondary market
   b. Redemption option

2. Participation in profitability of Global Arts Limited
   a. Profitability of Global Arts Limited (GAL) is the bench mark for the return on investments. One of the option is to make listing of ordinary share of GAL through offering of ordinary shares of GAL to the existing shareholders of the Company (Treet). But same results can be achieved if same features of ordinary shares are embedded in the structured preference shares. Moreover, cumulative dividend feature is the added advantage.

3. Preference shareholders may appoint their member(s) on the Board of Directors of GAL.

4. Better protection in case of liquidation of the Company or GAL.

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

"4. Authorized Share Capital

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

"4A Preference Shares

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

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

b. The Preference Shares shall be cumulative and shall carry entitlement of a variable annual dividend ("VAD") per Preference Share to be paid out of the normal profits of the Company in each financial year. The VAD for each financial year shall be calculated as follows:
   VAD = 'X' + 'Y'
   Where:
   X = the higher of 'A' and 'B'

   A = 80 % (eighty percent) of amount of dividend (net of taxes) paid to the Company by the Designated Subsidiary of the Company in respect of the Company's shareholding in the Designated Subsidiary, in relation to the financial year for which

VAD is being calculated, divided by the number of Issued Preference Shares.

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

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

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

"Issued Preference Shares" means on any date the actual number of preference shares issued in terms of this clause 4A up till such date without taking into account any redemption of Preference Shares up till such date;
Y = the aggregate of VADs per Preference Share accumulated and unpaid for the financial years preceding the financial year for which VAD is being calculated

c. Any portion of the VAD not declared and paid in any financial year shall cumulate towards entitlement of VAD in future years. The Company shall only be able to declare and pay dividends to ordinary shareholders out of its normal profits if:

   a. prior to declaration and payment of dividend to such ordinary shareholders, all amounts of VAD (including previously accrued VAD), if any, have already been declared out of its normal profits, and

   b. the VAD (if any) is paid prior to or simultaneous with the payment of dividends to ordinary shareholders.

d. The Preference Shares shall not carry any entitlement of ordinary dividend, rights shares or bonus shares, or have any right to participate in the profits of the Company, save as specified in Clause 4A(b) above or as otherwise provided in the Companies Ordinance, 1984;

e. The Preference Shareholders shall not be entitled to receive notice of or attend General Meetings or vote at such General Meetings of the Company, except as stated in Clause 4A (f) below or as otherwise provided in the Companies Ordinance, 1984 whereby holders of such shares would be entitled to vote separately as a class, i.e. with respect to voting entitlement of Preference Shareholders on matters/ issue affecting substantive rights or liabilities of Preference Shareholders;

f. The following decisions shall not be taken either by the Company or the Designated Subsidiary except with the approval of the Preference Shareholders by means of an ordinary resolution passed at a general meeting of the Preference Shareholders:

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

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

Preference Shares

g. in the event of winding up of the Company or repayment of the capital of the Company, the Preference Shares will carry a preferential right over Ordinary Shares only to the extent of proceeds arising from sales of shares of the Designated Subsidiary and/or assets of the Designated Subsidiary;

h. the Preference Shares shall, subject to Clause 4A (i) below, be redeemable at par value at the option of the preference shareholder at any time after expiry of four years of date of first issue of the Preference Shares;

i. the Preference Shares shall automatically stand redeemed in the following circumstances:

   i. in case any resolution for voluntary winding-up of the Designated Subsidiary is passed or a winding-up order for the Designated Subsidiary is passed by the competent court;
   ii. in case the aggregate shareholding of the Company in the Designated Subsidiary becomes equal to or less than 50% of the voting shares of the Designated Subsidiary;
   iii. in case a breach by the Company of the terms and conditions of the Preference Shares is not remedied within 90 days of receipt of a written notice from Preference Shareholders holding not less than 20 % in value of the outstanding Preference Shares to the Company specifying such breach.

j. The redemption in terms of sub-clause (h) or (i) of Clause 4A shall be in cash at par value and shall be in accordance with and subject to the provisions of Section 85 of the Companies Ordinance, 1984. Furthermore, the Board of Director Company may, from time to time, prescribe modalities, procedure and steps to be taken in case redemption under sub-clause (h) or (i) is triggered.

k. the Preference Shares shall rank pari passu inter se each other notwithstanding different dates of issue; and

l. the Preference Shares shall be under the control of the Board of Directors who may allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Ordinance, 1984 and the Securities Act, 2015.

Treet Perpetual Sukuk

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

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

Issue of rated, listed, secured and perpetual sukuks, hereinafter referred to as "Treet Perpetual Sukuk" or "Sukuk" to the existing shareholders of Treet Corporation Limited

Issuer	Treet Corporation Limited
Purpose of the Issue	The overall objective of the Issue is to meet the working capital requirement of the Company, including but not limited to stock in trade, trade debts and operating & maintenance expenses (but excluding insurance and advertising) to the extent of Rs. 960,508,110/-
Issue Size	Rs. 960,508,110 divided into 32,016,937 Sukuks of face value of Rs. 30/- each (Premium: Nil)
Type of Sukuk	Sukuk is based on Shirkat-ul-Aqd where the Issuer and the Investor (through Investment Agent) have agreed to contribute their investment in cash and in kind through stock in trade and trade debts for participating in operating activities of the business including but not limited to manufacturing and selling blades, educational project, soaps, corrugation, lead acid batteries, pharmaceuticals products, corrugation, motorcycles and to participate in the Musharakah Profits so generated at pre-agreed ratio between them.
Tenor	Perpetual unless otherwise converted into Ordinary shares by the Sukukholders or exercise of put option for redemption in cash by the Sukukholders.
Profit Payment in Cash per Sukuk	Profit Payment in Cash will be made to the Sukukholder on annual basis per Sukuk. The Profit Payment in Cash for each Sukuk will be the higher of the following: a. 6% of the Musharakah Profit of the relevant financial year divided by number of Issued Sukuk; b. such share/amount as may be determined by the Board of Directors of the Company, in their discretion, provided that it does not exceed the Cash dividend (interim plus final) declared by the Issuer per Ordinary share for the relevant financial year.
Eligibility & Procedure for the offer of the Sukuks	Sukuks are being offered to all the existing shareholders of the Company through ROL in the ratio of one Sukuk against 5.00 Ordinary shares held on the date of entitlement. ROL will be listed at Pakistan Stock Exchange Limited (PSX). For subscription and trading of ROL, procedure devised by the PSX and CDC will be applicable.
Listing	Sukuks will be listed at PSX
Trading	ROL and the resultant Sukuks will be traded on the trading terminals of the Pakistan Stock Exchange Limited (PSX).
Instrument Rating	"AA –" (Double A MINUS) by JCR-VIS
Entity Rating	Long Term: "AA –" (Double A Minus) by JCR-VIS Short Term: "A1" (A One) by JCR-VIS
Bankers to the Issue	• Meezan Bank Limited • Faysal Bank Limited • Bank Alfalah Limited • Habib Bank Limited
Call Option	The Company has no call option to redeem the Sukuks against cash or to Convert the Sukuks into Ordinary shares.

Put Option in Cash	After expiry of three years from the Issue date of the Sukuk (and thereafter after every third anniversary of such date), the Sukukholder shall have a time-bound* option to ask the Company to redeem the Sukuks against cash only. *The aforementioned option shall be available for exercise for a period of 15days from its effective date, i.e. date of expiry of every such three year period.
Put Option in Shares	Company shall convert the Sukuk into Ordinary share at the ratio of One Sukuk to One Ordinary share of the Company as and when demanded by the Sukukholders through extraordinary resolution. Only all outstanding Sukuks can be converted into Ordinary shares of the Company through exercise of this Put Option in Shares.
Rights of Sukukholders in case of further issue of Capital	In case of Right and/or Bonus issue of shares, Issuer will carry out similar Rights and/or Bonus Issue of the Sukuks.
Risk Factors	For detail please refer to Para 5.4 of the Prospectus
Underwriting	None. Undertaking from the major shareholders has already been taken to subscribe to at least 60 % of this Issue.
Voting Rights	The Sukuks will carry voting rights equivalent to one tenth of the Ordinary share of the Company (i.e. for voting purposes, Ten Sukuks shall have the same voting rights as One Ordinary share).
Security	The Sukuks are secured by way of First Pari Passu Hypothecation charge of Rs. 1,280,000,000/- (Rupees One Thousand Two Hundred and Eighty Million only) over the present and future Current Assets and long term investments. For detail please refer to Para 6 of the Prospectus.
Shari'ah Structuring Advisor	Meezan Bank Limited
Financial Advisor to the Issue	• Topeline Securities Limited • Equity Advisors (Private) Limited
Legal Advisor to the Issue	• Cornelius, Lane & Mufti
Trustee/ Investment Agent	Faysal Bank Limited
Taxation	Please refer to Annexure – A to the Prospectus
Prospectus	Draft Prospectus is also be available at Company's web site www.treetonline.com

Voting Trust

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

***Group's holding was 99.87%**

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

Rationale

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

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

Current Status

Maximum Voting Rights that is allowed to be transferred to the Trust by the shareholders of the Company	40%
Rights Transferred to the Trust	25%
Trust to be effective on the date the Non-Treet Certificate Holders collectively hold more than certain % of the total number of FTMM Certificates issued by FTMM.	15%
Currently No. of FTMM Certificates held by Non-Treet Certificate Holders	2.63%
Trust Status	Non-Active (since below 15% threshold)
Total No. of Directors at the Board of Treet Holdings Limited (THL)	08
Maximum no. of Directors that can be appointed by Non-Treet Certificate Holders	02
Procedure for exercising Voting Rights	As given in the Trust Deed and communicated on the election of the Board of Directors of THL


OUR VALUED SPONSORS
NBP
PARCO
DEWAN
SEARLE
CSR AWARD WINNER
CSR

Group Information

1. Treet Corporation Limited [TREET]

a. Shaving Blade Manufacturing

b. Disposable Razor Manufacturing

c. Sales & Marketing of following products:

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

2. Treet Holdings Limited [THL]

a. Motor Cycle Assembly & Marketing

b. Modaraba Company

3. First Treet Manufacturing Modaraba [FTMM]

a. Manufacturing and selling of Corrugated Packaging

b. Manufacturing and selling of Soaps

c. Manufacturing and selling of Lead Acid Batteries (under process)

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

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

5. Global Arts Limited [GAL]

Objective is to promote, establish, run, manage and maintain, educational institutions, colleges of arts, research, sciences, information technology and business administration; higher level schools, academics, technical training centers and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliations to acquire the services of professors, associate professors, lecturers, teachers, management skills and other professionals from within the country and abroad as would be needed to run and promote educational institutions set up by the Company subject, however, to the permission of competent authority but not to operate itself as a university and not to act as a degree awarding institution.

6. Society for Cultural Education [SCE]

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

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

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

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

7. Renacon Pharma Limited

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

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

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

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

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

Factories / Projects:

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

Others / Future Expansion:

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

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

Our mission

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

Vision statement

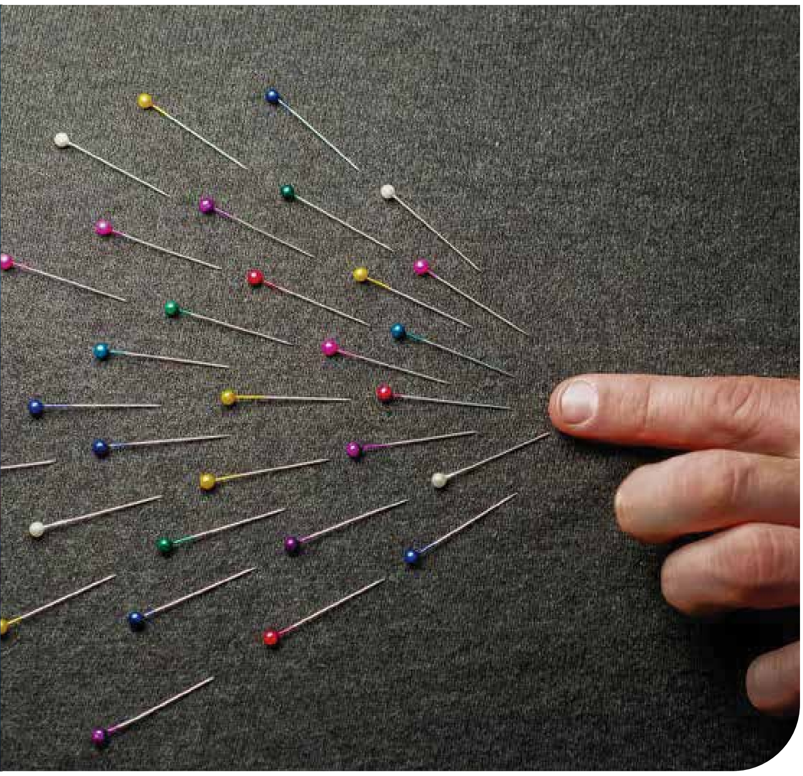
To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, sales and marketing expertise, while ensuring sound financial and sustainable growth of the Treet Group for the sake of its stakeholders and reputation.

Principle

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

Emphasis

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



Social Responsibility

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

Corporate Values

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

Company Information

Board of directors

Dr. Mrs. Niloufer Qasim Mahdi
Chairperson / Non-Executive Director
Syed Shahid Ali
Chief Executive Officer
Dr. Salman Faridi
Independent Director
Syed Sheharyar Ali
Executive Director
Muhammad Shafique Anjum
Executive Director
Mr. Saulat Said
Non-Executive Director
Mr. Imran Azim
Non-Executive Director
Mr. Munir K. Bana
Non-Executive Director

Audit committee

Dr. Salman Faridi
Chairman/Member
Mr. Imran Azim
Member
Mr. Munir K. Bana
Member

Human resource

Dr. Salman Faridi
Chairman/Member
Mr. Imran Azim
Member

Remuneration committee

Mr. Munir K. Bana
Member
Syed Sheharyar Ali
Member
Muhammad Shafique Anjum
Member

Chief financial officer

Mr. Amir Zia

Company secretary

Rana Shakeel Shaukat

Head of internal audit

Muhammad Ali

External auditors

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore.

Income tax consultants

Kreston Hyder Bhimji & Co.
Chartered Accountants, Lahore.

Legal advisors

Salim & Baig, Advocates - Lahore.

Corporate advisors

Cornelius, Lane & Mufti Legal Advisors & Solicitors Lahore

Shariah advisor

Mufti Muhammad Javed Hassan
(Only for First Treet Manufacturing Modaraba)

Bankers

AL-Baraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited
MCB Islamic Bank Limited

Share registrar

Corplink (Private) Limited
Wing Arcade, 1-K Commercial, Model Town, Lahore
Tel: 042 35916714
Fax: 042 35839182

Group companies

Treet Holdings Limited
First Treet Manufacturing Modaraba
Treet HR Management (Private) Limited
Treet Power Limited
Global Arts Limited
Society for Cultural Education
Renacon Pharma Limited
Treet Battery Limited

Address

72-B, Industrial Area, Kot Lakhpat, Lahore

Karachi office

6-B (A-1) Saaed Hai Road, Muhammad Ali Co-operative Society, Karachi
Tel: 021 34372270-1
Fax: 021 34372272

Registered office

72-B, Industrial Area, Kot Lakhpat, Lahore
Tel: 042 35830881, 35156567 & 35122296
Fax: 042 35114127 & 35215825
info@treetonline.com
www.treetonline.com
49 Business Review

Treet group factories/Head office

72-B, Industrial Area, Kot Lakhpat, Lahore
Tel: 042 32590701, 35156567, 35122296 & 35830881
Fax: 042 35114127 & 35215825

Blade/Razor
Hali Road P.O. Box No. 308, Hyderabad
Tel: 0223 880846, 883058 & 883174
Fax: 0223 880172

First Treet Manufacturing Modaraba
(Managed by Treet Holdings Limited)

Battery project
Faisalabad Industrial Estate Development and Management Company(FIEDMC)
M-3 Motorway City, Sahianwala Interchange, Faisalabad

Packaging Solutions - Corrugation
22 Km Ferozepur Road, Kachha Tiba, Rohi Nala, Lahore
Tel: 042 8555848

Soap Division
80 Km GT Road, Gujranwala

Treet Holdings Limited
A wholly owned subsidiary of Treet Corporation Limited

Bike Project
72-B, Industrial Area, Kot Lakhpat, Lahore

Renacon Pharma Limited
18 Km, Ferozepur Road, Opp. Nishter Colony, Lahore
Tel: 042 35401847, 35401852, 35401851

Institute for Art and Culture
7 Km, Thokar Niaz Baig, Main Raiwind Road, Lahore
042 32590040-7

Group companies

Treet Holdings Limited
First Treet Manufacturing Modaraba
Treet HR Management (Private) Limited
Treet Power Limited
Global Arts Limited
Society for Cultural Education
Renacon Pharma Limited
Treet Battery Limited

Address
72-B, Industrial Area, Kot Lakhpat, Lahore

Karachi office
6-B (A-1) Saaed Hai Road, Muhammad Ali Co-operative Society, Karachi
Tel: 021 34372270-1
Fax: 021 34372272

You don't build a business, you build people and then people build the business

An Experienced Board of Directors

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

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".

External appointments

Treet Holdings Limited, First Treet Manufacturing Modaraba, Global Arts Limited, Cutting Edge (Pvt) Limited, Gulab Devi Chest Hospital-Kasur and 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.

External appointments

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

An Experienced Board of Directors

Syed Sheharyar Ali
Executive Director

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

External appointments

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

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.

External appointments

Pakistan Standard and Quality Authority, Institute of Business Management-Karachi, Venous Thromboembolism (VTE), Treet Holdings Limited and Recacon Pharma Limited

Muhammad Shafique Anjum
Executive Director

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

External appointments

Treet Power Limited, Treet Assets (Pvt) Limited, First Treet Manufacturing Modaraba, Treet HR Management (Pvt) Limited, Treet Holdings Limited and Global Arts Limited

Mr. Saulat Said
Non-Executive Director

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

External appointments

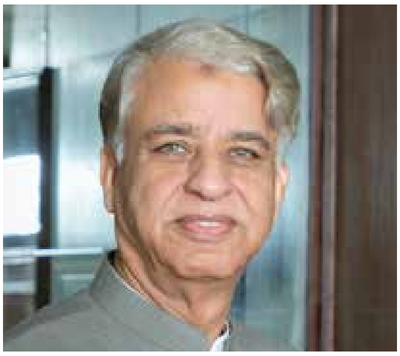
Multiple Autoparts Industries (Pvt) Limited, Specialized Autoparts Industries (Pvt) Limited, Specialized Motorcycles (Pvt) Limited, Loads Limited, Treet Holdings Limited, First Treet Manufacturing Modaraba, Global Arts Limited and Hi-Tech Alloy Wheels Limited

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.

External appointments

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 and Hi-Tech Alloy Wheels Limited



Mr. Imran Azim
Non-Executive Director

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

External appointments

Habib Asset Management Limited, Treet Holdings Limited, First Treet Manufacturing Modaraba and Global Arts Limited

Production

Blade/
Razor

MUHAMMAD SHAFIQUE ANJUM
Executive Director/COO

Muhammad Javaid Aslam
DGM-Disposable Razors

Akhlaq Ahmed
DGM - Double Edge Blade

Shahid Mehmood
Sr. Manager Civil Works

Rashid Ali Rizvi
General Manager Hyderabad

Ihsan Masih Gill
Sr.Manager Commercial

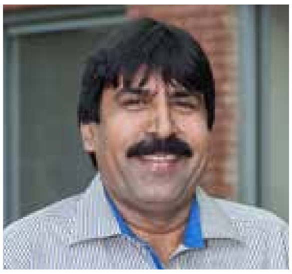
Muhammad Younas Khan
Sr. Manager MFG-IV(B)

Arshad Latif
DGM QCQA, R&D

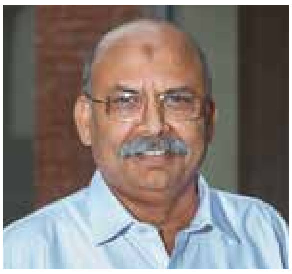
Imran Khan
Works Manager

Rana Imran Ahmad
Sr. Manager (QMS)

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



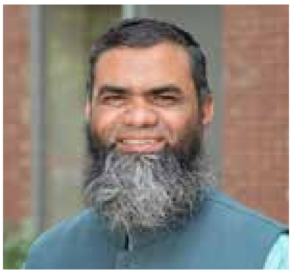
Mr. Asghar Ali Bhatti
Manager MFG-III(B)



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

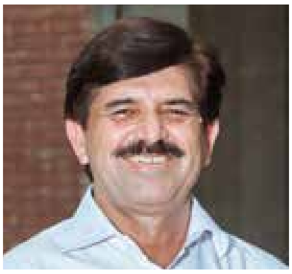
Mr. Azhar Saeed Butt
Manager MFG-III(A)

Mr. Zahid Anwar
Manager MFG-II(C)

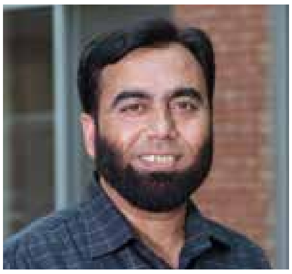


Muhammad Azeem
Sr. Manager (PMP)

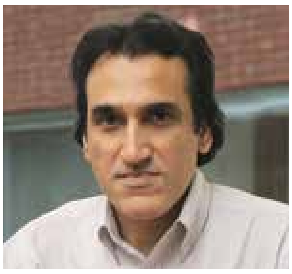
Muhammad Ali
Head of Internal Audit



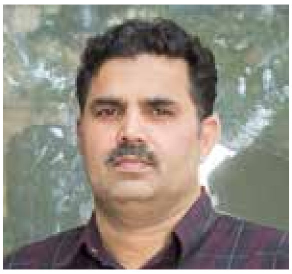
M. Naseem Khan
Manager MFG-II(A)



Safwan Mushtaq
Manager Store



Rashid Ali Rana
Deputy Manager Commercial



Tariq Mahmood
Deputy Manager Commercial

Ali Hamza
Asst. Manager Commercial

Muhammad Imran Ch.
Manager HR

Sales & Marketing

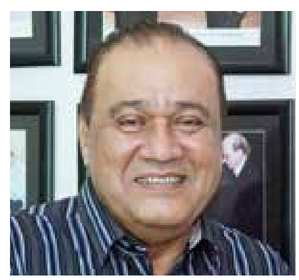
Blade/
Soap/Bike

SHAHID ZIA
Chief Operating Officer
(Sales & Marketing & Soap Operations)

Nasir Mehmood
GM Sales & Marketing

Feroz Hassan Khan
Export Marketing Manager

Waqar Ali Hijazi
Product Manager



Saadat Ali Khera
Manager Business Development

Israr ul Haq
Works Manager

Hammad Malik
GM Sales-Bike

Farhaan Abid Rao
Deputy Manager Exports

Nadeem Afzal
Sales Analyst

Abdul Waheed
Deputy Manager Operations

Syed Basharat Ahmad
Manager Sales Coordination

Khawaja Azhar Hussain
Production Manager Bike

Naseem Akhtar
Deputy Manager Sales-Cordi-
nation

Asghar Mushtaq
Sales Support Manager

Finance & Accounts

AMIR ZIA
Group Chief Financial Officer

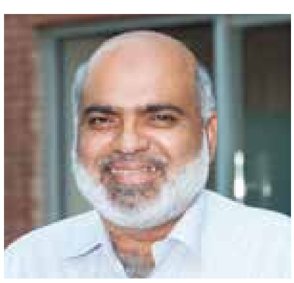
Moazzam Hussain Hashmi
Group Chief Accountant

Rana Shakeel Shaukat
Group Company Secretary

Jawad Ahmad
Group Treasury Manager

Imran Munawar
HSE Manager

Adnan Khan Jalwana
Assistant Manager Accounts



Shahid Tanveer
Assistant Manager Accounts

Muhammad Zubair
Manager Costing

Ali Raza Gardezi
Assistant Manager Accounts

Aamir Hameed
Assistant Manager Accounts

Syed Abad Hassan
Assistant Manager Accounts

Danish Christopher
Accounts Executive

Usman Saleem
Asst Company Secretary

Hajra Noreen
Treasury Executive

Faizan Khalid
Manager Planning & Implementation

Ahsan Haseeb
Manager Planning & Implementation

Fizza Rafiq
Accounts Executive

Saad Saadat
Corporate Executive

Sarmad Raheel
Treasury Executive

Sohail Hussain Khan
Account Officer

Shamrose Khan
Account Officer

Kashif Zia
Account Executive

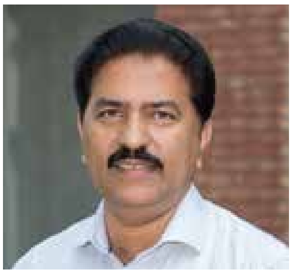
Shahid Shafiq
Planning Officer ERP

Taimoor Saeed
Asst. Manager Taxation

Misbah Khan
Tax Executive

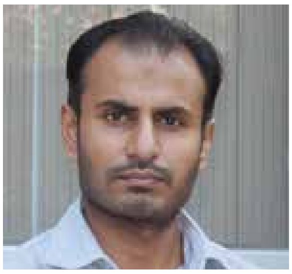
Human Resource

TALHA RAO
Group HR Head



Jahangir Bashir
Deputy Manager HR

Sohaib Usman
Assistant Manager HR



Sohail Khalid
Assistant Manager HR

Asma Shamim
HR Executive

Battery Project

ALI ASLAM
Chief Operating Officer

Dong Hyun Kim
Marketing & Liaison Director

Bong Ki Park
Production & Technical Head

Sohail Habib
Operations Manager

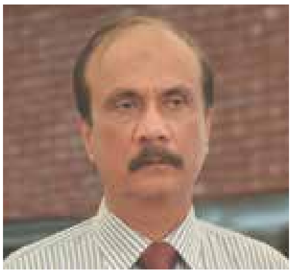
Farhan Athar
Group Head Supply Chain

Sungwook Park
Manager QC&QA

Farid Rasheed
GM Sales & Marketing

Ali Raza Wahid
Manager Planning

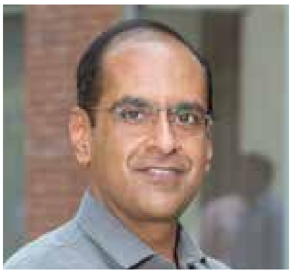
Rehan Iqbal
Process Manager



Col. Retd. Imran Zafar
Administration Manager

Sheikh Taimoor
Manager Imports

M. Ahsan Khawaja
Manager Supply Chain Services



Farooq Furjad
Manager Warehousing & Logistics

Muneeb Najam
Manager Procurement

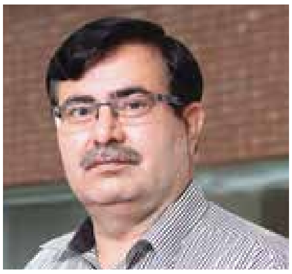
Farid Azhar
Manager Procurement

Muhammad Ali Khan
Brand Manager

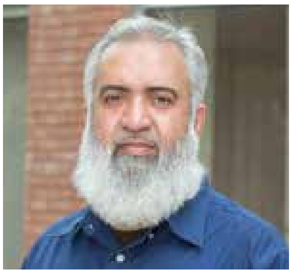
Corrugation

IMRAN AZIZ
Chief Operating Officer

Hammad Javed Khan
Head of Sales & Marketing



Mobeen Akhtar
Deputy General Manager



Azam Tariq Ghori
System & HR Manager

Sajjad Ahmed Fakhri
Commercial Manager

Harris Najeeb Dar
Chief Accountant

Rehan Tariq Ghori
Regional Sales Manager

Khawaja Amir Rehman
Manager Admin & Personnel

Hammad Ahmad
Asst. Manager Accounts

Saleem Fazal
Area Sales Manager

Usman Riaz
Liaison Manager

Shakeel Ahmad
Industrial Performance Coordi-
nator

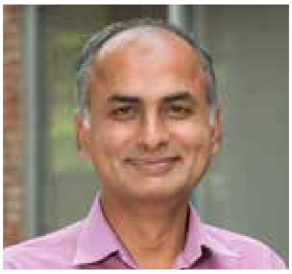
Nasar Hayat
Planning Officer

Hafiz Faheem Javed
Asst. Manager Sales

Sadia Ibrahim
Sales Coordinator

Information Technology

HUSSAIN YOUSUF
Chief Information Officer



Muhammad Jahanger
Sr. Manager Infrastructure & Support

Umar Farooq
Sr. Manager MIS

M. Usman Ghani
Manager MIS

M. Shoaib Mahmood
Manager MIS

Muhammad Ali Raza
Manager IT Security

Jawwad Ahmed Khan
Manager Infrastructure & Support

Imran Ahmed Toor
Manager MIS

Muhammad Adeel Amjad
Manager MIS

Mahmood Aslam
Manager Infrastructure & Support

Muhammad Ahmed
Asst. Manager MIS

Saqib Abbas Zaidi
Asst. Manager MIS

Rafia Azhar
Asst. Manager MIS

Zaheer Ahmad
Assit. Manager Networks

Ahmed Ali
Assit. Manager MIS

Nauman Akbar
Network Officer

Abid Ali
Network Support Officer

Imran Shoukat
Network Officer

Rai Abubakar Kharal
Network Officer

Imtiaz Ahmad
Manager Networks (Infrastructure & Support)

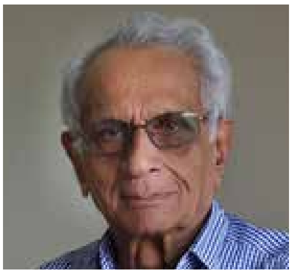
Mohammad Tarique Sultan
Application Programmer

Muhammad Ahtsham Mehar
Network Officer

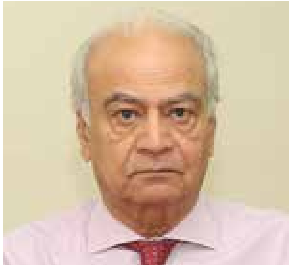
Sajid Anwar
Network Officer

Institute For Art & Culture

Prof. Sajida Pervaiz Vandal
Vice Chancellor



Prof. M. Pervaiz Vandal
Pro. Vice Chancellor



Saulat Said
Director Adminstration

Masood ul Hassan
Treasurer

Zafar Iqbal
Professor & Dean

Nadeem Hassan Khan
Registrar

Col. Retd. Rana Irfan
GM Administration

Jamil Malik
Senior Manager MIS

Renacon
Pharma Limited

Dr.Salman Shakoh
Managing Director

Umer Saleem
Chief Operating Officer

Sajjad Haider Khan
Manager Operations and Controls

Faraz Hussain Mirza
Project Manager Construction

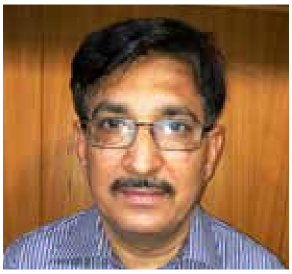
Naeem Khalid
Manager Marketing

Mahmood Ahmed
Incharge Quality Control

Sohail Qureshi
Manager Business Development

Fareed Ahmad
Incharge Quality Assurance

M. Naveed
Procurement Manager



Muhammad Shafiq
Production Manager

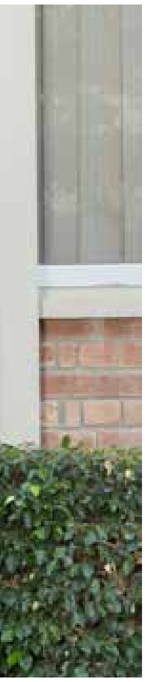
M. Bilal Shafique
Accounts Asst.

M. Usman Faisal
Accounts Officer

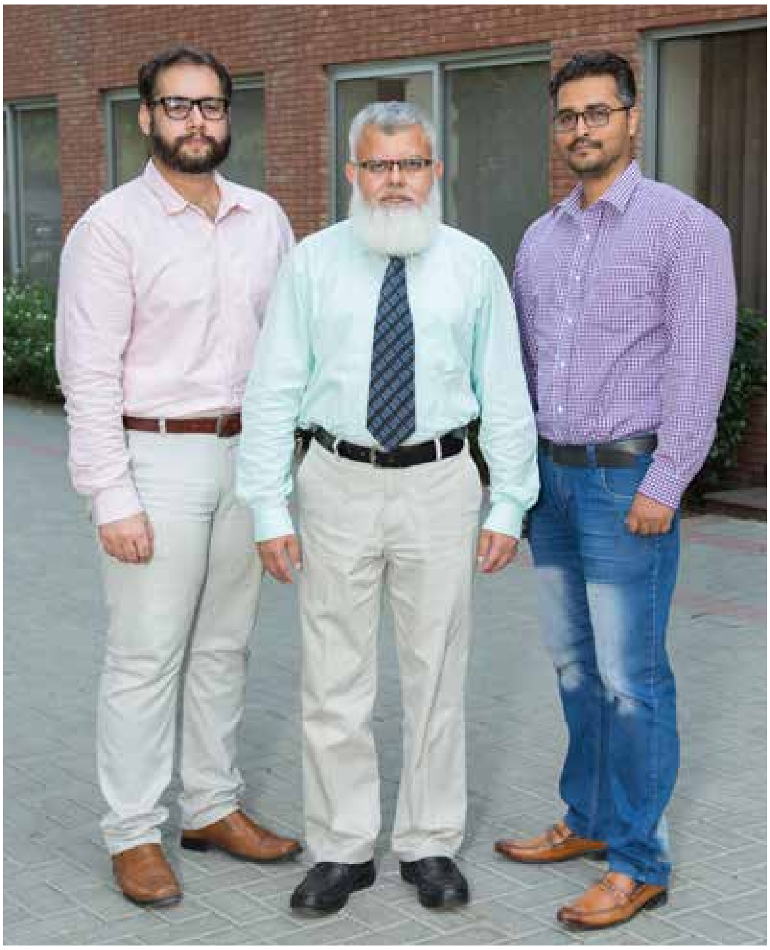
YOU DON'T
BUILD A BUSINESS
~YOU BUILD PEOPLE~
AND THEN PEOPLE
BUILD THE BUSINESS









Guidelines to Business Conduct

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

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

Manufacture and produce products according to contract specifications. Market our products and services in an honest and fair manner. Do not compromise our values to make a profit.

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

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


TEC-II

Corporate Social Responsibility

Treet

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

Customers

Our future existence relies on understanding and satisfying our customers' present and future needs. Our goal is to be recognized by our customers as a high quality, innovative and cost effective supplier, and the most desirable to do business with. We recognize that, as a result, the next person in the process is our customer.Our PeopleWe 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.SuppliersWe 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.ShareholdersWe aim to be an organization in whom our shareholders have trust and pride. We will keep our shareholders properly informed of our Treet Group's performance and prospects. We recognize the need to provide our shareholders with an excellent return on investment, consistent with long term growth.PlanningAll short term decisions will be consistent with long term objectives that balance the needs of our people, customers, suppliers and shareholders. Each year these objectives will be widely communicated within our Treet Group.

Quality Improvement

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

Environment

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

Society

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

Health, Safety and Environment Policy

Treet Group policy is to; Minimize its environmental impact, as is economically and practically possible.Save raw material, water and energy and avoid wastage (and reprocess the waste to the maximum possible extent). Ensure that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public.Develop plans and procedures and provide resources to successfully implement the policy and for dealing effectively with any emergency.Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, others and to the environment.Ensure that all its activities comply with national environmental, health and safety regulations.

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

Companies within Treet Group are, subject to Board's approval, encouraged to provide support to local communities through donations, charities etc. to fulfill its duty toward social cause. But companies in our Treet Groupwill 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 & dividend policies

Investment Policy

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

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

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

Funding Policy

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

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

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

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

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

Dividend Policy

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

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

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

Dividend Policy for First Treet Manufacturing Modaraba

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

Quality Policy

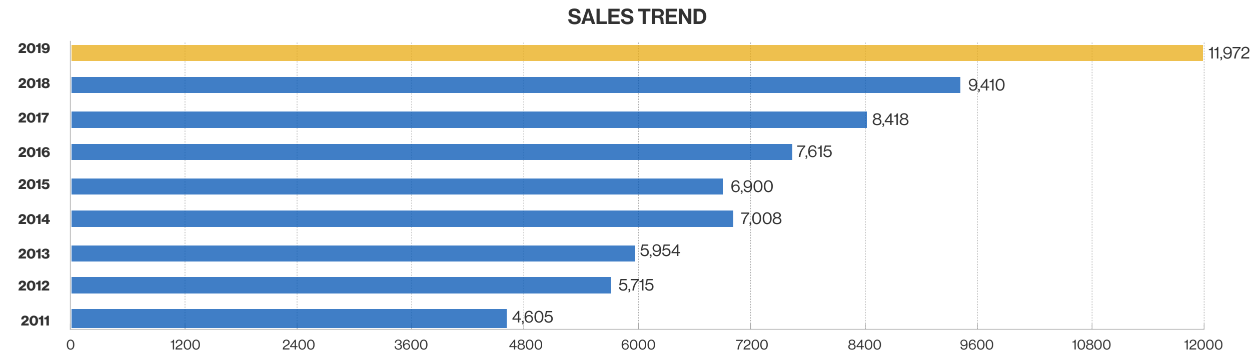
Treet Corporation Limited

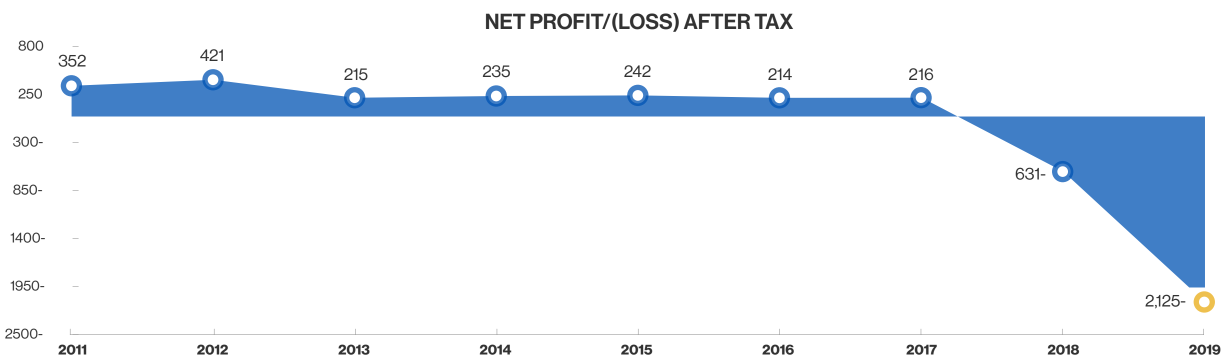
strives to meet the international standards. Top management of the Corporation is committed to a policy of sustained growth. The employees are quality conscious and work in highly motivated environment. The management is focused on customer satisfaction by continually upgrading human resource skills,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

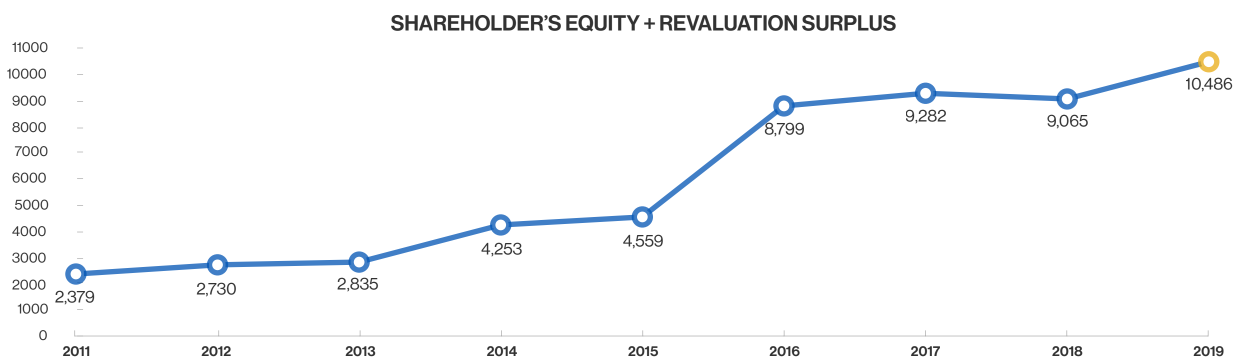
Syed Shahid Ali

Chief Executive Officer

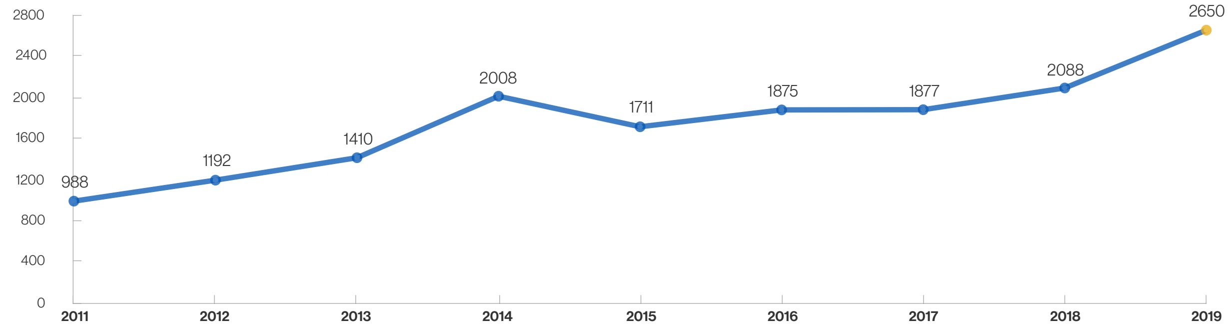
Financial
Highlights



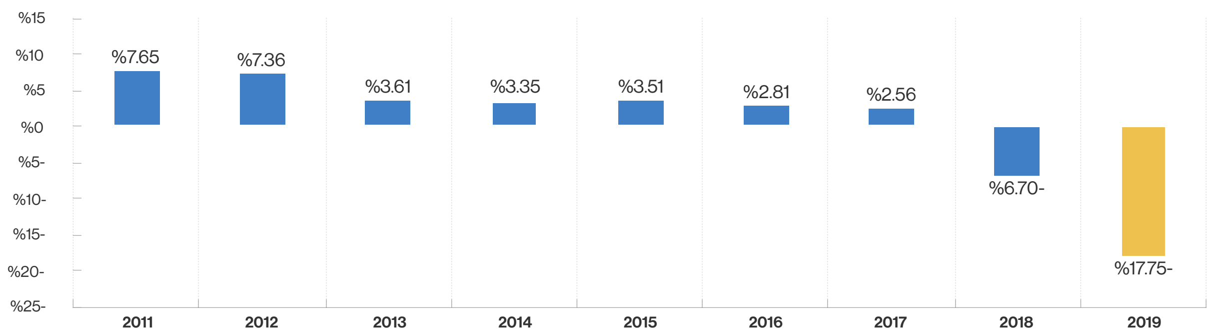




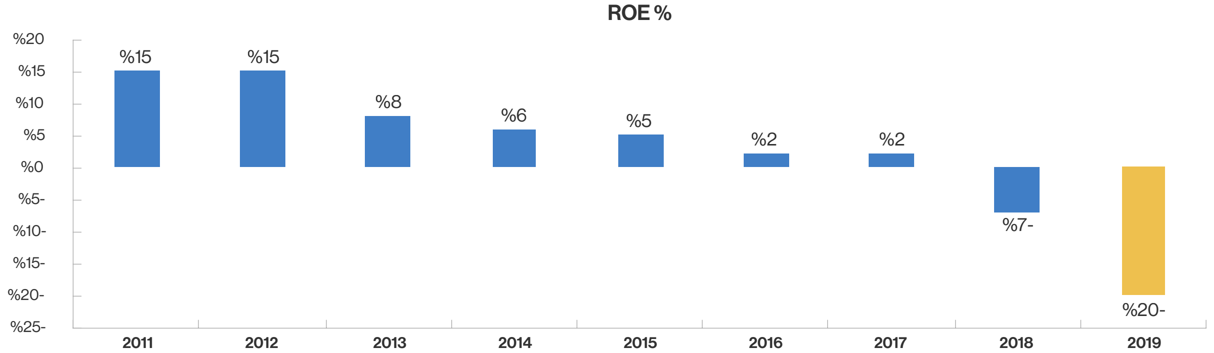
EXPORT



NPAT %



ROE %

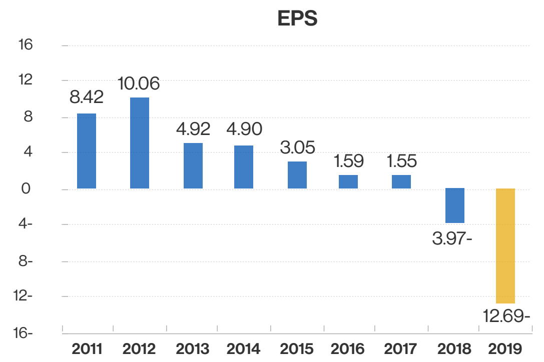


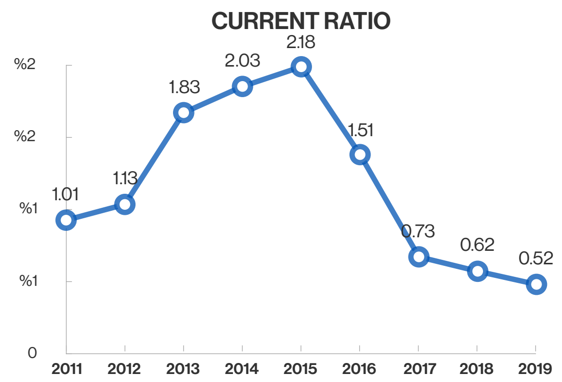
Strategic report

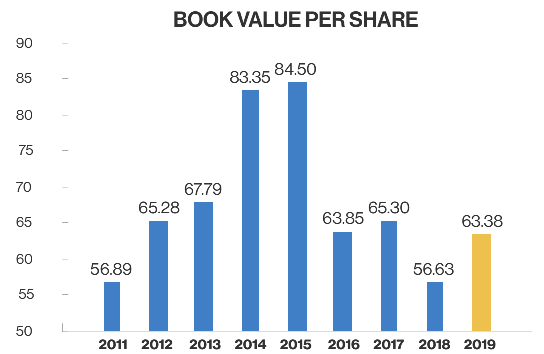
Governance

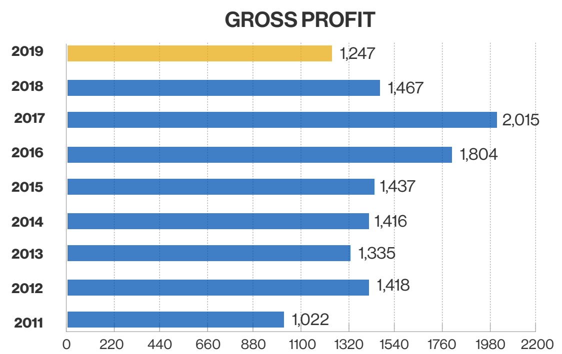
Financial statement

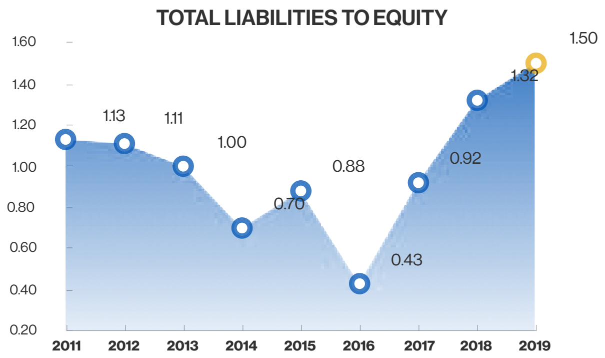
Financial
Highlights



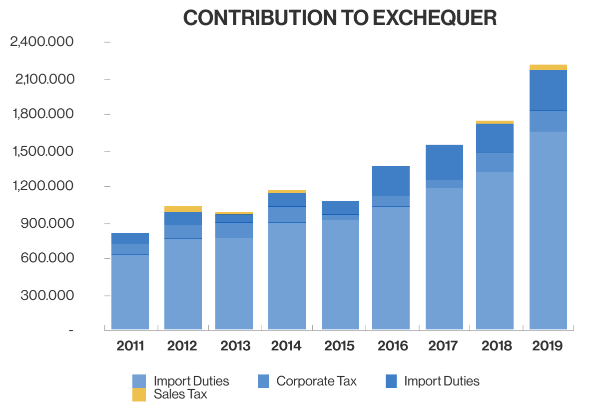




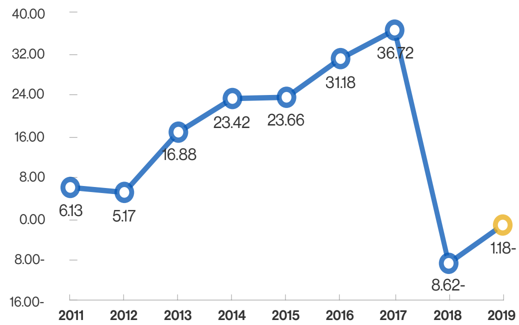




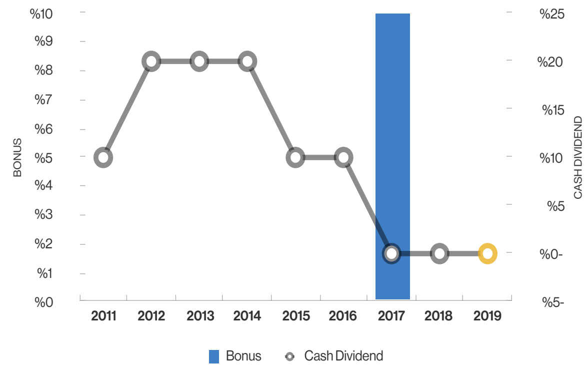
Rupees in million



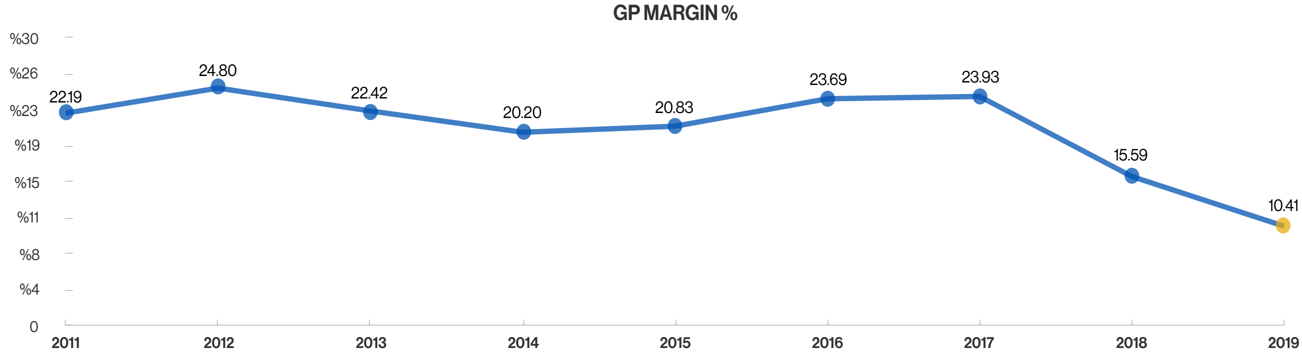
P/E RATIO



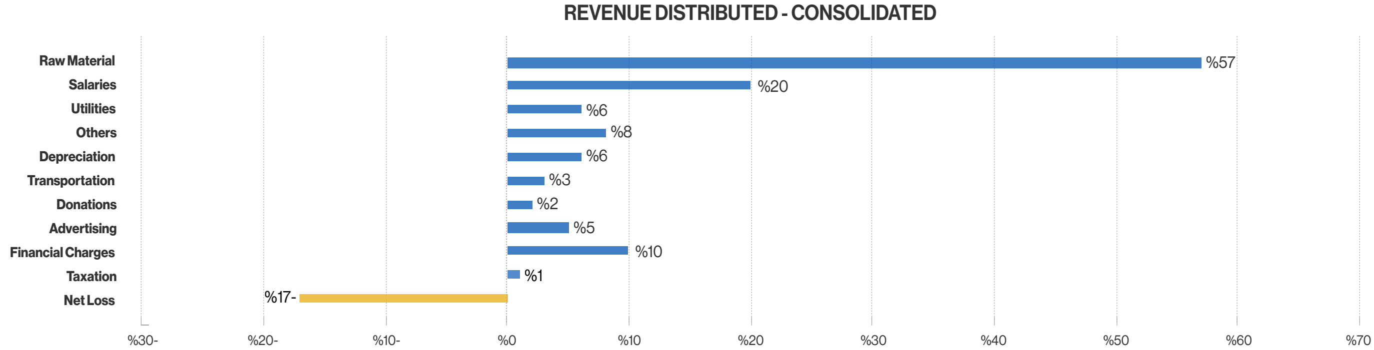
BONUS AND CASH DIVIDEND



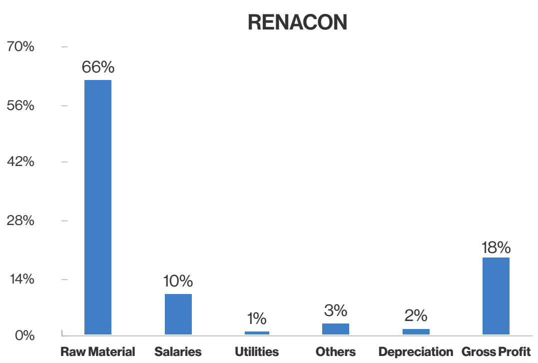
GP MARGIN %

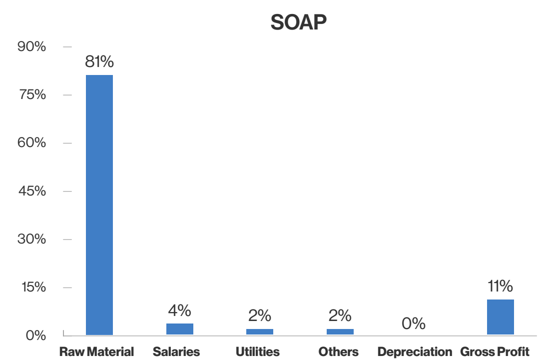


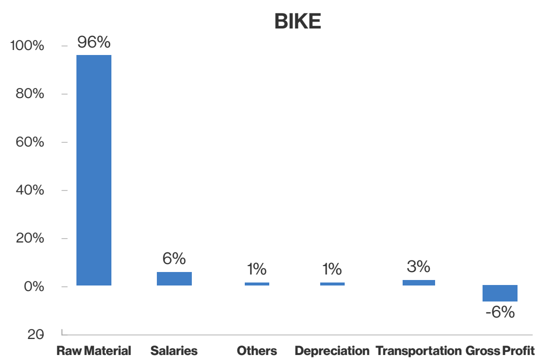
REVENUE DISTRIBUTED - CONSOLIDATED

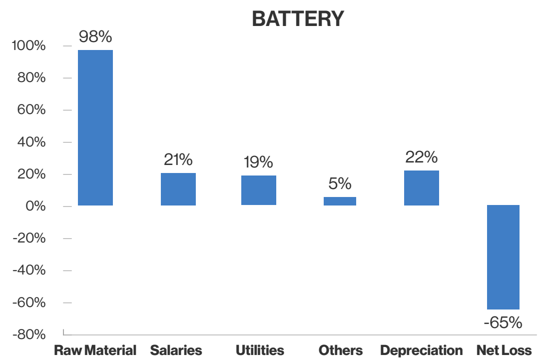


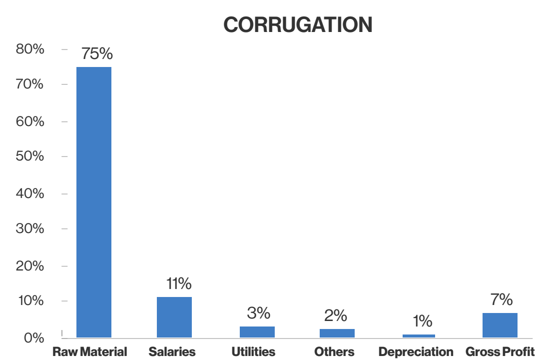
Financial
Highlights

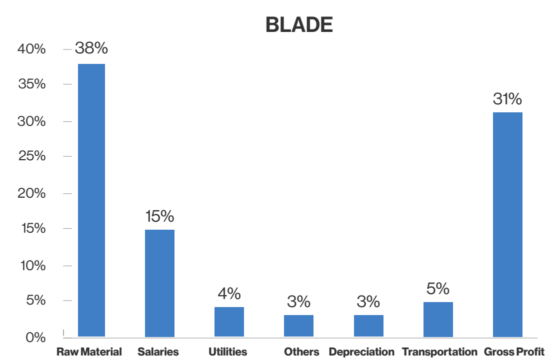












Key Operating Financial Data

Rs. in 000	2019	2018	2017	2016	2015
Sales	11,972,060	9,410,276	8,418,188	7,615,231	6,900,175
Export Sales	2,650,200	2,087,699	1,877,190	1,875,341	1,710,675
Gross Profit	1,246,890	1,467,191	2,014,884	1,804,382	1,437,390
Profit before Taxation	(1,948,764)	(478,835)	304,576	267,796	214,132
Profit after Taxation	(2,125,246)	(630,512)	215,910	214,314	242,213
Shareholders' Equity + Revaluation Surplus	10,485,669	9,065,394	9,281,533	8,798,692	4,558,790
Fixed Assets - Net	17,694,336	13,308,050	11,383,772	7,840,611	4,202,680
Total Assets	26,223,079	21,001,871	17,777,635	12,544,365	10,990,970
Total Liabilities	15,737,410	11,936,477	8,496,102	3,745,673	4,010,568
Current Assets	7,846,942	7,025,973	5,717,417	4,335,134	6,462,531
Current Liabilities	15,188,379	11,419,384	7,828,940	2,866,738	2,970,673
Cash Dividend	0%	0%	0%	10%	10%
Stock Dividend	0%	0%	10%	0%	0%
Shares Outstanding	165,450,942	160,084,685	142,143,666	137,804,309	53,950,701

*Restated

Important Ratios

Profitability					
Gross Profit	10.41%	15.59%	23.93%	23.69%	20.83%
Profit before Tax	-16.28%	-5.09%	3.62%	3.52%	3.10%
Profit after Tax	-17.75%	-6.70%	2.56%	2.81%	3.51%
Return to Equity					
Return on Equity before Tax	-18.59%	-5.28%	3.28%	3.04%	4.70%
Return on Equity after Tax	-20.27%	-6.96%	2.33%	2.44%	5.31%
Earning per Shares	(12.69)	(3.97)	1.55	1.59	3.05
Liquidity/Leverage					
Current Ratio	0.52	0.62	0.73	1.51	2.18
Break-up Value per Share	63.38	56.63	65.30	63.85	84.50
Total Liabilities to Equity	1.50	1.32	0.92	0.43	0.88

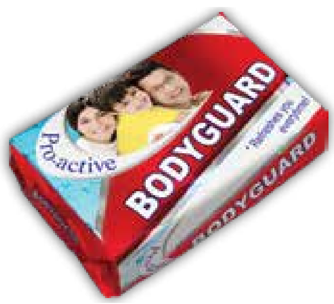
% Change

Sales	27.22%	11.79%	10.54%	10.36%	-1.55%
Export Sales	26.94%	11.21%	0.10%	9.63%	-14.80%
Gross Profit	-15.02%	-27.18%	11.67%	25.53%	1.54%
Profit before Taxation	306.98%	-257.21%	13.73%	25.06%	-13.14%
Profit after Taxation	237.07%	-392.03%	0.74%	-11.52%	3.26%
Shareholders' Equity + Revaluation Surplus	15.67%	-2.33%	5.49%	93.00%	7.20%
Fixed Assets - Net	32.96%	16.90%	45.19%	86.56%	36.39%
Total Assets	24.86%	18.14%	41.72%	14.13%	51.70%
Total Liabilities	31.84%	40.49%	126.82%	-6.60%	34.01%
Current Assets	11.68%	22.89%	31.89%	-32.92%	66.63%
Current Liabilities	33.01%	45.86%	173.10%	-3.50%	55.41%
Dividend			-100.00%	0.00%	-50.00%
Shares Outstanding		-100.00%	3.15%	155.43%	5.74%

Our
Products


Treet II
RAZER
Treet II PLATINUM
BARBEX
SAFEX
Trim
Xtra Long Xtra Shaves
Treet Corporation Ltd.
Hygiene
TEC-II
SUPER FLASH
STÄRKE

Our Products

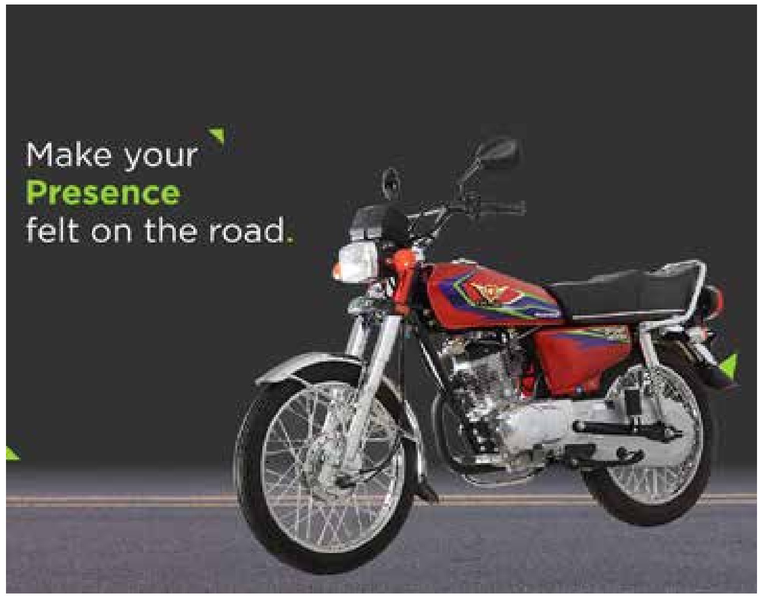


PACKAGING THAT ENSURES **PROTECTION**

PACKAGING SOLUTIONS

- SAFE
- RELIABLE
- AFFORDABLE
- FUNCTIONAL

Our Products




DAEWOO
Long Life


DAEWOO
Long Life


DAEWOO


DAEWOO


DAEWOO


HEAVY DUTY BATTERIES
FOR AUTOMOTIVE AND DOMESTIC USE!
1YEAR Free Replacement Warranty
1 Year Free Replacement Warranty
DAEWOO
DAEWOO
DAEWOO BATTERY

Our Products












Chairperson's review

Dear Shareholder,

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 (Consolidated) of your Company have shown losses.

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

1. Battery operations have been kicked-off but still is in infancy stage. But since resources (e.g. labour force, technical experts, depreciation etc.) has to be pooled at outset (expense side) before sales volumes gets momentum;

2. Grid installation was under process in this period so your Company had to bear higher fuel costs in the form of diesel generation in battery plant;

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

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

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

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

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

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

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

Dr. Mrs. Niloufer Qasim Mahdi

Directors' report

The directors of your Company take pleasure in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year ended June 30, 2019.

Syed Sheharyar Ali

Economic Outlook

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8 percent, 7.6 percent and 6.5 percent respectively. The actual sectoral growth turned out to be 0.85 percent for agriculture, 1.4 percent for industry and 4.7 percent for services.

CPI inflation increased from 3.9% to 7.3% last year and this inflation is mainly resultant from rising input costs on the back of high utility prices and the lagged impact of exchange rate depreciation is likely to maintain upward pressure on inflation during ensuing fiscal period.

Operating and financial results

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

Fiscal year 2018-19 registered some remarkable endeavors.

1. Your Company is expanding and diversifying its pharmaceutical business through Renacon Pharma Limited;
2. Battery plant under First Treet Manufacturing Modaraba is passing through its learning curve and taking momentum. Export markets are being explored;
3. Education project is also moving towards stability and will be getting strong foothold in the coming months;
4. Securities and Commission of Pakistan (SECP) has accorded its approval for Treet Corporation Limited - Employees Stock Option Scheme [ESOS] for its employees. Your Company has granted 19,709,000 options to its employees so far

Following is the summary of comparative financial results

	2019		2018		% Change	
	Treet	Consolidated	Treet	Consolidated	(1) over (3)	(2) over (4)
	(1)	(2)	(3)	(4)		
	Rupees in thousand					
Sales (net of sales tax)	**6,760,118**	**11,972,060**	6,094,956	9,410,276	10.91%	27.22%
Gross Profit	**2,217,652**	**1,246,890**	1,420,146	1,467,191	56.16%	-15.02%
Operating Profit/(Loss)	**746,947**	**(793,193)**	101,325	(93,357)	637.18%	749.63%
Profit/(Loss) before taxation	**423,142**	**(1,948,764)**	13,670	(478,835)	2995.41%	306.98%
Provision for taxation	**(140,515)**	**(176,482)**	(96,694)	(151,677)	45.32%	16.35%
Profit /(Loss) after taxation	**282,627**	**(2,125,246)**	(83,024)	(630,512)	-440.42%	237.07%
EPS (in Rupees)	**1.73**	**(12.69)**	(0.52)	(3.97)	-432.69%	219.65%

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

Financial Summary

	2018-2019	2017-2018	% Change
Net Sales	**12,031,736**	9,457,778	27.22%
Cost of Sales	**10,784,846**	7,990,587	34.97%
Gross Profits	**1,246,890**	1,467,191	-15.02%
Other Income	**252,262**	160,127	57.54%
Net Sales - Segment Wise			
Blade/Razors	**6,664,819**	5,644,117	18.08%
Soap	**900,303**	691,438	30.21%
Corrugation	**1,928,658**	1,710,224	12.77%
Trading	**96,835**	449,893	-78.48%
Pharmaceutical	**417,077**	319,441	30.56%
Bike	**263,974**	320,476	-17.63%
Battery	**1,760,070**	322,189	446.28%
Gross Profit - Segment Wise			
Blade/Razors	**2,072,945**	1,448,825	43.08%
Soap	**97,379**	110,663	-12.00%
Corrugation	**141,521**	182,771	-22.57%
Trading	**19,548**	(115,912)	-116.86%
Pharmaceutical	**76,317**	55,400	37.76%
Bike	**(15,729)**	(13,906)	13.11%
Battery	**(1,145,091)**	(200,650)	470.69%

Selling & General Administration and Others			
Salaries	**732,574**	607,973	20.49%
Utilities	**724**	465	55.70%
Others	**576,544**	370,547	55.59%
Depreciation	**68,166**	57,256	19.05%
Transportation	**4,452**	5,097	-12.65%
Donations	**211,427**	115,568	82.95%
Advertising	**567,637**	463,333	22.51%
Financial charges	**1,286,392**	485,914	164.74%
Taxation	**176,482**	151,677	16.35%
Gross Profit	**(2,125,246)**	(630,512)	237.07%

Gross profit margins (on consolidated basis) are decreased mainly due to the following factors;

Lead Acid Batteries Segment

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

- Manpower is to be built up and to be trained through learning curve. Your Company has hired full work force and are being trained by the Korean experts since this is new technology and local expertise are not available and has to be trained and built up with this passage of time;
- Cost of Korean experts is relatively high but has to be borne to develop the local workforce;
- Production pace is slow and will be geared up gradually as learning curve is developed;
- Depreciation and other fixed costs are to be borne fully irrespective of production volumes;
- Utilities costs are high due to diesel generation. But this will be calm down in the coming months since Company's own grid is installed and functioning;
- Total impact is Rs. 500.00~ Rs. 600.00million (appx) (excluding depreciation) . Your Company is making full efforts to achieve positive EBITDA in Financial Year 2018-2019. Moreover, efforts are being made to explore export markets and necessary certifications are under process. Distribution channel is established and will be strengthen further in the coming month.

Corrugation & Soap Segments

- Cost of raw material is increased but pass through impact is limited.

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

- Salaries and wages;
- Donation to Society for Cultural Education;

Factors having –ve impact on Net Profit/(Loss):

- Financial Charges due to increased borrowings;

Revenue Distribution

	2018-2019	2018-2019	2017-2018	2017-2018	% Change	
		% of Sales		% of Sales	Year to Year %	
Raw Material	7,055,543	57.4%	5,078,943	52.8%	38.92%	Because of Battery Segment - Material to Sales Ratio is higher in Battery Segment
Salaries	2,445,819	19.9%	2,224,999	23.1%	9.92%	Increased sales volumes and economies of Scale
Utilities	686,104	5.6%	412,767	4.3%	66.22%	Because of Battery Segment [power generation through Diesel Generators]
Others	936,237	7.6%	667,792	6.9%	40.20%	
Depreciation	676,310	5.5%	351,413	3.7%	92.45%	Battery Segment in full year of Operation
Transportation	367,293	2.99%	296,011	3.08%	24.08%	
Donations	211,427	1.72%	115,568	1.20%	82.95%	
Advertising	567,637	4.62%	463,333	4.82%	22.51%	
Financial charges	1,286,392	10.47%	485,914	5.05%	164.74%	Increased borowings and increase of KIBOR rates
Taxation	176,482	1.44%	151,677	1.58%	16.35%	
Gross Profit/(Loss)	(2,125,246)	-17.30%	(630,512)	-6.56%	237.07%	

Appropriations

Rs. in thousands	2018-2019	2017-2018
Un-Appropriated Profit b/f	**695,265**	974,863
Incremental Depreciation	**8,894**	8,854
Other Comprehensive Loss	**(89,464)**	(62,558)
Profit/(Loss) during the period	**490,781**	(83,024)
Issuance of Bonus Shares @ 10%	**-**	(142,870)
Dividend Distributed	**-**	-
Un-Appropriated Profit c/f	**1,105,476**	695,265

Dividend

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

Auditors

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

Future outlook

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

Challenges

- Domestic demand is expected to contract while at the same time export growth will be gradual, stated the report, adding that the agriculture and industrial sectors will grow less.
- Excessive taxation and regulations.
- Lack of political consensus.
- Inflationary pressures.
- Increased government borrowing
- Shrinking share in world trade
- Governance and implementation weaknesses
- Uncertainty due to lack of continuity of policies

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

Segment wise Outlook

Segment	Future Outlook
Blades/Disposable Razors	Local sales (as well as export sales) as well is not only maintaining its foothold but will be further broadened due to continuous efforts. Exchange rate will pay an important role in determining intensity of competition. Margins of this segment is considerably improved and will further be improved due to price rationalization, increased sales volumes. Continuous BMR is under way to enhance the production capacities and to add new products that will help to explore the new markets.
Corrugated Packaging	Competition is immense in this sector. Moreover, pass-through effect is limited and having time-lag impact. But efforts are being made to broaden the customer base and price rationalization not only to cover the expenses but giving reasonable margins.
Soaps	Sales volumes will further be improved in the coming months. Prices of raw material mainly palm oil are relatively volatile but margins will be improved due to price rationalization.
Lead Acid Batteries	Technical capabilities are being built with the help of Korean experts. Pace of production and sales volumes (including exploring export markets) will be improved in the coming months and fixed expenses (e.g. salaries, depreciation, insurance etc.) will be spread to more no. of units. Efforts are being made to get positive EBITDA.
Educational Project	Two batches of the students were taken in FY 2018-2019. But since it will take time to fill the semesters (8~10 semester depending on the program so offered) but resources has to be pooled at the outset, thus support from the Company has to be given in FY 2019~2020 in the form of donation to the educational project.

Chemicals	Industrial chemicals like Epoxy Resin, Hardener, Polyuria Polyol and other related products are being imported and marketed in Pakistan after detailed study of the domestic market of the said chemicals; Initially test marketing will be done and after passing through learning curve of the industry proper sales and marketing strategy will be implemented;
Pharmaceutical	This segment has shown impressive growth and this trend is likely to continue in FY 2019-2020. Moreover, construction work on Faisalabad project is underway. This project will not only increase the capacity of existing plant but also your Company will be able to add new products (e.g. blood tubing lines, pharmaceutical products etc.).
Financial Planning	Detailed Financial planning is attached with the report. What is import at the moment is to bring the current levels of borrowings down. Since due to restrictive fiscal measures it is expected that KIBOR will be escalated in the ensuing months.

Acknowledgements

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

Syed Sheharyar Ali
Executive Director

Dated: October 04, 2019
Lahore

اعتراف

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

سید شہر یار علی

ایگزیکٹو ڈائریکٹر

ڈائریکٹرز رپورٹ برائے حصص یافتگان

مستقبل کا نقطہ نظر

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

چیلنجز

- رپورٹ میں کہا گیا ہے کہ مقامی طلب کے معاہدے کی توقع کی جارہی ہے جبکہ اسی وقت برآمدات میں بھی رفتہ رفتہ اضافہ ہوگا۔
- ٹیکس اور قواعد و ضوابط میں اضافہ
- سیاسی اتفاق رائے کی کمی
- افراط زر میں دباؤ
- حکومتی قرضوں میں اضافہ
- عالمی تجارت میں حصص کا حصول
- گورننس اور عملدرآمد کی کمزوری
- پالیسوں کے تسلسل کی کمی کی وجہ سے غیر یقینی صورتحال

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

شعبہ کی ترتیب

شعبہ جات	مستقبل کا نقط نظر
بلیڈ ریزر	لوکل سیلز اور برآمدات کا تسلسل برقرار رکھا جا رہا ہے بلکہ مسلسل کوششوں سے اس کا دائرہ اور وسیع کیا جا رہا ہے مارکیٹ کی مسابقت میں ایکسچینج ریٹ کا اہم کردار ہے قیمتوں کے معقول تعین اور سیلز کے حجم سے اس سیگمنٹ کے منافع میں مزید اضافہ ہوگا۔ مسلسل کوشیش جاری ہیں تاکہ پیداواری قابلیت/صلاحیت کو بڑھایا جاسکے اور نئی پروڈکٹس کے ساتھ مارکیٹ وسیع کی جاسکے۔
کوروگیٹیڈ پیکیجنگ	اس شعبے میں مسابقت بہت زیادہ ہے۔ مزید یہ کہ اثر محدود ہے اور اثر و رسوخ محدود ہے۔ کسٹمرزکے دائرے کو وسیع کرنے کی کوششیں کی جارہی ہیں اور قیمتوں کو تناسب کے مطابق معقول حد تک بڑھایا جارہا ہے تاکہ نہ صرف اخراجات کو پورا کرنا بلکہ مناسب مارجن حاصل کرنا ہے۔
صابن	آنے والے مہینوں میں فروخت کی مقدار میں مزید بہتری آئے گی۔ خام مال کی قیمتوں میں بنیادی طور پر پام آئل نسبتا اتار چڑھاؤ کا حامل ہوتا ہے لیکن قیمت کی عقلیت کے سبب مارجن کو بہتر بنایا جائے گا۔
لیڈ ایسڈ بیٹری	کورین ماہرین کی مدد سے تکنیکی ماہر تیار کیے جا رہے ہیں پیداواری رفتار اور سیلز کے حجم میں بھی آنے والے مہینوں ہیں اضافہ ہو گا۔ چونکہ ہمارے مقررہ اخراجات میں اضافہ نہیں ہو گا لہذا کوشش کی جا رہی قبل از ٹیکس منافع میں مثبت نتائج آئیں۔
ایجوکیشنل پروجیکٹ	مالی سال 2018-2019 میں طلباء کے دو Batch لیے گے۔ لیکن چونکہ سیمسٹرز کو بھرنے میں وقت لگے گا (پیش کردہ پروگرام 8 - 10 سمسٹر پر منحصر ہے) لیکن وسائل کو شروع میں ہی کھڑا کرنا پڑتا ہے، اس طرح کمپنی کی طرف سے مالی سال 2019-2020 میں تعلیمی منصوبے کے لئے چندہ دیئے جانے کی ضرورت ہے۔
کیمیکل	لوکل مارکیٹ کا جائزہ لینے کے بعد صنعتی کیمیکل مثلاً ایپوکسی ریسین، حارڈنر، پولی یوریا پولیول اور اس جیسے اور کیمیکل درآمد اور مارکیٹ میں متعارف کروائے جائیں گے۔ ابتدائی طور پر مارکیٹ کی جانچ پڑتال کی جائے گی لیکن صنعتی رجحان کو دیکھنے کے بعد مناسب فروخت اور مارکیٹنگ کی حکمت عملی لاگو کی جائے گی۔
دواسازی	اس طبقے نے متاثر کن ترقی دکھائی ہے اور امکان ہے کہ مالی سال 2019-2020 میں یہ رجحان جاری رہے گا۔ مزید یہ کہ فیصل آباد منصوبے پر تعمیراتی کام جاری ہے۔ اس منصوبے سے نہ صرف موجودہ پلانٹ کی صلاحیت میں اضافہ ہوگا بلکہ آپ کی کمپنی نئی مصنوعات (جیسے بلڈ ٹبنگ لائنز، فارماسیوٹیکل مصنوعات وغیرہ) بھی شامل کرسکے گی۔
معاشی منصوبہ بندی	تفصیلی مالی منصوبہ بندی اس رپورٹ سے منسلک ہے اس وقت ضروری ہے کہ قرضوں کا حجم کم کیا جائے۔ محدود مالیاتی اقدام کی وجہ سے یہ توقع کی جا رہی ہے کہ آنے والے مہینوں میں (کراچی انٹر بنک آفریٹ) کو مزید بڑھایا جائے گا۔

محصول کی تقسیم

	2018-2019	2018-2019 % of Sales	2017-2018	2017-2018 % of Sales	% Change Year to Year %	
خام مال	7,055,543	57.4%	5,078,943	52.8%	38.92%	بیٹری طبقہ کی وجہ سے - بیٹری طبقہ میں خام مال سے سیل کا تناسب زیادہ ہے۔
تنخواہ	2,445,819	19.9%	2,224,999	23.1%	9.92%	فروخت کی مقدار میں اضافہ
افادیت کے اخراجات	686,104	5.6%	412,767	4.3%	66.22%	بیٹری طبقہ کی وجہ سے [ڈیزل جنریٹرز کے ذریعے بجلی پیدا کرنا
دوسرے اخراجات	936,237	7.6%	667,792	6.9%	40.20%	
فرسودگی	676,310	5.5%	351,413	3.7%	92.45%	پورے سال فرسودگی
نقل و حمل	367,293	2.99%	296,011	3.08%	24.08%	
عطیات	211,427	1.72%	115,568	1.20%	82.95%	
اشتہار	567,637	4.62%	463,333	4.82%	22.51%	
مالی چارجز	1,286,392	10.47%	485,914	5.05%	164.74%	قرضوں میں اضافہ اور KIBOR کی شرحوں میں اضافہ۔
ٹیکس کے اخراجات	176,482	1.44%	151,677	1.58%	16.35%	ٹیکس کے اخراجات
کل منافع/(نقصان)	(2,125,246)	-17.30%	(630,512)	-6.56%	237.07%	کل منافع/(نقصان)

تصرفات

ہزار وں میں	**2018-2019**	2017-2018
غیر تصرف شدہ منافع b/f	**695,265**	974,863
اضافی ڈیپریسیشن	**8,894**	8,854
دیگر جامع نقصان	**(89,464)**	(62,558)
مدت کے دوران منافع/(نقصان)	**490,781**	(83,024)
بونس شیئرز کا اجراء ۱۰فیصد	**-**	(142,870)
تقسیم کیا گیا ڈیویڈنڈ	**-**	-
غیر تصرف شدہ منافع c/f	**1,105,476**	695,265

ڈیویڈنڈ

کاروبار میں توسیع کی وجہ سے کمپنی کے بورڈ آف ڈائر یکٹرز نے فیصلہ کیا ہے کہ اس مالی سال ڈیویڈنڈنہ دیا جائے ۔

آڈیٹرز

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

ڈائریکٹر رپورٹ برائے حصص یافتگان

لیڈ ایسڈ بیٹریز کا شعبہ

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

- ورکرز کو با اختیار بنانا اور سیکھانا۔ آپکے مضاربہ نے ورکرز ماہانہ اجرت پر رکھے ہیں جنکو کورین ماہرین کے ذریعے سے ہنر سکھایا جا رہا ہے کیونکہ یہ نئی ٹیکنالوجی ہے اور اسکا کوئی ماہر پاکستان میں میسر نہیں ہے لہذا س ٹیکنالوجی کو سیکھانے میں وقت درکا ر ہے۔
- کورین ماہرین کی لاگت نسبتاً زیادہ ہے لیکن ہمیں اپنی ورک فورس کو تیار کرنے کے لیے یہ لاگت لازمی ہے۔
- پیداوار کی رفتار سست ہے لیکن مقامی افرادی قوت کے تیار ہونے کے ساتھ اس میں اضافہ ہوگا۔
- پیداوری حجم کو بالائے طاق رکھتے ہوئے ڈیپر یسیشن اور دوسرے مقررہ خرچے برداشت کیے گئے ہیں۔
- جنریٹرز میں ڈیزل کے استعمال کی وجہ سے خرچ میں اضافہ ہوا ہے لیکن آنے والے مہینوں میں اس میں کمی واقع ہو گی کیونکہ مضاربہ کا اپنا گرڈ اسٹیشن تیار ہو گیا ہے جو کہ عنقریب کام شروع کر دے گا۔
- کل مجموعہ تقریباً 600-500 ملین روپے ہے۔ آپکی کمپنی پوری کوشش کر رہی ہے کہ مالی سال 20-2019 میں قبل از ٹیکس منافع حاصل کیاجائے۔ مزید برآں مختلف سرٹیفیکیشن اور برآمدات کے لیے کام جاری ہے۔ ڈسٹریبویشن چینل قائم ہو چکا ہے جو آنے والے مہینوں میں مزید مضبوط ہو گا۔

کوروگیشن اور صابن سیگمنٹ

- خام مال کی قیمت بڑھی ہے لیکن اس کا بوجھ خریدار پر اس شرح سے نہیں پرا۔

آپریٹنگ منافع بھی سرخی میں ہے بنیادی طور پر نئے منصوبوں اور توسیع کی وجہ سے آپریٹنگ اخراجات میں اضافے کی وجہ نیچے ذکرہیں;

- تنخواہ اور اجرت؛
- تعلیم کے لئے سوسائٹی کو عطیہ؛

خالص منافع پر منفی اثر ڈالنے والے عوامل۔

- قرضوں میں اضافے کی وجہ سے مالی چارجز

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

مالیاتی نتائج کا خلاصہ

	2018-2019	2017-2018	تبدیلی %
خالص فروخت	**12,031,736**	9,457,778	27.22%
فروخت کی قیمت	**10,784,846**	7,990,587	34.97%
کل منافع	**1,246,890**	1,467,191	-15.02%
دوسری آمدنی	**252,262**	160,127	57.54%
طبقہ وار خالص فروخت			
بلیڈ / استرا	**6,664,819**	5,644,117	18.08%
صابن	**900,303**	691,438	30.21%
کوروگیشن	**1,928,658**	1,710,224	12.77%
تجارت	**96,835**	449,893	-78.48%
دواسازی	**417,077**	319,441	30.56%
موٹر سائیکل	**263,974**	320,476	-17.63%
بیٹری	**1,760,070**	322,189	446.28%
بلیڈ / استرا	**2,072,945**	1,448,825	43.08%
صابن	**97,379**	110,663	-12.00%
کوروگیشن	**141,521**	182,771	-22.57%
تجارت	**19,548**	(115,912)	-116.86%
دواسازی	**76,317**	55,400	37.76%
موٹر سائیکل	**(15,729)**	(13,906)	13.11%
بیٹری	**(1,145,091)**	(200,650)	470.69%
فروخت اور عمومی انتظامیہ اور دیگر۔			
تنخواہ	**732,574**	607,973	20.49%
افادیت کے اخراجات	**724**	465	55.70%
دوسرے اخراجات	**576,544**	370,547	55.59%
فرسودگی	**68,166**	57,256	19.05%
نقل و حمل	**4,452**	5,097	-12.65%
عطیات	**211,427**	115,568	82.95%
اشتہار	**567,637**	463,333	22.51%
مالی چارجز	**1,286,392**	485,914	164.74%
ٹیکس کے اخراجات	**176,482**	151,677	16.35%
کل منافع	**(2,125,246)**	(630,512)	237.07%

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

ڈائریکٹرز رپورٹ برائے حصص یافتگان

آپ کی کمپنی کے ڈائریکٹرز کو 30 جون 2019 کو ختم ہونے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ٹریٹ کارپوریشن لیمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معاشی نقطہ نظر

سبکدوش ہونے والے مالی سال 19-2018ء میں 6.2 فیصد کے حتمی ہدف کے مقابلہ میں 3.29 فیصد کا اضافہ دیکھا گیا۔ اس کا ہدف زراعت ، صنعت، اور خدمات کے لئے بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد کی ترقیاتی تخمینوں پر مبنی تھا۔ اصل شعبہ کی ترقی زراعت کے لئے 0.85 فیصد ، صنعت کے لئے 1.4 فیصد اور خدمات کے لئے 4.7 فیصد رہی۔

گذشتہ سال سی پی آئی کی افراط زر 3.9 فیصد سے بڑھ کر 7.3 فیصد ہوگئی ہے اور یہ افراط زر بنیادی طور پر اعلی افادیت کی قیمتوں کی پشت پر ان پٹ لاگت میں اضافے کا نتیجہ ہے اور تبادلہ کی شرح میں کمی کے پائے جانے والے اثرات کا امکان ہے کہ آنے والی مالی مدت کے دوران افراط زر پر اوپر کا دباؤ برقرار رہے گا۔

آپریٹنگ اور مالیاتی نتائج

آپکی کمپنی اوپر دیے گئے چیلنجز سے واقف ہے اسی لیے ایک ٹریڈ اور ریٹیل کامنظم نظام موجود ہے جوکہ ان چیلنجز سے نمٹنے کی صلاحیت رکھتا ہے۔ اسکے علاوہ آپکی کمپنی مسلسل اپنی کاروباری حکمت عملی کاجائزہ لے رہی ہے اورسستے متبادل خام مال اور باقی شعبوں کے لیے بھی اصلاح کی کوشش کی جا رہی ہے۔

مالی سال 19-2018 کی چند نمایاں کاوشیں

١. آپکی کمپنی نے فیصلہ کیا ہے کہ ریناکون فارما سوٹیکل کمپنی لیمیٹڈ کے ذریعے اپنے فارما انڈسٹری کے کاروبار کو فروغ د یں گے۔

٢. فرسٹ ٹریٹ مینوفیکچرنگ موداراباہ کے تحت بیٹری پلانٹ اپنے سیکھنے کے منحنی خطوط سے گزر رہا ہے اور اس میں ایک تیز رفتار حرکت آرہی ہے۔ برآمدی منڈیوں کی تلاش کی جارہی ہے۔

٣. تعلیم کا منصوبہ بھی استحکام کی طرف گامزن ہے اور آنے والے مہینوں میں اس کی مضبوطی ہوگی۔

٤. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے ٹریٹ کارپوریشن لیمٹیڈ کو اس کے ملازمین کے لیے ایمپلائیز سٹاک آپشن اسکیم کی اجازت دی۔ آپ کی کمپنی اب تک اپنے ملازمین کو 19,709,000 روپے کے سٹاک آپشن کی منظوری دے چکی ہے۔

مالیاتی نتائج کے موازنے کا خلاصہ

	2019		2018		% تغیر	
(روپےہزاروں میں)	**ٹریٹ (1)**	**یکجاۓ (2)**	ٹریٹ (1)	یکجاۓ (2)	**(3) / (1)**	**(4) / (2)**
سیلز (سیلز ٹیکس کا کل)	**6,760,118**	**11,972,060**	6,094,956	9,410,276	10.91%	27.22%
مجموعی منافع	**2,217,652**	**1,246,890**	1,420,146	1,467,191	56.16%	-15.02%
آپریٹنگ منافع / (نقصان)	**746,947**	**(793,193)**	101,325	(93,357)	637.18%	749.63%
قبل از ٹیکس نفع/(نقصان)	**423,142**	**(1,948,764)**	13,670	(478,835)	2995.41%	306.98%
ٹیکس کے لیے پرویژن	**(140,515)**	**(176,482)**	(96,694)	(151,677)	45.32%	16.35%
بعدازٹیکس نفع/(نقصان)	**282,627**	**(2,125,246)**	(83,024)	(630,512)	-440.42%	237.07%
ای پی ایس (روپوں میں)	**1.73**	**(12.69)**	(0.52)	(3.97)	-432.69%	219.65%

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

	2018-2019	2017-2018	تبدیلی %
خالص فروخت	**12,031,736**	9,457,778	27.22%
فروخت کی قیمت	**10,784,846**	7,990,587	34.97%
کل منافع	**1,246,890**	1,467,191	-15.02%
دوسری آمدنی	**252,262**	160,127	57.54%
طبقہ وار خالص فروخت			
بلیڈ / استرا	**6,664,819**	5,644,117	18.08%
صابن	**900,303**	691,438	30.21%
کوروگیشن	**1,928,658**	1,710,224	12.77%
تجارت	**96,835**	449,893	-78.48%
دواسازی	**417,077**	319,441	30.56%
موٹر سائیکل	**263,974**	320,476	-17.63%
بیٹری	**1,760,070**	322,189	446.28%
بلیڈ / استرا	**2,072,945**	1,448,825	43.08%
صابن	**97,379**	110,663	-12.00%
کوروگیشن	**141,521**	182,771	-22.57%
تجارت	**19,548**	(115,912)	-116.86%
دواسازی	**76,317**	55,400	37.76%
موٹر سائیکل	**(15,729)**	(13,906)	13.11%
بیٹری	**(1,145,091)**	(200,650)	470.69%
فروخت اور عمومی انتظامیہ اور دیگر۔			
تنخواہ	**732,574**	607,973	20.49%
افادیت کے اخراجات	**724**	465	55.70%
دوسرے اخراجات	**576,544**	370,547	55.59%
فرسودگی	**68,166**	57,256	19.05%
نقل و حمل	**4,452**	5,097	-12.65%
عطیات	**211,427**	115,568	82.95%
اشتہار	**567,637**	463,333	22.51%
مالی چارجز	**1,286,392**	485,914	164.74%
ٹیکس کے اخراجات	**176,482**	151,677	16.35%
کل منافع	**(2,125,246)**	(630,512)	237.07%

ڈائریکٹر رپورٹ برائے حصص یافتگان

آپ کی کمپنی کے ڈائریکٹر کو 30 جون 2019 کو ختم ہونے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ٹریٹ کارپوریشن لیمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معاشی نقطہ نظر

سبکدوش ہونے والے مالی سال 2018-19ء میں 6.2 فیصد کے حتمی ہدف کے مقابلہ میں 3.29 فیصد کا اضافہ دیکھا گیا۔ اس کا ہدف زراعت ، صنعت، اور خدمات کے لئے بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد کی ترقیاتی تخمینوں پر مبنی تھا۔ اصل شعبہ کی ترقی زراعت کے لئے 0.85 فیصد ، صنعت کے لئے 1.4 فیصد اور خدمات کے لئے 4.7 فیصد رہی۔

گذشتہ سال سی پی آئی کی افراط زر 3.9 فیصد سے بڑھ کر 7.3 فیصد ہوگئی ہے اور یہ افراط زر بنیادی طور پر اعلی افادیت کی قیمتوں کی پشت پر ان پٹ لاگت میں اضافے کا نتیجہ ہے اور تبادلہ کی شرح میں کمی کے پائے جانے والے اثرات کا امکان ہے کہ آنے والی مالی مدت کے دوران افراط زر پر اوپر کا دباؤ برقرار رہے گا۔

آپریٹنگ اور مالیاتی نتائج

آپکی کمپنی اوپر دیے گئے چیلنجز سے واقف ہے اسی لیے ایک ٹریڈ اور ریٹیل کامنظم نظام موجود ہے جوکہ ان چیلنجز سے نمٹنے کی صلاحیت رکھتا ہے۔ اسکے علاوہ آپکی کمپنی مسلسل اپنی کاروباری حکمت عملی کاجائزہ لے رہی ہے اورسستے متبادل خام مال اور باقی شعبوں کے لیے بھی اصلاح کی کوشش کی جا رہی ہے۔

مالی سال 2018-19 کی چند نمایاں کاوشیں

۱. آپکی کمپنی نے فیصلہ کیا ہے کہ ریناکون فارما سوٹیکل کمپنی لیمیٹڈ کے ذریعے اپنے فارما انڈسٹری کے کاروبار کو فروغ د یں گے۔

۲. فرسٹ ٹریٹ مینوفیکچرنگ موداراباہ کے تحت بیٹری پلانٹ اپنے سیکھنے کے منحنی خطوط سے گزر رہا ہے اور اس میں ایک تیز رفتار حرکت آرہی ہے۔ برآمدی منڈیوں کی تلاش کی جارہی ہے۔

۳. تعلیم کا منصوبہ بھی استحکام کی طرف گامزن ہے اور آنے والے مہینوں میں اس کی مضبوطی ہوگی۔

٤. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے ٹریٹ کارپوریشن لیمٹیڈ کو اس کے ملازمین کے لیے ایمپلائیز سٹاک آپشن اسکیم کی اجازت دی۔ آپ کی کمپنی اب تک اپنے ملازمین کو 19,709,000 روپے کے سٹاک آپشن کی منظوری دے چکی ہے۔

مالیاتی نتائج کے موازنے کا خلاصہ

	2019		2018		**% تغیر**	
(روپےہزاروں میں)	**ٹریٹ**	**یکجائ**	ٹریٹ	یکجائ	**(1) / (3)**	**(2) / (4)**
	(1)	**(2)**	(1)	(2)		
سیلز (سیلز ٹیکس کا کل)	**6,760,118**	**11,972,060**	6,094,956	9,410,276	10.91%	27.22%
مجموعی منافع	**2,217,652**	**1,246,890**	1,420,146	1,467,191	56.16%	-15.02%
آپریٹنگ منافع / (نقصان)	**746,947**	**(793,175)**	101,325	(93,357)	637.18%	749.63%
قبل از ٹیکس نفع/(نقصان)	**413,663**	**(1,958,134)**	13,670	(478,835)	2926.06%	306.98%
ٹیکس کے لیے پرویژن	**(140,041)**	**(175,508)**	(96,694)	(151,677)	44.83%	16.35%
بعدازٹیکس نفع/(نقصان)	**273,622**	**(2,133,642)**	(83,024)	(630,512)	-429.57%	237.07%
ای پی ایس (روپوں میں)	**1.68**	**(12.75)**	(0.52)	(3.97)	-423.08%	219.65%

Statement of compliance with the code of corporate governance as at June 30, 2019

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

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

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

2. The composition of board is as follows:

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

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. Further under the 2017 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.

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

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

9. During the year under review no training program was arranged by the Company. All Directors meets the criteria of exemption under the clause (20) of the Code and are accordingly exempted from the Directors' Training Program. Some of our directors got Exemptions from Securities and Exchange Commission of Pakistan on Director's Training Program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

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

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

a. Audit Committee

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

a. HR and Remuneration Committee

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

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

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

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2019.
HR & Remuneration Committee	Two meetings were held during the financial year ended June 30, 2019.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

Syed Shahid Ali
Chief Executive Officer

Independent Auditor's Review Report

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Treet Corporation Limited ("the Company") for the year ended 30 June 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 Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Lahore
Date: October 04, 2019

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of Treet Corporation Limited (the "Company") will be held on Monday, October 28, 2019 at 11:00 A.M. at 72-B, Industrial Area, Kot Lakhpat, Lahore the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the Year Ended June 30, 2019, together with the Directors' and Auditors' Reports thereon.

2. To appoint External Auditors of the Company for the year ending June 30, 2020 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS

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

GRANT OF STOCK OPTIONS TO THE EMPLOYEES OF SUBSIDIARY COMPANY

RESOLVED that pursuant to recommendations of the compensation committee under the Companies Employees Stock Option Scheme, 2015 and the approval of the Board of Directors, approval of shareholders be and is hereby accorded for grant of 2,103,200 Options to the 150 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 15.71 per share, in accordance with sub-rule ii of Rules 6 of Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by the Securities and Exchange Commission of Pakistan.

FURTHER RESOLVED THAT Chief Executive Officer and Company Secretary be and are hereby singly authorized to sign Option Certificates and to take all necessary steps to comply with the preceding resolution and fulfil all legal requirements for issuance of Shares against Employees Stock Option Scheme (hereinafter referred to as "ESOS") including making application to the Securities and Exchange Commission of Pakistan.

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

RE-PRICING OF 4,768,700 OPTIONS ALREADY GRANTED FOR 2017-18

RESOLVED THAT in accordance with Rule 7(ii) of the Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 3 of Clause 6 of Chapter III of the Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan, approval of the shareholders be and is hereby accorded to re-price the 4,768,700 options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial exercise price of Rs. 35.44 per share to the revised price of Rs. 15.71 per share, without any change or modification in the vesting period/ schedule, exercise period and/or any other specific terms and conditions under which such options have been granted.

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

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

Notice of Annual General Meeting

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

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

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

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

RESOLVED THAT further donation of up to Rs. 200.00 million in the "Institute for Culture and Art" be and is hereby approved to enable the "Institute for Culture and Art" to meet day to day requirements till the time it is financially stabilized and generates enough revenues to meet its expenses.

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

FURTHER RESOLVED THAT Chief Executive Officer and Company Secretary be and are hereby singly authorized to complete all the necessary corporate and legal formalities and to do all such acts, deeds and things as may be deemed necessary to give effect to the abovementioned resolution.

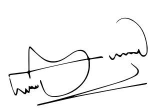
To ratify and approve transactions carried out with associated Companies in the normal course of the business by passing the following ordinary resolutions:

RESOLVED THAT the transactions carried out in normal course of business with associated Companies as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2019 be and are hereby ratified and approved.

FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ended June 30, 2020 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/ indentures as may be required in this regard on behalf of the Company.

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

By Order of the Board
Lahore: October 04, 2019



Rana Shakeel Shaukat
Company Secretary

Notes:

CLOSURE OF SHARE TRANSFER BOOKS

The share transfer Books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive) for the purpose of attending Annual General Meeting. Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on October 19, 2019 will be considered in time to attend the AGM.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. www.treetonline.com

For Attending the Meeting

a. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.

b. In case of corporate entity, Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

For Appointing Proxies

a. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

b. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

e. In case of corporate entities, board of directors' resolution/ power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

CONSENT FOR VIDEO CONFERENCE

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

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

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

AGENDA ITEM NO. 4

Pursuant to the Employees Stock Option Scheme, 2015 as approved by Securities and Exchange Commission of Pakistan, the Board of Directors of the Company in their meeting held on July 17, 2019 granted options to the eligible employees of the Company including **2,103,200** Options to the **150** Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of **Rs. 15.71** per share, in accordance with sub-rule ii of Rules 6 of Public Companies (Employees Stock Option Scheme) Rules, 2001* read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for structuring and offering of the Employees Stock

Notice of Annual General Meeting

Option Schemes approved by Securities and Exchange Commission of Pakistan. As per requirements of applicable law, sanction of shareholders is required for issuance of stock options to employees of subsidiary companies.

Summary of the Options granted for the financial year 2019 is as follows:

	No. of Options	No. of Employees
Total No. of Options Granted	4,962,000	242
No. of Options Granted to the Company's Employees	2,858,800	92
No. of Options Granted to the Subsidiary's Employees	2,103,200	150

None of the Directors is concerned or interested in the said Resolution.

*Rule 13 sub-rule 1 (x) under Chapter VI (Employees Stock Option Scheme) under Companies (Further Issue of Shares) Regulations, 2018 (as applicable under new regulations promulgated on November 14, 2018).

Salient features of the scheme including status of the options granted [and subsequently shares issued] so far are also published in the financial statements for the year ending June, 30, 2019.

AGENDA ITEM NO. 5

The Company has granted stock options on **30th July 2018** to the eligible employees under the Employees Stock Option Scheme ("ESOS") as follows:

Date of Grant	Date of Entitlement	Weighted Average Price	Minimum Period	Exercise Period	No. of Employees	No. of Options Granted
30/07/2018	01/07/2018	35.44 (Exercise Price)	31/07/2018 to 31/07/2019	01/08/2019 to 31/07/2020	298	4,768,700

The exercise price of **Rs. 35.44** per share is not attractive at the moment. Recent prevailing price of the share is Rs. 13.51 (closing price of 30/09/2019). Board of Directors of the Company proposed to re-price all the options granted to **Rs. 15.71/-** per share. Remaining terms and conditions will remain the same. **Rs. 15.71** is the price at which options (**4,962,000**) are granted as on 17th July 2019 to the employees for the year 2018-2019.

The proposed re-pricing will be in compliance of sub-clause (3) of Clause 6 of Chapter III of the Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan and apart from re-pricing as aforesaid, all other terms of ESOS under which options have been granted shall remain unchanged.
The Board of Directors accordingly, recommend, the resolution set out in agenda item No 5 of the notice for approval of the Shareholders.

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

AGENDA ITEM NO. 6

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

	Advance/Loans to First Treet Manufacturing Modaraba	Corporate Guarantee/ Earmarking of its Un-Funded Facilities	Advance / Loan to Renacon Pharma Limited
name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	First Treet Manufacturing Modaraba [FTMM] has set up battery (lead acid) project in Faisalabad; The Company owns 97.36 % of certificates of FTMM and holds 100% of the shares of Treet Holdings Limited, being the Modaraba company managing FTMM.	• First Treet Manufacturing Modaraba • Renacon Pharma Limited • Treet Battery Limited • Treet Holdings Limited	Renacon Pharma Limited [RPL] is setting up hemodialysis concentrates plant in Faisalabad; RPL is 55.86% subsidiary of Treet Corporation Limited
Earnings per share for the last three years	2017 – 1.05 2018 – (1.83) 2019 - (12.23)	Not Applicable	2017 – 0.59 2018 – 0.32 2019 - 0.33
Breakup value per share, based on latest audited financial statements	Rs. 10.44 per share	Not Applicable	Rs. 11.20 per share
financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	FTMM is listed Modaraba. Detailed accounts are available at www.treetonline.com . However, Profit & Loss Account and Balance Sheet as on June 30, 2019 is attached herewith	Accounts of subsidiary companies are available at www.treetonline.com However, Profit & Loss Account and Balance Sheet as on June 30, 2019 is attached herewith	RPL is under process of listing. Detailed accounts are available at www.treetonline.com However, Profit & Loss Account and Balance Sheet as on June 30, 2019 is attached herewith
a description of the project and its history since conceptualization;	Not Applicable	Not Applicable	Renacon Pharma Limited ("Renacon" or the "Company") is a prominent Hemodialysis Concentrates manufacturer in Pakistan. The Company obtained its manufacturing license in 1998 and subsequently replaced majority market of the old Acetate solution with its newer Bicarbonate Concentrate solution within 5 years of introduction. Information memorandum is available at www.treetonline.com And also available in the Financial Statements (for 2018-2019) of the Company
starting date and expected date of completion;	Not Applicable	Not Applicable	By the end of June 30, 2020
time by which such project shall become commercially operational;	Not Applicable	Not Applicable	In the first quarter of(July ~September) of Financial Year 2020-2021
expected return on total capital employed in the project; and	Not Applicable	Not Applicable	Information memorandum is available at www.treetonline.com for detail of project and its returns

Notice of Annual General Meeting

funds invested of to be invested by the promoters distinguishing between cash and non-cash amounts:	Not Applicable	Not Applicable	Information memorandum is available at www.treetonline.com And also available in the Financial Statements (for 2018-2019) of the Company
amount of loans or advances;	Up to an extent of Rs. 1,000 Million	Not Applicable	Up to an extent of Rs. 500 Million
purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	To meet the working capital requirements [of Battery Project] of the Modaraba. Dividend returns from the Modaraba are expected to enhance profitability of the Company, which resultantly will strengthen/consolidate its share price and confidence of investor and creditors.	To meet the letter of credit / guarantee requirements of above subsidiaries	To meet the Capital Expenditure requirements of RPL Total project size is Rs. 1,500 million. This is in addition to the existing project in Lahore [which is already in operation] Dividend returns from the RPL are expected to enhance profitability of the Company, which resultantly will strengthen/consolidate its share price and confidence of investor and creditors
in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	Approval of Rs. 6,650 million is taken from shareholders in annual general meeting held on October 26, 2018. Further approval from shareholders is being sought to increase this borrowing levels from 6,650 million to Rs. 7,650 million.	Not Applicable	Not Applicable
average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing Cost is KIBOR [3month or Six Months) + Spread [25bps to 150pbs]	Not Applicable	Average borrowing Cost is KIBOR [3month or Six Months) + Spread [25bps to 150pbs]
average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Equivalent cost (average rate) to be charged to the borrowing subsidiary	Not Applicable	Equivalent cost (average rate) to be charged to the borrowing subsidiary
sources of funds from where loans or advances will be given;	Bank Borrowings	Not Applicable	Bank Borrowings
where loans or advances are being granted using borrowed funds,	Bank Borrowings	Not Applicable	Bank Borrowings

justification for granting loan or advance out of borrowed funds;	FTMM has set up battery plant in Faisalabad Industrial City. Being parent company of Modaraba, it is giving financial backing in the initial stage of its operations. Moreover, financial facilities are being arranged in FTMM so that it can operate independently. Future cash flows of the battery operation will make viability of its operations and repayment of its loans to the parent Company. Being parent Company of FTMM your Company has other options to raise funds in FTMM.	Not Applicable	RPL is setting up Hemodialysis plant Faisalabad Industrial City. Being parent company of RPL, it is giving financial back in the initial stage of its operations. Moreover, financial facilities are being arranged in RPL so that it can operate independently. Future cash flows of the RPL operation will make viability of its operations and repayment of its loans to the parent Company. Being parent Company of RPL your Company has other options to raise funds in RPL.
detail of guarantees / assets pledged for obtaining such funds, if any; and	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].
repayment schedules of borrowing of the investing company;	Separate borrowing/funding lines are being arranged with the financial institutions and this loans will gradually be paid. However, this additional loan [Rs. 1,000 million] will be paid off within One year i.e. till October 28, 2020	Not Applicable	Separate borrowing/funding lines are being arranged with the financial institutions and this loans will gradually be paid. However, this additional loan [Rs. 500 million] will be paid off within One year i.e. till October 28, 2020
particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not Applicable	Not Applicable	Not Applicable
if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	At the option of the Company, loans may be converted into Certificates in FTMM at the time of rights issue by FTMM (if any).	Not Applicable	At the option of the Company, loans may be converted into Share Certificates in RPL at the time of rights issue by RPL (if any).
repayment schedule and terms of loans or advances to be given to the investee company;	Separate lines are being arranged with the financial institutions and this loan will gradually be paid till October 28, 2020. Moreover, battery unit is intended to be demerged under scheme of arrangements whereby assets and related liabilities will be transferred to Treet Battery Limited.	Not Applicable	Separate lines are being arranged with the financial institutions and this loan will gradually be paid till October 28, 2020 Moreover, additional funds will be arranged through equity injection (either through private placements or IPO/book building process).

Notice of Annual General Meeting

salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Not Applicable	Not Applicable	Not Applicable
direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Syed Shahid Ali, Syed Sheharyar Ali and Muhammad Shafique Anjum are directors in the Company and on the Board of Treet Holdings Limited (Modaraba Company).	Common Directorship	Syed Shahid Ali, Syed Sheharyar Ali and Dr. Salman Faridi are directors in the Company
any other important details necessary for the members to understand the transaction; and	Not Applicable	Not Applicable	Not Applicable
in case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,	Not Applicable	Not Applicable	RPL is already in operation in Lahore. However, 10 acre of land has been acquired in Faisalabad to increase its production facilities.

Audited Financial Statements of Investee Companies:

As required by Regulation 4(3) of the Regulations, following Financial statements of First Treet Manufacturing Modaraba and Renacon Pharma Limited shall be made available for inspection by the members at the meeting; namely

Annual Audited Accounts for the year ended June 30, 2018
Annual Audited Accounts for the year ended June 30, 2017
Annual Audited Accounts for the year ended June 30, 2016

Due Diligence Undertaking of Directors:

The Directors of the Company hereby certify to the Members that the Directors have, as required by Regulation 3(3) of the Regulations, carried out the requisite due diligence of Fist Treet Manufacturing Modaraba and Renacon Pharma Limited for the investment in both companies and also carried out due diligence of Treet Battery Limited and Treet Holdings Limited for corporate guarantee provided for those companies. The recommendations of the said due diligence report duly signed under the authority of the Directors will be made available for inspection by the members at the meeting;

AGENDA ITEM NO. 7

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

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

In continuance of various approvals from shareholders in their meetings.

(Financial Statements of the SCE is attached herewith that shows the actual disbursement (including Rs. 15.00 million is transferred to Endowment Fund as a legal requirement for setting up an Institute). Detail of expenses are elaborated in the attached Income & Expenditure Account and Balance Sheet of the SCE.

This amount will be utilized to meet the further day to day expenses for the year 2018-2019 including but not limited to salaries, utilities, rent & taxes, legal & professional charges etc. Educational project has started its operation and will be able to operate independently within two years, but by that time parent Company has to supports its operations in the form of donations.

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

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

AGENDA ITEM NO. 8

Transactions carried out with associated companies during the year ended June 30, 2019 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause-15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017, in force and applicable for that period.

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated company as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Authorization of the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as an Ordinary Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these Transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

List of employees of subsidiary company i.e Treet HR Management Private Limited

	No. of Employees	No. of Options
Total No. of Options Granted	4,962,000	242
No. of Emptions Granted to the Company's Employees	2,858,800	92
No. of Options Granted to the Subsidiary's Employees	2,103,200	150

Sr. No.	Date of grant	Financial year	Expiry Period	Employees code	Name of entitled employees	Option granted nos.
1	7/17/19	2018-2019	17/Jul/21	1091	**QASSAR ABBAS**	**12,300**
2	7/17/19	2018-2019	17/Jul/21	1123	**KAMRAN KALEEM**	**7,300**
3	7/17/19	2018-2019	17/Jul/21	1158	**SALEEM FAZAL**	**12,700**
4	7/17/19	2018-2019	17/Jul/21	1234	**MOHAMMAD IDREES HANJRA**	**5,000**
5	7/17/19	2018-2019	17/Jul/21	1269	**SAJJAD HAIDER KHAN**	**42,000**
6	7/17/19	2018-2019	17/Jul/21	1314	**SOHAIL HABIB**	**70,400**
7	7/17/19	2018-2019	17/Jul/21	1329	**ISRAR-UL-HAQ**	**48,100**
8	7/17/19	2018-2019	17/Jul/21	1330	**ABU ASFAR-ULLAH ALAM**	**30,400**
9	7/17/19	2018-2019	17/Jul/21	1352	**IMRAN MUNAWAR**	**17,900**
10	7/17/19	2018-2019	17/Jul/21	1355	**SHAKEEL AHMED**	**29,200**
11	7/17/19	2018-2019	17/Jul/21	1360	**IMRAN AZIZ**	**115,200**
12	7/17/19	2018-2019	17/Jul/21	2098	**IMRAN AHMED TOOR**	**12,900**
13	7/17/19	2018-2019	17/Jul/21	2144	**NISAR UL HAQ**	**15,800**
14	7/17/19	2018-2019	17/Jul/21	2154	**MUHAMMAD AMIR ANIS**	**4,300**
15	7/17/19	2018-2019	17/Jul/21	2355	**SUFWAN MALIK**	**6,000**
16	7/17/19	2018-2019	17/Jul/21	2376	**DANISH. C. ATTAULLAH**	**10,800**
17	7/17/19	2018-2019	17/Jul/21	2383	**MOHAMMAD ADEEL AMJAD**	**11,600**
18	7/17/19	2018-2019	17/Jul/21	2384	**UMAR FAROOQ**	**16,200**
19	7/17/19	2018-2019	17/Jul/21	2564	**ASGHAR ALI**	**6,700**
20	7/17/19	2018-2019	17/Jul/21	5001	**SAJJAD AHMED FAKHRI**	**30,100**
21	7/17/19	2018-2019	17/Jul/21	5006	**GHAZANFAR ALI**	**7,700**
22	7/17/19	2018-2019	17/Jul/21	5015	**MUHAMMAD SHAMROSE**	**15,300**
23	7/17/19	2018-2019	17/Jul/21	5016	**REHAN TARIQ GHORY**	**19,100**
24	7/17/19	2018-2019	17/Jul/21	5018	**NASAR HAYAT**	**22,800**
25	7/17/19	2018-2019	17/Jul/21	5019	**ASLAM TUFAIL**	**7,800**
26	7/17/19	2018-2019	17/Jul/21	5020	**PERVEZ TERLOKA**	**6,900**
27	7/17/19	2018-2019	17/Jul/21	5035	**UZMA SHEIKH**	**9,600**
28	7/17/19	2018-2019	17/Jul/21	5060	**HAMMAD AHMED**	**14,600**
29	7/17/19	2018-2019	17/Jul/21	5119	**ZAFAR IQBAL**	**8,600**
30	7/17/19	2018-2019	17/Jul/21	5171	**KAMRAN AHMED**	**8,800**

Strategic report

Governance

Financial statement

31	7/17/19	2018-2019	17/Jul/21	5220	**AHMED ALI**	**7,000**
32	7/17/19	2018-2019	17/Jul/21	5279	**MOBEEN AKHTAR**	**45,400**
33	7/17/19	2018-2019	17/Jul/21	5297	**AZAM TARIQ GHORI**	**40,300**
34	7/17/19	2018-2019	17/Jul/21	5301	**FARHAN MEHMODD**	**5,000**
35	7/17/19	2018-2019	17/Jul/21	5323	**KHAWAJA AMER**	**13,600**
36	7/17/19	2018-2019	17/Jul/21	5324	**AHMED ALI**	**4,800**
37	7/17/19	2018-2019	17/Jul/21	5334	**WAQAS ALI**	**6,300**
38	7/17/19	2018-2019	17/Jul/21	5356	**WAQAR AHMED RANA**	**10,600**
39	7/17/19	2018-2019	17/Jul/21	5371	**MUHAMMAD LATIF**	**5,300**
40	7/17/19	2018-2019	17/Jul/21	5380	**ADNAN KHAN**	**18,700**
41	7/17/19	2018-2019	17/Jul/21	5402	**MUHAMMAD ALI RAZA**	**11,000**
42	7/17/19	2018-2019	17/Jul/21	5517	**AZHAR IQBAL**	**6,400**
43	7/17/19	2018-2019	17/Jul/21	5520	**TARIQ MAHMOOD**	**9,400**
44	7/17/19	2018-2019	17/Jul/21	5522	**MUHAMMAD HUSSAIN**	**8,700**
45	7/17/19	2018-2019	17/Jul/21	5581	**SOHAIL KHALID**	**8,100**
46	7/17/19	2018-2019	17/Jul/21	5593	**KASHIF SALEEM**	**5,600**
47	7/17/19	2018-2019	17/Jul/21	5598	**ZIA UR REHMAN**	**5,400**
48	7/17/19	2018-2019	17/Jul/21	5604	**MUHAMMAD SOHAIB**	**8,100**
49	7/17/19	2018-2019	17/Jul/21	5610	**HAJRA NOREEN**	**10,800**
50	7/17/19	2018-2019	17/Jul/21	5636	**WAJAHAT RAZA**	**3,200**
51	7/17/19	2018-2019	17/Jul/21	5637	**WAQAS KHALID KHAN**	**11,700**
52	7/17/19	2018-2019	17/Jul/21	5638	**MUHAMMAD KASHIF**	**5,600**
53	7/17/19	2018-2019	17/Jul/21	5654	**SADIA IBRAHIM**	**3,700**
54	7/17/19	2018-2019	17/Jul/21	5754	**ASMA IQBAL**	**5,100**
55	7/17/19	2018-2019	17/Jul/21	5772	**ZAHEER AHMAD**	**7,300**
56	7/17/19	2018-2019	17/Jul/21	5890	**ALI WAQAS**	**4,800**
57	7/17/19	2018-2019	17/Jul/21	5892	**AIJAZ UDDIN**	**6,100**
58	7/17/19	2018-2019	17/Jul/21	5913	**MISBAH KHAN**	**4,200**
59	7/17/19	2018-2019	17/Jul/21	5961	**UMAR ALI JAVED**	**7,300**
60	7/17/19	2018-2019	17/Jul/21	6016	**AAMIR SIKANDAR**	**4,700**
61	7/17/19	2018-2019	17/Jul/21	6060	**SHABANA ASHRAF**	**4,400**
62	7/17/19	2018-2019	17/Jul/21	6064	**MUHAMMAD SHOAIB**	**23,500**
63	7/17/19	2018-2019	17/Jul/21	6110	**SAUD AHMAD**	**5,700**
64	7/17/19	2018-2019	17/Jul/21	6152	**ROHAIL ILYAS**	**7,200**
65	7/17/19	2018-2019	17/Jul/21	6153	**SHAHID MEHMOOD**	**3,500**
66	7/17/19	2018-2019	17/Jul/21	6154	**ALI RAZA WAHID**	**20,800**
67	7/17/19	2018-2019	17/Jul/21	6171	**SYED WASEEM TAHIR**	**4,500**
68	7/17/19	2018-2019	17/Jul/21	6226	**SYED AHMAD**	**3,700**
69	7/17/19	2018-2019	17/Jul/21	6232	**SYED MUHAMMAD**	**16,000**
70	7/17/19	2018-2019	17/Jul/21	6262	**HADIQA TUL ANAAB**	**5,000**

List of employees of subsidiary company i.e Treet HR Management Private Limited

71	7/17/19	2018-2019	17/Jul/21	6280	**NAUMAN AKBAR**	**3,400**
72	7/17/19	2018-2019	17/Jul/21	6281	**MUHAMMAD IRFAN**	**6,000**
73	7/17/19	2018-2019	17/Jul/21	6282	**MUHAMMAD ISHAQ**	**6,000**
74	7/17/19	2018-2019	17/Jul/21	6303	**M. ALI IMRAN**	**5,300**
75	7/17/19	2018-2019	17/Jul/21	6343	**SHEIKH TAMOOR**	**6,500**
76	7/17/19	2018-2019	17/Jul/21	6352	**HAMAD MEHMOOD**	**25,900**
77	7/17/19	2018-2019	17/Jul/21	6360	**QANBAR ABBAS**	**3,900**
78	7/17/19	2018-2019	17/Jul/21	6371	**RAFIA AZHAR**	**3,600**
79	7/17/19	2018-2019	17/Jul/21	6381	**MASOOD UL HASSAN**	**26,600**
80	7/17/19	2018-2019	17/Jul/21	6390	**MUHAMMAD AHMAD**	**13,000**
81	7/17/19	2018-2019	17/Jul/21	6393	**JAMAL ARSHAD**	**11,400**
82	7/17/19	2018-2019	17/Jul/21	6403	**MUHAMMAD SAJID**	**5,600**
83	7/17/19	2018-2019	17/Jul/21	6404	**MUHAMMAD USMAN**	**19,900**
84	7/17/19	2018-2019	17/Jul/21	6433	**AMJAD ZAMAN**	**4,900**
85	7/17/19	2018-2019	17/Jul/21	6438	**MUHAMMAD ASAD**	**4,100**
86	7/17/19	2018-2019	17/Jul/21	6464	**MUHAMMAD TARIQUE**	**3,200**
87	7/17/19	2018-2019	17/Jul/21	6467	**SHAHID SHAFIQUE**	**4,900**
88	7/17/19	2018-2019	17/Jul/21	6480	**USMAN RIAZ**	**7,100**
89	7/17/19	2018-2019	17/Jul/21	6494	**ZIL- E- SAMRA**	**3,200**
90	7/17/19	2018-2019	17/Jul/21	6505	**M. AHMAD MASOOM**	**9,600**
91	7/17/19	2018-2019	17/Jul/21	6512	**MUHAMMAD MOHSIN**	**4,900**
92	7/17/19	2018-2019	17/Jul/21	6522	**FAHAD FAROOQ**	**4,000**
93	7/17/19	2018-2019	17/Jul/21	6524	**FARAZ HUSSAIN**	**56,600**
94	7/17/19	2018-2019	17/Jul/21	6565	**USMAN BUTT**	**4,800**
95	7/17/19	2018-2019	17/Jul/21	6566	**MUHAMMAD ZUBAIR**	**19,500**
96	7/17/19	2018-2019	17/Jul/21	6583	**FARID RASHEED**	**75,900**
97	7/17/19	2018-2019	17/Jul/21	6593	**KHAWAJA AZHAR**	**8,200**
98	7/17/19	2018-2019	17/Jul/21	6603	**FARHAN ATHAR**	**56,600**
99	7/17/19	2018-2019	17/Jul/21	6606	**ALI ASLAM**	**206,300**
100	7/17/19	2018-2019	17/Jul/21	6622	**HAFIZ MUHAMMAD**	**3,400**
101	7/17/19	2018-2019	17/Jul/21	6645	**MUHAMMAD AHSAN**	**12,500**
102	7/17/19	2018-2019	17/Jul/21	6650	**RANA ZIAB HASSAN**	**13,400**
103	7/17/19	2018-2019	17/Jul/21	6652	**SHAHZADA KAMRAN**	**14,300**
104	7/17/19	2018-2019	17/Jul/21	6657	**ALI AKRAM KHAN**	**6,400**
105	7/17/19	2018-2019	17/Jul/21	6662	**ASAD ALI**	**9,100**
106	7/17/19	2018-2019	17/Jul/21	6674	**MUNEEB NAJAM**	**12,900**
107	7/17/19	2018-2019	17/Jul/21	6689	**SHEIKH TAIMOOR**	**10,700**
108	7/17/19	2018-2019	17/Jul/21	6693	**KANWAL ASGHAR**	**10,200**
109	7/17/19	2018-2019	17/Jul/21	6695	**MUHAMMAD HASEEB**	**3,300**
110	7/17/19	2018-2019	17/Jul/21	6699	**MUNEER AHMAD**	**4,100**

111	7/17/19	2018-2019	17/Jul/21	6707	**IRFAN HABIB**	**7,900**
112	7/17/19	2018-2019	17/Jul/21	6711	**YAHYA KHAN**	**3,200**
113	7/17/19	2018-2019	17/Jul/21	6717	**FAROOQ FURJAD**	**13,300**
114	7/17/19	2018-2019	17/Jul/21	6725	**IMRAN ZAFAR**	**21,200**
115	7/17/19	2018-2019	17/Jul/21	6731	**ABID ALI**	**3,400**
116	7/17/19	2018-2019	17/Jul/21	6736	**MUMTAZ HASSAN**	**7,500**
117	7/17/19	2018-2019	17/Jul/21	6743	**NUAMAN HUSSAN**	**4,600**
118	7/17/19	2018-2019	17/Jul/21	6746	**MUHAMMAD WASEEM**	**4,000**
119	7/17/19	2018-2019	17/Jul/21	6813	**Waseem Ahmad - 6813**	**12,500**
120	7/17/19	2018-2019	17/Jul/21	9983	**QASIM MANSOOR**	**2,400**
121	7/17/19	2018-2019	17/Jul/21	9997	**Uzair Hassan - 9997**	**8,900**
122	7/17/19	2018-2019	17/Jul/21	9998	**Zaid Aslam - 9998**	**10,500**
123	7/17/19	2018-2019	17/Jul/21	9999	**Rehan Iqbal - 9999**	**18,100**
124	7/17/19	2018-2019	17/Jul/21	10001	**Hafiz Faheem Javed - 10001**	**6,300**
125	7/17/19	2018-2019	17/Jul/21	10142	**Salman Ahmed Rabbani - 10142**	**15,700**
126	7/17/19	2018-2019	17/Jul/21	10148	**Malik Muhammad Muslim - 10148**	**18,700**
127	7/17/19	2018-2019	17/Jul/21	10164	**Muhammad Waqas - 10164**	**2,900**
128	7/17/19	2018-2019	17/Jul/21	10211	**Asma Shamim - 10211**	**2,900**
129	7/17/19	2018-2019	17/Jul/21	10221	**Faizan Khalid - 10221**	**11,700**
130	7/17/19	2018-2019	17/Jul/21	10279	**Imran Nazir Saqib - 10279**	**2,900**
131	7/17/19	2018-2019	17/Jul/21	10360	**Muhammad Shoaib Mahmood - 10360**	**17,900**
132	7/17/19	2018-2019	17/Jul/21	10370	**Anees Qamar - 10370**	**6,700**
133	7/17/19	2018-2019	17/Jul/21	10393	**Saqib Abbas Zaidi - 10393**	**8,300**
134	7/17/19	2018-2019	17/Jul/21	10395	**Zubair Bin Saeed - 10395**	**8,200**
135	7/17/19	2018-2019	17/Jul/21	10414	**Sameer Malik - 10414**	**7,700**
136	7/17/19	2018-2019	17/Jul/21	10567	**Ahsan Haseeb - 10567**	**11,700**
137	7/17/19	2018-2019	17/Jul/21	10587	**Shahzad Gill - 10587**	**3,500**
138	7/17/19	2018-2019	17/Jul/21	10600	**Aadil Jabbar - 10600**	**2,800**
139	7/17/19	2018-2019	17/Jul/21	10674	**Muhammad Arshad Abbasi - 10674**	**2,400**
140	7/17/19	2018-2019	17/Jul/21	10724	**Fayaz Ahmad - 10724**	**4,000**
141	7/17/19	2018-2019	17/Jul/21	10805	**Ahmed Nasir - 10805**	**9,200**
142	7/17/19	2018-2019	17/Jul/21	10817	**Sajid Ali - 10817**	**15,700**
143	7/17/19	2018-2019	17/Jul/21	10910	**Abeer Akif - 10910**	**9,300**
144	7/17/19	2018-2019	17/Jul/21	10895	**Harris Najeeb Dar - 10895**	**26,100**
145	7/17/19	2018-2019	17/Jul/21	10864	**Muhammad Ali Khan - 10864**	**21,200**
146	7/17/19	2018-2019	17/Jul/21	11044	**Usman Saleem - 11044**	**11,800**
147	7/17/19	2018-2019	17/Jul/21	11045	**Saad Saadat - 11045**	**6,100**
148	7/17/19	2018-2019	17/Jul/21	11109	**Shahzad Akbar Khan - 11109**	**4,600**
149	7/17/19	2018-2019	17/Jul/21	11153	**Imtiaz Ahmed - 11153**	**9,400**
150	7/17/19	2018-2019	17/Jul/21	11199	**Azm Zubair - 11199**	**12,200**

2019 Annual Report

"Today's
Accomplishments
were Yesterday's
Impossibilites"
Robert H. Schuller

Treet Corporation Limited

CONTENTS

CONSOLIDATED **FINANCIAL STATEMENTS**

Independent auditors' report	03
Consolidated statement of financial position	07
Consolidated statement of profit or loss	08
Consolidated statement of comprehensive income	09
Consolidated statement of cash flows	10
Consolidated statement of changes in equity	11
Notes to the consolidated financial statement	13

UNCONSOLIDATED **FINANCIAL STATEMENTS**

Independent auditors' report	94
Unconsolidated statement of Financial position	98
Unconsolidated statement of Profit or loss	99
Unconsolidated statement of comprehensive income	100
Unconsolidated statement of cash flows	101
Unconsolidated statement of changes in equity	102
Notes to the unconsolidated financial statement	103

SOCIETY FOR **CULTURAL EDUCATION**

Statement of financial position	168
Statement of comprehensive income	169
Statement of changes in accumulated funds	170
Statement of cash flows	171
Notes to the financial statement	172

INVESTORS' **INFORMATION**

Pattern of shareholding	178
Participation Term Certificate (TCLTC)	182
Information for shareholders	184
Form of proxy	185
Form of proxy (urdu)	186

CONSOLIDATED

FINANCIAL STATEMENTS

For the year ended 30 June 2019

Independent Auditors' report

To the members of Treet Corporation Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the annexed consolidated financial statements of Treet Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 5.18 and 33 to the consolidated financial statements. The Group recognized revenue of Rs. 11,972 million from sale of goods to domestic as well as export customers during the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures, amongst others, included the following: • obtaining an understanding of the process relating to revenue recognition and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Group's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards; • comparing the sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents; • comparing the sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in near and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period ; and

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
		• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	Valuation of Stock-in-trade Refer to notes 5.11 and 14 to the consolidated financial statements. As at 30 June 2019, the Group's gross carrying amount of stock-in-trade amounts to Rs. 2,957 million. We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgment in determining the carrying value of stock-in-trade.	Our audit procedures, amongst others, included the following: • obtaining an understanding of internal controls over valuation of stock-in-trade and testing their design, implementation and operating effectiveness; • assessing the appropriateness of the Group's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to value stock-in-trade in accordance with the accounting policy.
3	Impairment assessment of Goodwill Goodwill of Rs. 133 million was recognized on business acquisition undertaken by the Group as disclosed in note 8.2 to the consolidated financial statements. The Group annually tests the carrying value of goodwill. The testing is subject to estimates and judgments made by the management of the Group with respect to future sales growth and profitability, cash flow projections and selection of appropriate discount rate. We identified impairment testing of goodwill as a key audit matter because significant degree of management judgment is involved in assessing its recoverable amount.	Our audit procedures, amongst others, included the following: • discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • involving our internal valuation specialist to assist us in evaluating the assumptions and judgments adopted by the Group's management relating to growth rate, terminal values and the discount rate used to derive the recoverable amount of Goodwill; • comparing the recoverable amount with the goodwill recognized to identify impairment, if any; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting standards.
4	Revaluation of freehold land and building on freehold land Refer to notes 5.4, 6.1 and 31 to the consolidated financial statements. The Group follows the revaluation model for subsequent measurement of freehold land and buildings on freehold land. Latest revaluation was carried on 30 June 2019. The revaluation was performed by an external professional valuer engaged by the Group. We identified the revaluation of the Group's freehold land and building on freehold land as a key audit matter because the valuation involves a significant degree of judgment and estimation.	Our audit procedures, amongst others, included the following: • obtaining and inspecting the valuation reports prepared by the external expert engaged by the Group and on which the management's assessment of the valuation of freehold land and building on freehold land was based; • evaluating the information provided by the Group to the external professional valuer by inspecting the relevant underlying documentation; • involving our valuation expert to assist in evaluating the appropriateness of the valuation methodology and assessing the reasonableness of the key estimates and assumptions adopted in the valuation report by the valuer engaged by the Group; and • assessing the completeness, appropriateness and adequacy of the disclosure in the Group's financial statements with regard to the revaluation performed.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated financial statements and our auditor's report thereon.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kamran Iqbal Yousafi.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

LAHORE
Date: October 04, 2019

Consolidated statement of financial position

As at 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	17,681,440	13,288,666
Investment property	7	12,896	19,384
Intangible assets	8	155,317	163,693
Long term investments	9	478,297	457,703
Long term loans and advances	10	1,973	2,847
Long term deposits	11	46,214	43,605
		18,376,137	13,975,898
Current assets			
Stores and spares	13	286,834	267,058
Stock in trade	14	2,956,983	1,950,670
Trade debts	15	1,235,283	1,035,898
Short term investments	16	435,348	462,484
Loans, advances, deposits, prepayments and other receivables	17	2,573,504	2,147,413
Cash and bank balances	18	358,990	1,118,210
		7,846,942	6,981,733
Assets held for sale	19	-	44,240
		7,846,942	7,025,973
Liabilities			
Current liabilities			
Current portion of long term liabilities	20	201,266	290,577
Short term borrowings	21	13,066,427	9,700,404
Trade and other payables	22	1,278,665	1,023,516
Unclaimed dividend		13,274	13,335
Accrued mark-up	23	485,136	298,001
Provision for taxation		143,611	93,551
		15,188,379	11,419,384
Net current assets		(7,341,437)	(4,393,411)
Non-current liabilities			
Long term deposits	24	1,214	1,214
Redeemable capital	25	-	178,166
Deferred liabilities - Employee retirement benefits	26	481,508	325,698
Deferred taxation	12	66,309	12,015
		549,031	517,093
Contingencies and commitments	28		
		10,485,669	9,065,394
Represented by:			
Authorized capital			
250,000,000 (2018: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2018: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	29	1,654,508	1,600,846
Reserves	30	5,455,651	5,265,880
Unappropriated (loss) / profit		(1,606,263)	539,157
Surplus on revaluation of land and buildings - net of tax	31	4,642,427	1,301,777
Equity attributable to owners of the Company		10,146,323	8,707,660
Non - controlling interest	32	339,346	357,734
		10,485,669	9,065,394

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

LAHORE	Syed Shahid Ali	Amir Zia	Muhammad Shafique Anjum
October 04, 2019	Chief Executive Officer	Chief Financial Officer	Director

Consolidated statement of profit or loss

For the year ended 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Revenue - net	33	11,972,060	9,410,276
Cost of sales	34	10,725,170	7,943,085
Gross profit		1,246,890	1,467,191
Administrative expenses	35	665,508	486,635
Distribution cost	36	1,365,875	1,064,894
Impairment loss on trade debts	15.3	8,700	9,019
		2,040,083	1,560,548
Operating loss		(793,193)	(93,357)
Finance cost	37	1,286,392	485,914
Other operating expenses	38	121,441	59,691
		1,407,833	545,605
Other income	39	243,315	129,509
Share of profit of associate		8,947	30,618
Loss before taxation		(1,948,764)	(478,835)
Taxation		161,903	141,241
- Group		14,579	10,436
- Associate	40	176,482	151,677
Loss after taxation		(2,125,246)	(630,512)
Attributable to:			
Equity holders of the Parent Company		(2,070,587)	(629,139)
Non - controlling interest	32	(54,659)	(1,373)
		(2,125,246)	(630,512)
Loss per share - basic and diluted (Rupees)	41	(12.69)	(3.97)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2019

Syed Shahid Ali
Chief Executive Officer

Amir Zia
Chief Financial Officer

Muhammad Shafique Anjum
Director

Consolidated statement of comprehensive income

For the year ended 30 June 2019

	2019	2018
	(Rupees in thousand)	
Loss after taxation	(2,125,246)	(630,512)
Other comprehensive income / (loss)		
Items that are or may be reclassified to profit or loss account:		
Unrealised loss on re-measurement of available for sale investments - Group's share in associate	-	(2,559)
Items that will never be reclassified to profit or loss account:		
Remeasurement of defined benefit obligation - net of tax	(89,464)	(62,558)
Surplus on revaluation of freehold land and building - net of tax	3,384,443	-
Equity securities at FVOCI - net change in fair value of *investments - Group's share in associate*	(2,078)	-
Share of loss in associate's defined benefit liability - net of tax	(1,696)	(1,286)
Total comprehensive income for the year	1,165,959	(696,915)
Attributable to:		
Equity holders of the Parent Company	1,191,924	(695,542)
Non-controlling interest	(25,965)	(1,373)
	1,165,959	(696,915)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2019

Syed Shahid Ali
Chief Executive Officer

Amir Zia
Chief Financial Officer

Muhammad Shafique Anjum
Director

Consolidated statement of cash flows
For the year ended 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash used in from operations	47	(1,219,699)	(784,989)
Finance cost paid		(1,099,257)	(538,772)
Taxes paid		(125,318)	(151,378)
WPPF and WWF paid		(4,773)	(12,270)
Payment to gratuity fund and superannuation fund		(39,159)	(61,023)
Long term loans and deposits - net		(1,735)	6,963
		(1,270,242)	(756,480)
Net cash used in from operating activities		(2,489,941)	(1,541,469)
Cash flows from investing activities			
Fixed capital expenditure		(1,778,045)	(2,343,476)
Proceeds from sale of property, plant and equipment		96,497	36,828
Acquisition of associate		(30,000)	-
Profit received on bank deposits		21,171	23,540
Dividend received		3,783	21,764
Net cash used in investing activities		(1,686,594)	(2,261,344)
Cash flows from financing activities			
Proceeds from issue of shares under employee stock option scheme		48,774	37,623
Consideration received from Non Controlling Interest		8,852	242,112
Loan from Chief Executive Officer - Interest free		(290,000)	-
Redemption of participation term certificates		(6,273)	(6,273)
Short term borrowings - net		302,267	637,077
Dividend paid		(61)	(5,460)
Net cash generated from financing activities		63,559	905,079
Net decrease in cash and cash equivalents		(4,112,976)	(2,897,734)
Cash and cash equivalents at beginning of year		(5,852,073)	(2,954,339)
Cash and cash equivalents at end of year	48	(9,965,049)	(5,852,073)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2019

Syed Shahid Ali
Chief Executive Officer

Amir Zia
Chief Financial Officer

Muhammad Shafique Anjum
Director

Consolidated statement of changes in equity

For the year ended 30 June 2019

		Capital Reserves						Revenue Reserves					
	Share Capital	Share Premium	Capital Reserve	Share in capital reserve of associate	Surplus on revaluation of land and buildings - net of tax	Fair value reserve on investment	Statutory Reserve	Employee Stock Option Compensation Reserve	General Reserve	Un-appropriated profit / (loss)	Total equity attributable to shareholders of Holding Company	Non - Controlling Interest	Total shareholders equity
	(Rupees in thousand)												
Balance as at 30 June 2017	1,421,436	4,318,067	629	4,213	1,311,607	-	511,941	-	266,400	1,255,027	9,089,320	192,213	9,281,533
Total comprehensive loss for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(629,139)	(629,139)	(1,373)	(630,512)
Other comprehensive loss	-	-	-	(2,559)	-	-	-	-	-	(63,844)	(66,403)	-	(66,403)
	-	-	-	(2,559)	-	-	-	-	-	(692,983)	(695,542)	(1,373)	(696,915)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(10,749)	-	-	-	-	10,749	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	919	-	-	-	-	-	919	-	919
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	-	-	31,918	31,918	-	31,918
Related deferred tax	-	-	-	-	-	-	-	-	-	(4,788)	(4,788)	-	(4,788)
	-	-	-	-	-	-	-	-	-	27,130	27,130	-	27,130
<u>Transactions with owners of the Group, Contributions and distributions</u>													
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	143,869	-	-	-	-	-	-	-	-	173,144	-	173,144
Issuance of shares under employee stock option scheme	7,265	30,358	-	-	-	-	-	-	-	-	37,623	-	37,623
Issuance of shares as fully paid bonus share @10%	142,870	-	-	-	-	-	-	-	-	(142,870)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(152)	(152)
	179,410	174,227	-	-	-	-	-	-	-	(142,870)	210,767	(152)	210,615
<u>Changes in ownership interest</u>													
Acquisition by NCI without change in control	-	-	-	-	-	-	-	-	-	75,066	75,066	167,046	242,112
Balance as at 30 June 2018 as previously reported	1,600,846	4,492,294	629	1,654	1,301,777	-	511,941	-	266,400	532,119	8,707,660	357,734	9,065,394
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	-	(7,038)	-	-	-	7,038	-	-	-
Adjusted balance as at 01 July 2018	1,600,846	4,492,294	629	1,654	1,301,777	(7,038)	511,941	-	266,400	539,157	8,707,660	357,734	9,065,394
Total comprehensive loss for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(2,070,587)	(2,070,587)	(54,659)	(2,125,246)
Other comprehensive income	-	-	-	(2,078)	3,355,749	-	-	-	-	(91,160)	3,262,511	28,694	3,291,205
	-	-	-	(2,078)	3,355,749	-		-	-	(2,161,747)	1,191,924	(25,965)	1,165,959

LAHORE
October 04, 2019

Syed Shahid Ali
Chief Executive Officer

Amir Zia
Chief Financial Officer

Muhammad Shafique Anjum
Director

Consolidated statement of changes in equity

For the year ended 30 June 2019

		Capital Reserves					Revenue Reserves						
	Share Capital	Share Premium	Capital Reserve	Share in capital reserve of associate	Surplus on revaluation of land and buildings - net of tax	Fair value reserve on investment	Statutory Reserve	Employee Stock Option Compensation Reserve	General Reserve	Un-appropriated profit / (loss)	Total equity attributable to shareholders of Holding Company	Non - Controlling Interest	Total shareholders equity
	(Rupees in thousand)												
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(10,474)	-	-	-	-	10,474	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	(50)	-	-	-	-	-	(50)	-	(50)
Surplus transferred to accumulated loss on account of sale of land classified as held for sale	-	-	-	-	(4,575)	-	-	-	-	4,575	-	-	-
Group's share of post acquisition change in net assets of associate related deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-
related deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Transactions with owners of the Group, Contributions and distributions</u>													
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	143,869	-	-	-	-	-	-	-	-	173,144	-	173,144
Issuance of shares under employee stock option scheme	24,387	24,387	-	-	-	-	-	-	-	-	48,774	-	48,774
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	23,593	-	-	23,593	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	13,071	-	-	-	-	-	(13,071)	-	-	-	-	-
	53,662	181,327	-	-	-	-	-	10,522	-	-	245,511	-	245,511
<u>Changes in ownership interest</u>													
Acquisition of subsidiary with non-controlling interest - note 32.3	-	-	-	-	-	-	-	-	-	-	-	4	4
Acquisition by NCI without change in control - note 32.2	-	-	-	-	-	-	-	-	-	1,278	1,278	7,573	8,851
Balance as at 30 June 2019	1,654,508	4,673,621	629	(424)	4,642,427	(7,038)	511,941	10,522	266,400	(1,606,263)	10,146,323	339,346	10,485,669

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

LAHORE
October 04, 2019

Syed Shahid Ali
Chief Executive Officer

Amir Zia
Chief Financial Officer

Muhammad Shafique Anjum
Director

Notes to the consolidated financial statements
For the year ended 30 June 2019

1 STATUS AND NATURE OF THE BUSINESS

The Group comprises of :

Holding Company

- Treet Corporation Limited

	2019	2018
	(Holding percentage)	
Subsidiary Companies		
- Treet Holdings Limited	99.64	99.64
- First Treet Manufacturing Modaraba	97.33	97.52
- Treet HR Management (Private) Limited	99.64	99.64
- Global Arts Limited	97.46	97.46
- Treet Power Limited	99.64	99.64
- Renacon Pharma Limited	55.59	55.59
- Treet Battery Limited	99.64	-
Associate		
- Loads Limited	12.49	12.49
- Global Assets (Private) Limited	28.74	-

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

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

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

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

Global Arts Limited ("the Company") was incorporated in Pakistan on 26 October 2007 under the Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The Company was converted into public limited company (unlisted) after complying with the legal formalities w.e.f 23 July 2014. The Company is engaged to promote, establish, run, manage and maintain educational institutions, colleges of arts, research, sciences, information technology, business administration and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliation. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

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

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

Treet Battery Limited was incorporated on 22 February 2019 in Pakistan under the Companies Act, 2017 and in the process of initiating its operations by the period end. The Company will carry out business as manufacturers, assemblers, processors, producers, suppliers, sellers, importers, exporters, makers, fabricators and dealers in all batteries including but not limited to lead acid batteries, deep cycle batteries, lithium batteries, nickel cadmimum batteries, nickel metal hydride batteries, absorbed glass mat (AGM) batteries, Gel batteries used in or required for industrial, transport, commercial and domestic and any other purpose. The registered office of the Company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

1.1 Basis of consolidation and equity accounting

These consolidated financial statements comprise the financial statements of the Holding Company, its subsidiary companies and its associates as at 30 June 2019. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2019 and the audited financial statements of the subsidiaries and associates for the year ended 30 June 2019.

1.2.1 Subsidiaries

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

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

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

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

Non-controlling interest

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

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

Loss of control

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

1.2.2 Associates

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

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

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

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

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- 'Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

-	Employee retirement benefits	5.2
-	Taxation	5.3
-	Residual values and useful lives of depreciable assets	5.4
-	Impairment	5.8
-	Provisions	5.16
-	Contingent liabilities	5.24

4 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective:

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's consolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potiential impacts on adoption of this standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's consolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Change in accounting policy

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Group is manufacturing and sale of razors, razor blades, bikes and its spare parts, soaps, corrugated boxes along with other trading activities which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Group recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Group except for the reclassification of freight cost previously disclosed in distribution cost to cost of sales. Accordingly, distribution cost of Rs. 362.38 million (2018: Rs. 290.19 million) have been reclassified to cost of sales. There was no adjustment required to beginning retained earnings on 01 July 2018 as a result of adopting the standard. This reclassification has no impact on the reported Earning per Share ("EPS") of the corresponding year.

Similarly, the amounts received for future sale of goods were reclassified to 'contract liabilities' which were previously classified as "advances from customers".

Impact on financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 49.43 million and advance from customers decreased by the same amount.

5.1.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition. classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the Group's approach was to include the impairment of trade receivables in distribution cost. Consequently, the Group reclassified impairment losses amounting to Rs. 9.02 million, recognised under IAS 39, from 'distribution cost' to 'impairment loss on trade and other receivables' in the consolidated statement of profit or loss for the year ended 30 June 2018.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

5.1.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and

- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investments at fair value through profit or loss are measured at fair value. Net gains and losses and dividend income is recognised in statement of profit or loss account.

The adoption of IFRS 9 did not have any effect on the Group's accounting policies related to financial liabilities.

5.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1st July 2018:

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying Amount	New carrying amount
			(Rupees in '000)	
Long term loans	Loans and receivables	Amortized cost	2,847	2,847
Deposits and others	Loans and receivable	Amortized cost	43,605	43,605
Trade debts	Loans and receivables	Amortized cost	1,035,898	1,035,898
Long term investment	Available for sale	FVOCI	1,555	1,555
Short term investments	Held for trading	FVTPL	462,484	462,484
Loan and advances	Loans and receivables	Amortized cost	1,329,571	1,329,571
Cash and bank balances	Loans and receivables	Amortized cost	1,118,210	1,118,210

Pursuant to the requirement of IFRS-9, accumulated impairment loss on available for sale investment of Rs. 7.04 million at 01 July 2018 previously recognized in profit and loss statement has been recorded in fair value reserve in Statement of Changes in Equity with corresponding effect in accumulated profit.

The accounting policies that apply to financial instruments are stated in note "5.21" to the consolidated financial statements.

5.1.2.3 Impairment of financial assets

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Group to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, long term loans to employees, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

- 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery. The move from an incurred loss model to an expected loss model has not had a significant impact on the financial position and / or financial performance of the Group.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

5.2 Employee benefits

Defined contribution plans

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

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

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

iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Group to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Group.

iv) A unrecognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation-II Fund" is in operation covering all permanent management employees. Equal monthly contributions are made both by the Group and employees in accordance with the rules of the scheme at 12% of the basic salary.

v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Group. Equal contributions are made monthly both by the Group and employees in accordance with the rules of the Scheme at 20% of the basic pay.

Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2019. When calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit or loss account. The main features of defined benefit schemes are mentioned in note 26.

Employee Stock Option Scheme

The Group operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The compensation committee ("committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfilment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 27.

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

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

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

5.3 Taxation

Current

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

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

5.4 Property, plant and equipment

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

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

Capitalization threshold

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

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

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

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

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

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

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

Capital work-in-progress

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

5.5 Intangible assets

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

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

5.6 Non-current assets held for sale

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

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

5.7 Investments

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

5.8 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

Non-financial assets

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

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

5.10 Stores and spares

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

5.11 Stock-in-trade

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

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

5.12 Trade debts, loans, deposits and other receivables

These are classified at amoritzed cost and are initially recognized when they are orignated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.13 Cash and cash equivalents

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

5.14 Borrowings

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

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

5.15 Trade and other payables

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

5.16 Provisions

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

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

5.17 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing at the date of transaction or at the date when the fair value was determined.

5.18 Revenue recognition

(i) Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customer and revenue from sale of services is recognized over time.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

(ii) Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

(iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

5.19 Contract liabilities

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

5.20 Borrowing costs

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

5.21 Financial instruments

5.21.1 Recognition and initial measurement

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

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

5.21.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

Amortized cost

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets – Business model assessment:

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

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

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

Financial liabilities

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

Financial liabilities comprise trade and other payables, short term financing, unclaimed dividend and accrued markup.

5.21.3 Derecognition

Financial assets

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

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

Financial libilities

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

5.22 Research and development costs

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

5.23 Dividends

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

5.24 Contingent liabilities

A contingent liability is disclosed when:

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

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

5.25 Segment reporting

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

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in thousand)	
Operating fixed assets	6.1	13,809,237	10,661,782
Capital work in progress	6.2	3,872,203	2,626,884
		17,681,440	13,288,666

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2018	Revaluation surplus during the year	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
	%	-----------------	-----------------	-----------------	-----(Rupees in thousand)-----	-----------------	-----------------	-----------------	-----------------
Owned									
Freehold land	-	2,534,571	3,254,013	33,367	5,760,931	-	-	-	5,760,931
				(61,020)					
Building on freehold land	5	4,081,214	161,761	89,879	4,332,854	201,310	218,764	420,074	3,912,780
				-			-		
Buildings on leasehold land	10	4,791	-	-	4,791	3,115	240	3,355	1,436
				-			-		
Plant and machinery	10	5,171,424	-	193,185	5,364,059	1,214,592	359,673	1,573,715	3,790,344
				(550)			(550)		
Furniture and equipment	10 - 25	165,312	-	73,216	236,232	75,889	21,870	96,333	139,899
				(2,296)			(1,426)		
Vehicles	20	359,114	-	86,652	395,249	159,738	67,387	191,402	203,847
				(50,517)			(35,723)		
2019		12,316,426	3,415,774	476,299	16,094,116	1,654,644	667,934	2,284,879	13,809,237
				(114,383)			(37,699)		

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

Notes to the consolidated financial statements

For the year ended 30 June 2019

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

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Main Haali / Link Road Hyderabad	Manufacturing facility	5.49	98,696
72-b Main Peco Road, Kot Lakhpat Lahore	Head Office and Manufacturing facility	14.06	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.50	10,752
Hadbast Mouza Pandu, Tehsil Model Town	Warehouse	1.00	N/A
09-KM Thokar Niaz Baig, Lahore	Education campus	15.17	348,480
Raiwind Road, Lahore	Proposed expansion project	2.31	N/A
Faisalabad Industrial Estate, Sahianwala Faisalabad	Manufacturing facility	49.19	367,184
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Manufacturing facility and warehouse	13.19	142,403

	Note	2019	2018
		(Rupees in thousand)	
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	34.1	185,930	156,432
Cost of goods sold - soaps	34.2	2,809	2,773
Cost of goods sold - corrugated boxes	34.3	19,062	18,937
Cost of goods sold - bikes	34.4	2,044	2,044
Cost of goods sold - battery	34.5	390,521	107,148
Cost of goods sold - pharmaceutical products	34.6	7,778	6,823
		608,144	294,157
Batteries (trail run cost)		-	2,486
Administrative expenses	35	42,127	33,156
Distribution cost	36	17,664	15,724
		667,935	345,523

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

	2019	2018
Freehold land	1,402,249	1,385,126
Buildings	3,546,680	3,702,378
	4,948,929	5,087,504

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / Profit	Mode of disposal	Relationship with the Company	Particulars of purchaser
	(Rupees in thousand)							
Plant and machinery	550	550	-	150	150	Negotiation	Related Party / Third Party	Various
Furniture and equipment	2,295	1,425	870	524	(346)	Negotiation	Related Party / Third Party	Various
Land	61,020	-	61,020	61,020	-	Exchange of land	Third Party	Mr. Amanat Masih
Vehicles								
Toyota Corolla Gli 1.3	1,863	834	1,029	1,148	119	Company scheme	Employee	Mr. Ali Zulqernain Bukhari
Honda Vezel Hybrid	1,825	699	1,126	1,215	89	Company scheme	Employee	Mr. Arshad Latif
Suzuki Swift Auto	1,511	455	1,056	1,664	608	Company scheme	Employee	Mr. Umer
Suzuki Wagon R	1,125	263	862	875	13	Company scheme	Employee	Mr. M. Naseem Khan
Suzuki Wagon R	1,069	225	844	901	57	Company scheme	Employee	Mr. Azhar Saeed Butt
Suzuki Mehran	625	125	500	625	125	Company scheme	Employee	Mr. Javaid Ijaz
Suzuki Mehran	625	86	539	625	86	Company scheme	Employee	Mr. Tariq Mahmood
Suzuki Mehran	625	86	539	625	86	Company scheme	Employee	Mr. Zain Pervaiz Bhatti
Suzuki Mehran	625	185	440	625	185	Company scheme	Employee	Mr. Amer Ahmad Khan
Suzuki Wagon-R	1,274	113	1,161	1,274	113	Company scheme	Employee	Mr. Tallat Mehmood
Others	39,351	32,653	6,698	25,226	18,528	Company scheme	Employees	Various
	50,518	35,724	14,794	34,803	20,009			
2019	114,383	37,699	76,684	96,497	19,813			
2018	58,558	42,078	16,480	36,828	20,348			

		Note	2019	2018
			(Rupees in thousand)	
6.2	Capital work-in-progress			
	Civil works	6.2.1	1,752,010	1,017,064
	Plant and machinery	6.2.2	2,047,485	1,422,577
	Advances for capital expenditure	6.2.3	72,708	187,243
			3,872,203	2,626,884

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

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

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

7 INVESTMENT PROPERTY

	Note	2019	2018
Cost as at 01 July		19,384	19,384
Additions during the year		-	-
Disposals during the year	7.1	(6,488)	-
Cost as at 30 June	7.2	12,896	19,384

7.1 11 Kanals 1 Marla at 34 Km Ferozepur Road carried at cost amounting to Rs. 6.49 million has been disposed of against proceeds amounting to Rs. 6.59 million.

7.2 This represent 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 13.50 million.

The value of investment property was determined by approved external, independent property valuer i.e. Muneeb State and Builders. The most significant input into this valuation is market value. The valuation is considered to be Level 3 in the fair value hierarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 45.5.

	Note	2019	2018
		(Rupees in thousand)	
8 INTANGIBLE ASSETS			
Oracle computer software and implementation	8.1	21,704	30,080
Goodwill acquired on acquisition	8.2	133,613	133,613
		155,317	163,693

8.1 Oracle computer software and implementation

Intangible asset represents computer software (ERP system).

	2019	2018
Cost		
As at 01 July	41,882	41,110
Addition during the year	-	772
Accumulated amortisation		
As at 01 July	(11,802)	(3,426)
Amortisation for the year	(8,376)	(8,376)
Balance at 30 June	21,704	30,080
Rate of amortisation	20%	20%

8.2 Goodwill acquired on acquisition

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

The recoverable amount of goodwill has been tested for impairment as at 30 June 2019 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a growth rate of 4%. The cash flows are discounted using a discount rate of 14.7% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2019	2018
			(Rupees in thousand)	
9	LONG TERM INVESTMENTS			
	Available for sale - at cost	9.1	1,555	1,555
	Investment in associate	9.2	476,742	456,148
			478,297	457,703

			2019	2018
9.1	Fair value through OCI			
	Techlogix International Limited - unquoted			
	748,879 (2018: 748,879) fully paid ordinary shares of par value of USD 0.00015.			
	Equity held: 0.71 % (2018: 0.71 %)			
	Investment classified as available for sale		-	1,555
	Investment classified as fair value through other comprehensive income - note - 5.1.2		1,555	-
			1,555	1,555

9.1.1 Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Group intends to hold this investment of USD 112 (2018: USD 112) over the long term and realise its returns. During the year, the Group received a return amounting to Rs. Nil (2018: Rs. 0.18 million).

		Note	2019	2018
9.2	Investment in associate			
	Loads Limited- quoted			
	18,895,057 (2018: 18,895,057) fully paid ordinary shares of Rs. 10 each			
	Equity held: 12.49% (2018: 12.49%)	9.2.1	446,753	456,148
	Chief Executive Officer - Munir K. Bana			
	Global Assets (Private) Limited			
	3,000,000 fully paid ordinary shares shares of Rs. 10 each			
	Equity held: 28.74%	9.2.2	29,989	-
	Chief Executive Officer - Syed Shahid Ali			
			476,742	456,148

Notes to the consolidated financial statements

For the year ended 30 June 2019

		2019	2018
		(Rupees in thousand)	
9.2.1	In equity instrument of associate		
	Cost	162,529	162,529
	Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss	293,619	262,541
		456,148	425,070
	Share of profit for the year		
	- before taxation	8,958	30,618
	- provision for taxation	(14,579)	(10,436)
		(5,621)	20,182
	Share of other comprehensive loss	(3,774)	(3,845)
	Dividend received during the year	-	(17,177)
	Group's share of post acquisition change in net assets of associate	-	31,918
	Balance as at 30 June	446,753	456,148

The Group's investment in Load Limited is less than 20% but it is considered to be an associate as per the requirements of IAS - 28 "Investments in Associates" because the Group has significant influence over its financial and operating policies through representation on the Board.

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

	2019	2018
Percentage interest held	12.49%	12.49%
Non-current assets	4,883,817	2,304,604
Current assets	2,839,070	3,284,246
Non-current liabilities	(248,786)	(96,339)
Current liabilities	(3,897,965)	(1,841,168)
Net assets (100%)	3,576,136	3,651,343
Group's share of net assets	446,753	456,148
Carrying amount of interest in associate	446,753	456,148
Revenue	5,709,735	4,889,664
(Loss) / profit from operations	(44,994)	161,557
Other comprehensive loss	(30,213)	(30,783)
Total comprehensive income (100%)	(75,207)	130,774
Group's share of total comprehensive (loss) / income	(9,395)	16,337

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

	Note	2019	2018
		(Rupees in thousand)	
9.2.2 In equity instrument of associate			
Cost		30,000	-
Share of loss for the year		(11)	-
Balance as at 30 June		29,989	-

Global Assets (Private) Limited (formerly Treet Assets (Private) Limited) is incorporated on May 12, 2008 in Pakistan under the (repealed) Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activities of the company is to deal with investments in shares, debentures, bonds or any securities of the company or on behalf of the holding company i.e. Messrs. Treet Corporation Limited as well as other group companies. During the year, the company has changed its name from Treet Assets (Private) Limited to Global Assets (Private) Limited. The registered office of the company is situated at 72-B, Industrial Area, Kot lakhpat, Lahore.

		2019	2018
Percentage interest held		28.74%	-
Current assets		101,444	-
Current liabilities		(166)	-
Net assets (100%)		101,278	-
Group's share of net assets		29,107	-
Excess of purchase consideration over net assets		882	-
Carrying amount of interest in associate		29,989	-
Total comprehensive loss		(37)	-
Group's share of total comprehensive income		(11)	-

9.2.2.1 This investment was made on 13 June 2019 and the requirements of Companies Act, 2017 were duly complied at the time of investment.

10 LONG TERM LOANS AND ADVANCES

	Note	2019	2018
Loans to employees - secured, considered good	10.1	15,484	12,941
Long term advance - unsecured, considered good	10.4	6,649	14,025
Less: Current portion			
Loan to employees - secured, considered good	17	(13,511)	(12,318)
Long term advance - unsecured, considered good	17	(6,649)	(11,801)
		(20,160)	(24,119)
		1,973	2,847

10.1 These are interest free loans to the Group's employees for construction of house and purchase of cycles, which are repayable in monthly instalments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 12.99 million (2018: Rs.12.28 million) receivable from the executives of the Group. No loan has been given to directors or chief executive of the Group.

Notes to the consolidated financial statements
For the year ended 30 June 2019

		Note	2019	2018
			(Rupees in thousand)	
10.2	Reconciliation of the carrying amount of loans to executives:			
	Balance as at 01 July		12,283	15,933
	Disbursements during the year		20,682	15,064
	Repayments during the year		(19,971)	(18,714)
	Balance as at 30 June		12,994	12,283

10.3 The maximum amount due from the executives at the end of any month during the year was Rs. 3.44 million (2018: Rs. 2.75 million).

10.4 This represents outstanding advance receivable from Khatoon Industries (Private) Limited ("KIL") for rice husk boiler, laboratory and warehouse road construction amounting to Rs. 2.01 million, Rs. 0.21 million and Rs. 4.43 million. The remaining balances are adjustable against rent payable to KIL in lieu of use of soaps manufacturing facility in 12, 12 and 12 equal monthly instalments respectively.

11 LONG TERM DEPOSITS

	Note	2019	2018
Utility deposits		31,038	27,151
Others		15,176	16,454
		46,214	43,605

	Note	2019	2018
12 DEFERRED TAXATION	12.1	(66,309)	(12,015)

12.1 Deferred tax liability arising in respect of the following items:

	2019	2018
Taxable temporary differences on:		
- Accelerated tax depreciation	(71,592)	(59,074)
- Surplus on revaluation of buildings	(49,517)	(20,477)
- Post acquisition profits of associates	(42,634)	(44,043)
	(163,743)	(123,594)
Deductible temporary differences on:		
- Unused tax losses	24,522	58,013
- Capital loss on short term investments	6,060	5,588
- Employee retirement benefits	66,551	47,722
- Provision for doubtful debts	301	256
	97,434	111,579
	(66,309)	(12,015)

12.1.1 Deferred tax asset on tax losses available for carry forward and other items have been recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The Group has not recognized deffered tax asset in respect of FTMM amounting to Rs. 136.63 (2018: Nil) as the certainty of taxable profits in the foreseeable future is not assured.

		Note	2019	2018
			(Rupees in thousand)	
12.1.2	Movement in deferred tax asset / (liability) is as follows:			
	Balance as at 01 July		(12,015)	25,109
	Recognized in statement of profit or loss:			
	- Accelerated tax depreciation		(12,517)	(1,928)
	- Surplus on revaluation of buildings		2,341	1,836
	- Capital loss on short term investments		472	(5,901)
	- Unused tax losses		(33,491)	(32,574)
	- Post acquisition reserves of associates		1,409	(6,437)
	- Provision for doubtful debts		44	32
			(41,742)	(44,972)
	Recognized in other comprehensive income / equity:			
	- Net off against Re-measurement of employee retirement benefits recognized		18,829	11,717
	- Effect of change in tax rate on account of surplus on revaluation of buildings		(50)	919
	- Net off against the surplus on revaluation of building		(31,331)	-
	- Group's share of post acquisition change in net assets of associate		-	(4,788)
	Balance as at 30 June		(66,309)	(12,015)

13 STORES AND SPARES

	Note	2019	2018
Stores		152,949	112,601
Spares		133,885	154,457
	13.1&13.2	286,834	267,058

13.1 It includes provision for obsolete store items amounting to Rs. Nil (2018: Rs. 5.52 million).

13.2 It includes stores and spares in transit amounting to Rs. 8.02 million (2018: Rs. 17.15 million).

	Note	2019	2018
		(Rupees in thousand)	
14 STOCK-IN-TRADE			
Blades, razor and other trading operations:			
Raw and packing material	14.1	666,974	395,318
Work in process	34.1	51,552	65,068
Finished goods	14.2 & 34.1	179,675	145,619
		898,201	606,005
Battery			
Raw and packing materials	14.1	874,418	513,851
Work in process	34.5	587,427	242,745
Finished goods	34.5	100,975	147,817
		1,562,820	904,413
Soaps			
Raw and packing materials	14.1	58,711	45,665
Work in process	34.2	-	547
Finished goods	34.2	53,097	42,980
		111,808	89,192
Corrugated boxes			
Raw and packing materials	14.1	134,982	220,011
Work in process	34.3	6,319	10,723
Finished goods	34.3	42,148	34,444
		183,449	265,178
Bike			
Raw and packing materials	14.1	38,647	42,439
Finished goods	34.4	7,070	5,680
		45,717	48,119
Pharmaceutical products			
Raw and packing materials	14.1	146,426	31,788
Work in process	34.6	675	675
Finished goods	34.6	7,887	5,300
		154,988	37,763
		2,956,983	1,950,670

14.1 It includes raw material in transit as follows:

	2019	2018
Blades	135,970	38,643
Battery	190,156	256,147
Soaps	-	22
Corrugated boxes	-	21
Bike	2,697	7,537
Pharmaceutical products	12,028	12,028
	340,851	314,398

14.2 The amount charged to consolidated statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 0.91 million (2018: 169.12). It also includes finished goods - chemicals in transit amounting to Rs. 7.36 million (2018: Rs. Nil).

	Note	2019	2018
		(Rupees in thousand)	
15 TRADE DEBTS			
Foreign debtors			
- secured - considered good		90,198	64,406
- unsecured - considered good		165,537	150,736
		255,735	215,142
Local debtors			
- unsecured - considered good	15.1	979,548	820,756
		1,235,283	1,035,898
Considered doubtful		35,781	34,937
		1,271,064	1,070,835
Less: Impairment allowance	15.3	(35,781)	(34,937)
		1,235,283	1,035,898

15.1 It includes receivable from following related parties:

	Note	2019	2018
Liaqat National Hospital	15.1.1	13,093	23,183
Loads Limited	15.1.2	24	-
Hi-tech Alloy Wheels Limited	15.1.3	15,205	-
Elite brands limited		-	300
		28,322	23,483

15.1.1 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 22.78 million.

15.1.2 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 0.02 million.

15.1.3 This represents receivable in the normal course of business out of which receivables amounting to Rs. 4.25 million is due by less than 90 days whereas receivables amounting to Rs. 11 million is due by more than 90 days. The maximum amount outstanding at the end of any month was Rs. 15.21 million.

15.2 Aging of related party balances

	2019	2018
One to three months	4,250	3,209
More than three months	24,072	20,274
	28,322	23,483

15.3 The movement in allowance for impairment is as follows:

	Note	2019	2018
Balance as at 01 July		34,937	25,918
Impairment allowance for the year		8,700	9,019
Written off against impairment allowance		(8,150)	-
Reversal of excess impairment allowance	39	294	-
Balance as at 30 June		35,781	34,937

	Note	2019	2018
		(Rupees in thousand)	
16 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss:			
Listed equity securities	16.1	432,348	462,484
Mutual funds		3,000	-
		435,348	462,484

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

		Share / certificates		Carrying value		Market value	
		2019	2018	2019	2018	2019	2018
		Number	Number	(Rupees in thousand)			
	Sector / Companies						
a)	Banks						
	Silk Bank Limited	258,997,500	255,497,500	352,026	429,120	305,618	347,477
b)	Textile						
	Sunrays Textiles Mills Limited	27,200	30,600	4,566	6,044	6,135	5,216
	Shahtaj Textile Limited	868,400	868,400	69,463	115,002	84,113	69,463
	Maqbool Textiles Mills Limited	894,500	894,500	37,828	27,641	36,451	37,828
	Kohinoor Spinning Mills Limited	-	856,000	-	2,551	-	2,500
c)	Miscellaneous						
	Transmission Engineering Industries Limited	133,000	133,000	-	-	-	-
	IGI Holdings Limited	203	-	31	-	31	-
				463,914	580,358	432,348	462,484

16.2 Investments (shares of Silk Bank Limited and Shahtaj Textile Limited) to the extent of Rs. 203.80 million (cost of Rs. 242.48 million) are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 25.

		Note	2019	2018
			(Rupees in thousand)	
17	LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Current portion of long term advances - unsecured, considered good		6,649	11,801
	Current portion of loan to employees - secured, considered good		13,511	12,318
		10	20,160	24,119
	Advances to employees - secured, considered good	17.1	25,122	77,392
	Advances to suppliers - unsecured, considered good	17.2	526,522	301,722
	Margin deposits - Letter of credits		6,971	3,785
	Security deposits		9,231	9,231
	Prepayments	17.3	70,296	42,049
	Advances to related parties / employee retirement funds - unsecured considered good			
	- Loads Limited		12,370	70
	- IGI Insurance Limited		-	127
	- Service fund		239	-
	- Superannuation Fund		360	1,161
	- Gratuity Fund		3,000	20,369
	- Employees Housing Fund		23,662	31,770
		17.4	39,631	53,497
	Balance with statutory authorities			
	- Export rebate		83,552	61,950
	- Collector of customs - custom duty		42,017	149,287
	- Advance income tax		643,116	569,167
	- Sales tax		1,077,497	801,714
			1,846,182	1,582,118
	Workers profit participation fund	17.5	-	4,039
	Receivable from broker against sale of investments		6,898	43,519
	Other receivables		22,491	5,942
			2,573,504	2,147,413

17.1 These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 5.09 million (2018: Rs. 7.76 million) receivable from executives of the Group. No amount is advance to CEO or directors of the Group.

17.2 These are interest free in the normal course of business.

17.3 Prepayments includes amount paid to IGI Insurance Limited (related party) of Rs. 16.26 million (2018: 18.48 million).

17.4 These represent amounts receivable from related parties for reimbursement of expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

Notes to the consolidated financial statements

For the year ended 30 June 2019

		Note	2019	2018
			(Rupees in thousand)	
17.5	Workers' profit participation fund			
	Balance as at 01 July		4,039	(4,703)
	Interest on funds unutilized		(142)	(224)
	Charge for the year		(22,566)	(2,017)
		38	(22,708)	(2,241)
	Payments during the year		3,896	10,983
	Balance as at 30 June		(14,773)	4,039

18 CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		144,296	138,059
Cash at bank - local currency			
Current accounts		67,977	340,257
Saving accounts	18.1	146,717	639,894
		214,694	980,151
		358,990	1,118,210

18.1 These carry mark-up at the rates ranging from 3.5% to 10.5% per annum (2018: 4% to 7% per annum).

These deposits include Rs. 263.28 million (2018: Rs. 262.73 million) under Shariah compliant arrangements, which carries profit rate ranging from 4.25% to 10.5% per annum (2018: 3.5% to 6.75% per annum).

19 ASSETS HELD FOR SALE

	2019	2018
	-	44,240

As previously reported, the Board of Directors of the Modaraba Management Company in their meeting held on 06 December 2016 decided to sell a piece of land measuring 15 kanals and 16 marlas situated in Gujaranwala 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 25 September 2018.

20 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2019	2018
Current portion of redeemable capital	25	178,166	179,417
Retention money	20.1	23,100	54,734
Current maturity of liability against purchase of land		-	56,426
		201,266	290,577

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

		Note	2019	2018
			(Rupees in thousand)	
21	SHORT TERM BORROWINGS			
	Short term running finance - secured		11,739,039	7,670,263
	Short term advance - secured		350,000	700,000
	Export refinance - secured		877,388	940,141
	Loan from Chief Executive - Interest free, unsecured		100,000	390,000
			13,066,427	9,700,404

21.1 Particulars of borrowings

	Note	2019	2018
Interest / markup based financing	21.2	8,524,864	6,121,089
Islamic mode of financing			
- Holding Company	21.2	517,218	1,242,314
- Subsidiary Company	21.3	3,924,345	1,947,001
Interest free	21.4	100,000	390,000
		13,066,427	9,700,404

21.2 The Holding Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 8,825 million (2018: Rs. 7,775 million). The running finance facilities carried mark-up at the rates ranging from 7.43% to 14.14% per annum (2018: 6.39% to 9.43% per annum). Running finance amounting to Rs. 4,350 million (2018: Rs. 3,975 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate of 2.35% to 2.50% per annum (2018: 2.40% to 2.50% per annum). Fund based facilities aggregating to Rs. 900 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modarba, through cross corporate guarantee of the Holding Company. Unutilized amount as at the year end amounted to Rs. 531 million (2018: Rs. 412 million).

All short term borrowings of the Holding Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,704 million (2018: Rs. 10,371 million) on the entire present and future current assets of the Holding Company. Export running finances are also covered through lien on documents.

21.2.1 Running finance amounting to Rs. 2,650 million (2018: Rs. 2,650 million) can interchangeably be utilized as Short term advance. Short term advance mark-up rate is negotiated on case to case basis with the financial institute and carried mark-up at rate of 7.09% to 13.02% per annum (2018: 6.40% to 8.27% per annum).

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

21.3.1 This includes Istisna and Musharaka finance facilities obtained from various financial institutions under shariah arrangements for the manufacturing of corrugated boxes, soap and Batteries out of the total sanctioned limits of Rs. 3,757.50 million (2018: Rs. 2,200 million).

21.3.2 This includes Import Murabaha / Muswammah finance facilities obtained from various financial institutions under shariah arrangements for the retirements of letters of credit for import of plant & machinery, raw materials, stocks, chemicals, stores, tools and spare parts etc, out of the total sanctioned limits of Rs. 1,000 million (2018: Rs. 500 million).

21.4 The subsidiary company, Renacon Pharma Limited has availed following mode of financing facilities:

Term running finance facilities are available to Renacon Pharma Limited from Bank Alfalah limited under mark-up / profit arrangements amounting to Rs 85.42 million (2018: Rs Nil). The term finance facility is to be repaid in 10 months. These facilities carry mark-up ranging from 3 months Kibor + 1.5% per annum (2018: NIL % per annum) and are secured by charge on machinery being imported. Total sanctioned limit is Rs. 200 million.

Demand Finance facility available from MCB Limited under mark-up arrangements amounting to Rs. 54.62 million (2018: Nil). The demand finance facility is to be repaid in 6- months. The facility carry mark-up ranging 1 months Kibor +1% per annum and are secured by hypothecation of overall present and future current assets of the company. Total sanctioned limit is Rs. 200 million.

21.5 This represents interest free loan obtained from Chief Executive Officer of the Group for working capital requirements and is repayable on demand.

21.6 The facilities for opening letters of credits and guarantees as at 30 June 2019 amounts to Rs. 4,150 million (2018: Rs. 3,707 million) of which unutilized amount as at year end amounted to Rs 2,985 million (2018: Rs. 2,784 million). Non- fund based facilities aggregating to Rs 2,350 million (2018: Rs. 1,890 million) out of which Rs 1,100 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modarba, through cross corporate guarantee of the Company.

21.7 As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.

		Note	2019	2018
			(Rupees in thousand)	
22	TRADE AND OTHER PAYABLES			
	Trade creditors			
	- Related parties	22.1	697	41
	- Others		413,756	158,536
			414,453	158,577
	Other creditors			
	- Related parties	22.2	5,510	2,696
	- Others		213,577	38,818
			219,087	41,514
	Accrued liabilities		348,804	526,001
	Contract liabilities		76,741	-
	Advances from customers		-	49,428
	Advance against sale of land		-	69,698
	Employees deposits		71,472	64,263
	Withholding sales tax payable		4,255	3,038
	Income tax deducted at source		13,270	8,757
	Workers profit participation fund	17.5	14,773	-
	Workers' welfare fund	22.3	1,295	1,019
	Security deposits	22.4	15,050	15,604
	Sales tax payable		388	27,375
	Other payables	22.5	99,064	24,402
	Payable to employee retirement benefit funds			
	- Service fund		-	2,044
	- Employees Benevolent Fund		-	2,065
	- Superannuation fund - II		-	4,764
	- Employees provident fund	22.6	13	24,967
			13	33,840
			1,278,665	1,023,516

22.1 Related parties

Packages Limited	697	-
IGI Insurance Limited	-	41
	697	41

These are interest free in the normal course of business.

22.2 Related party

Packages Limited	5,510	2,696

		Note	2019	2018
			(Rupees in thousand)	
22.3	Workers' welfare fund			
	Balance as at 01 July		1,019	1,513
	Add: Charge for the year	38	1,295	1,017
	Less: paid during the year		(1,019)	(1,511)
	Balance as at 30 June		1,295	1,019

22.4 It includes an amount received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Holding Company.

22.5 This includes unpresented cheques amounting to Rs. 77.93 million (2018: Rs. 0.82 million) at year end, which have been cleared subsequent to the reporting date.

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

	Note	2019	2018
		(Rupees in thousand)	
23 ACCRUED MARK-UP			
Accrued markup / return on:			
Participation term certificates		171,889	173,144
Short term borrowings		313,247	124,857
		485,136	298,001

24 LONG TERM DEPOSITS

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

25 REDEEMABLE CAPITAL

	Note	2019	2018
Participation term certificates		178,166	357,583
Less: Current portion shown under current liabilities	20	(178,166)	(179,417)
		-	178,166

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

Terms of redemption

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

Profit payment

The PTC holder is entitled to a minimum profit (Category A profit) at Rs. 4.11 per annum for each PTC, alongwith a contingent profit (Category B profit) based on the consolidated profits before tax, Workers Welfare Fund (WWF), Workers Profit Participation Fund (WPPF) and finance cost relating to PTCs based on pay-off matrix. The pay-off matrix sets out various ranges for contingent profit pay out percentages.

The following table shows the redemption of PTC:

Year	Principal redemption in cash	Principal redemption in shares	Principal value redemption	Increase in ordinary share capital	Increase in ordinary share capital	Share premium of conversion	Category "A" Profit payment in cash	Category "B" Profit payment in cash
	(------ Rupees in thousand		--------)	Shares	(-------- Rupees in thousand			--------)
2019	6,272	171,889	178,161	3,345,780	33,458	138,431	171,889	-
2018	6,272	173,145	179,417	2,927,557	29,275	143,869	173,144	-

The Holding Company will issue 3,345,780 ordinary shares of face value of Rs. 10 per share against Rs. 171.89 million.

The Chief Executive Officer and Directors of the Company holds 17,601,611 (2018: 17,601,611) PTCs of the Holding Company. Finance cost paid to them during the year is Rs. 72.34 million (2018: Rs. 72.87 million). Loads Limited, an associated company, holds 1,831,500 (2018: 1,831,500) participation term certificates of the Company.

Securities

The PTCs are secured by the following:

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

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

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

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

	Note	2019	2018
		(Rupees in thousand)	
26 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		233,944	160,769
Superannuation fund		247,564	164,929
	26.1	481,508	325,698

	Gratuity		Superannuation	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
26.1 Net retirement benefit obligation				
Amounts recognized in statement of financial position are as follows:				
Present value of defined benefit obligation	415,192	349,276	389,555	330,390
Fair value of plan assets	(181,248)	(188,507)	(141,991)	(165,461)
Net retirement benefit obligation	233,944	160,769	247,564	164,929
26.2 Movement in net obligation				
Net liability as at 01 July	160,769	122,823	164,929	129,116
Charge to statement of profit or loss				
Treet Corporation Limited	44,493	30,232	38,299	27,587
Treet HR Management (Private) Limited	2,679	1,820	1,205	868
	47,172	32,052	39,504	28,455
Re-measurements chargeable in other comprehensive income				
Treet Corporation Limited	48,386	39,239	54,492	31,322
Treet HR Management (Private) Limited	2,547	2,065	2,868	1,649
	50,933	41,304	57,360	32,971
Contribution made by the Group	(24,930)	(35,410)	(14,229)	(25,613)
Net liability as at 30 June	233,944	160,769	247,564	164,929

	Gratuity		Superannuation	
	2019	2018	2019	2018
	(Rupees in thousand)		(Rupees in thousand)	
Liability for defined benefit obligations as at 01 July	349,276	311,121	330,390	296,556
Benefits paid by the plan	(24,930)	(36,928)	(14,229)	(27,088)
Current service costs	29,546	23,903	23,331	19,442
Past Service Cost	4,279	-	1,971	-
Interest cost	30,313	22,681	29,095	21,934
Re-measurements on obligation:				
Actuarial losses on present value				
- Changes in financial assumptions	1,656	363	1,500	472
- Experience adjustments	25,052	28,136	17,497	19,074
	26,708	28,499	18,997	19,546
Present value of defined benefit obligations as at 30 June	415,192	349,276	389,555	330,390

26.4 Movement in fair value of plan assets

Fair value of plan assets as at 01 July	188,507	188,298	165,461	167,440
Contributions into the plan	24,930	35,410	14,229	25,613
Benefits paid by the plan	(24,930)	(36,928)	(14,229)	(27,088)
Interest income on plan assets	16,966	14,534	14,893	12,921
Return on plan assets excluding interest income	(24,225)	(12,807)	(38,363)	(13,425)
Fair value of plan assets as at 30 June	181,248	188,507	141,991	165,461

26.5 Plan assets

Plan assets comprise:

Listed securities	59,968	70,528	56,406	55,456
Deposits with banks	1,974	59,484	13,084	70,121
Investment in mutual funds	55,514	50,361	34,820	31,245
Government securities	36,000	15,376	33,000	8,000
Others	27,792	(7,242)	4,681	639
	181,248	188,507	141,991	165,461

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2019 is Rs. 1.37 million (2018: Rs. 1.91 million) and Rs. 1.62 million (2018: Rs. 8.11 million), respectively.

Plan assets of superannuation fund include ordinary shares whose fair value as at 30 June 2019 is Rs. 2.78 million (2018: Rs. 5.95 million). During the year, all Participation Term Certificates were sold out by the Company whose fair value as at 30 June 2018 was Rs. 6.83 million.

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

		Gratuity		Superannuation	
		2019	2018	2019	2018
		(Rupees in thousand)		(Rupees in thousand)	
26.6	Consolidated Statement of Profit or loss account includes the following in respect of retirement benefits:				
	Interest cost	30,313	22,681	29,095	21,934
	Current service cost	29,546	23,905	23,331	19,442
	Past service cost	4,279	-	1,971	-
	Interest income on plan assets	(16,966)	(14,534)	(14,893)	(12,921)
	Total, included in salaries and wages	47,172	32,052	39,504	28,455
26.7	Actual return on plan assets	(7,259)	1,727	(23,470)	(504)
26.8	Actuarial losses recognized directly in other comprehensive income				
	Cummulative amount at 01 July	(148,153)	(106,849)	(155,786)	(122,815)
	Losses recognized during the year	(50,933)	(41,304)	(57,360)	(32,971)
	Cumulative amount at 30 June	(199,086)	(148,153)	(213,146)	(155,786)

		2019	2018	2017	2016	2015
		-------------------(Rupees in thousand)-------------------				
26.9	Historical Information for Gratuity fund					
	Present value of defined benefit obligation	415,192	349,276	262,883	221,828	188,515
	Fair value of the plan assets	(181,248)	(188,507)	(147,466)	(140,365)	(116,436)
	Deficit	233,944	160,769	115,417	81,463	72,079
	Experience adjustments arising on plan liabilities	25,052	28,136	30,656	7,716	24,439
	Experience adjustments arising on plan assets	(24,225)	(12,807)	(6,585)	8,501	1,227

The Company expects to pay Rs. 20.35 million in contributions to gratuity fund in 2020.

26.10 Historical Information for Superannuation fund

Present value of defined benefit obligation	389,555	330,390	296,556	251,409	209,784
Fair value of plan assets	(141,991)	(165,461)	(167,440)	(149,945)	(137,612)
Deficit in the plan	247,564	164,929	129,116	101,464	72,172
Experience adjustments arising on plan liabilities	17,497	19,074	46,670	31,806	13,052
Experience adjustments arising on plan assets	(38,363)	(13,425)	6,624	(1,084)	6,252

The Group expects to pay Rs. 14.31 million in contributions to superannuation fund in 2020.

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

	2019		2018	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit or loss charge	9.00%	9.00%	7.75%	7.75%
Discount rate used for year-end obligation	14.25%	14.25%	9.00%	9.00%
Expected rates of salary increase	13.25%	13.25%	8.00%	8.00%
Expected rates of return on plan assets	14.25%	14.25%	9.00%	9.00%

Mortality rate

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

26.12 Weighted average duration of the defined benefit obligation is 8 years for gratuity and 9 years for superannuation plans.

26.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Change	Impact on present value of defined benefit obligation as at 30 June 2019			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(383,252)	451,901	(358,178)	425,715
Future salary increase	100 bps	451,901	(382,722)	425,715	(357,658)

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

27 EMPLOYEE STOCK OPTION SCHEME

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

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

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

The details of the share options granted under the scheme together with the status as at 30 June 2019 is as follows:

	Granted in year 2018	Granted in the year 2017 (*Modified October 2018)	Granted in year 2016	Granted in the year 2015 (*Modified October 2016)
	------------------------(Rupees in thousand)------------------------			
Original grant date	30-Jul-18	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	26-Oct-18	N/A	31-Oct- 16
Options issued	4,769	4,259	4,114	1,605
Options no longer in issue	N/A	N/A	-	-
Options vested	N/A	4,259	4,114	1,605
Options exercised	N/A	2,439	533	1,605
Shares issued under the scheme	N/A	2,439	533	1,605
Original exercise price per share	35.44	66.45	51.79	90.58
Market value per share at grant date	35.60	51.53	51.63	77.09
Option discount per share at grant date	N/A	NIL	NIL	NIL
Modified exercise price per share	N/A	20	N/A	51.79
Market value per share at modified grant date	N/A	25.36	N/A	47.08
Option discount per share at modified grant date	N/A	5.36	N/A	NIL
Options issued to key management personnel	2,416	2,003	3,224	1,367
Options exercised by key management	N/A	1,334	426	1,367
Options exercised by key management personnel		N/A	N/A	1,367

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

Further, during the current period, the shareholders of the Company in their Annual General Meeting held on 26 October 2018 approved re-pricing of 4,259,400 options already granted and pending for excercise under the scheme from initial price of Rs. 66.45 per share to revised price of Rs. 20 per share without any change or modification in the vesting period / schedule, excercise period or anyother specific terms and conditions under which such options have been granted.

Subsequent to the year end, the Company has granted 4.96 million stock options to its eligible employees at an excecise price of Rs. 15.17 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015" in respect of year 2018-2019. These options will have a vesting period of one year from grant date and an excercise period of any year from the date the options are vested. These options shall be excercisable after completion of vesting period i.e. one year from date of grant.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

Contingencies - The Holding Company

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.24 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brought forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

- In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

- For the tax period July 2013 to June 2018 a sales tax demand of Rs. 138.04 million along with default surcharge and penalty was created by ACIR, E & C Unit-03, Zone-1, LTU, Lahore on the contention that the Company has claiming inadmissible input sales tax adjustment on the strength of bogus invoices issued by the suspended units in voilation of section 8 of the Sales Tax Act, 1990 as well as insurance services on stock in trade and plant and machinery and illegally adjusted input sales tax of irrelevant sectors in contravention of the said section. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

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

Contingencies - First Treet Manufacturing Modaraba

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

- For the tax year 2017, the Inland Revenue Officer (IRO), E & C Unit-VII, Range-II, Zone-VI, CRTO, Lahore, passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 arbitrarily creating a tax demand of Rs. 1.81 million. The Modaraba filed appeals against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication. 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.

- 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. 9.80 million along with penalty of Rs. 0.47 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.

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

Contingencies - Treet Holdings Limited

- A tax demand amounting to Rs. 43.26 million had been created by Additional Commissioner Inland Revenue (ACIR) through the order passed u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) Lahore.

- A tax demand amounting to Rs. 26.60 million had been raised by Commissioner Inland Revenue - Appeals - 1, through the order passed u/s 221 of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore being unlawful and illegal demand created by the department.

- For the tax year 2009, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of Income Tax Ordinance, 2001 and created a tax demand of Rs. 34.65 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals - 1, who deleted tax demand of Rs. 32.36 million. The Company has filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount, which is in process.

- For the tax year 2012, the Assistant Commissioner Inland Revenue (ACIR) passed an order u/s 161/205 and arbitrarily created a tax demand of Rs. 1.10 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore.

- For the tax year 2012, the Additional Commissioner Inland Revenue (ACIR) had passed an order u/s 122(5A) on different issues i.e. allocation of expenses between normal income and presumptive income, u/s 34(3) read with section 20, u/s 29, bad debts, exchange loss, payment of WWF & dividend income and created a tax demand of Rs. 1.30 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication at this point in time.

- For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) had passed an order u/s 122(5A) on different issues i.e. u/s 34(3) read with section 20, u/s 29, bad debts, capital gains on securities, exchange loss & sale / transfer of stock and created a tax demand of Rs. 17.28 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals).

- For the tax year 2014, the Deputy Commissioner Inland Revenue (DCIR) had passed an order u/s 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 on different issues i.e disallowing expenses on account of trade discount, u/s 111(1)(a), provision for doubtful debts, u/s 20(1), 21(C), 21(h), 21(l), 21(m) and 111(1)(b) amounting to Rs. 17.30 million. The Company filed an appeal before the Commissioner Inland Revenue Appeals-II, Lahore.

- For the tax year 2014, the Assistant Commissioner Inland Revenue, Enforcement-06, Zone- 1, Large Tax Payer Unit, Lahore passed an order u/s 161/205 and arbitrarily created a tax demand of Rs. 1.3 million. Against this order, the company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at this point in time.

- A sales tax demand of Rs. 161.52 million was created by Deputy Commissioner Inland Revenue (DCIR), Audit-03, Zone-1, LTU, Lahore for the tax period July 2010 to June 2011, after conducting audit under section 72(b) of the Sales Tax Act, 1990. The Appellate Tribunal Inland Revenue deleted the tax demand of Rs. 161.01 million. As a result, tax department filed second appeal before the Appellate Tribunal Inland Revenue, Lahore for remanding the case back on the issue of violation of section-73 of Sales Tax Act, 1990.

- For the tax period December 2011, a sale tax demand of Rs. 9.3 million was created by DCIR, Audit-02, Zone-1, L TU, Lahore for alleged default of compliance of section 8(1)(ca) of the Sales Tax Act, 1990. Against this order the company filed appeal before the CIR (Appeals), Zone-1, Lahore where the worthy CIR (Appeals) has given partial relief to the extent of Rs. 8.6 million.

- The Deputy Commissioner Inland Revenue (DCIR) issued an order to recover Rs. 12.51 million as inadmissible input sales tax which was adjusted in the electronic sales tax return, as previously sales tax returns were being filed manually on the directions of Honorable Lahore High Court in response to the company's writ petition challenging the amendments made in the Sales Tax Special Procedure Withholding rules, 2007 wide SRO 505(1)-2013. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals 1), Lahore which is pending adjudication.

- For the tax period 2011 and 2012, a sales tax demand of Rs. 13.88 million and Rs. 1.8 million respectively was created by Deputy Commissioner Inland Revenue (DCIR) for alleged default of compliance u/s 8(1)(ca) of Sales Tax Act, 1990. The Company filed an appeal before the Commissioner Inland Revenue - Appeals, Zone-1, Lahore where the relief was given to the extent of Rs. 12.92 million and Rs. 1.3 million respectively. The Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR)for the remaining amount, as the Honorable Lahore High Court, Lahore has declared the provision of sec-8(1)(ca) ultra vires. In response thereto, ATIR passed an order dated 08 January 2019, in the favour of the Company wherein tax demand amounting to Rs. 4.5 million and Rs. 1.8 million has been deleted.

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

28.2 Commitments

- Outstanding letters of credit as at 30 June 2019 amounted to Rs. 748.46 million (2018: Rs. 1,175.43 million).

- Outstanding capital commitments as at 30 June 2019 amounted to Rs. 115.28 (2018: Rs. Nil).

28.2.1 Operating leases

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

		Note	2019	2018
			(Rupees in thousand)	
28.2.2	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

29 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018			
(Number of shares)				
89,793,463	89,793,463	Ordinary shares of Rs. 10 each fully paid-up in cash	897,935	897,935
18,660,385	15,732,828	Ordinary shares of Rs. 10 each issued on conversion of PTCs	186,602	157,327
52,420,143	52,420,143	Ordinary shares of Rs. 10 each fully issued as bonus shares	524,201	524,201
4,576,951	2,138,251	Ordinary shares of Rs. 10 each issued against employee share option scheme	45,770	21,383
165,450,942	160,084,685		1,654,508	1,600,846

29.1 Reconciliation of number of shares

	Note	2019	2018
At 01 July		1,600,846	1,421,436
Issued on conversion of PTCs	29.3	29,275	29,275
Issued against bonus shares		-	142,870
Issued against employee share option scheme	29.4	24,387	7,265
At 30 June		1,654,508	1,600,846

29.2 Loads Limited, an associated company, holds 8,741,438 (2018: 8,613,233) ordinary shares of Rs. 10 each representing 5.28% (2018: 5.38%) of the paid up capital of the Holding Company.

29.3 Under the terms of conversion as referred in note 25, the Holding Company, during the year, issued 2,927,557 (2018: 2,927,557) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs at the rate of 0.07 shares per PTCs at a pre agreed price of Rs. 59.14 per share resulting in premium of Rs. 143.87 million (2018: Rs. 143.87 million).

29.4 Under the terms of the scheme as referred in note 29, the Holding Company, during the year, issued 2,438,700 (2018: 726,451) fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 20 (2018: Rs. 51.79) per share resulting in premium of Rs. 24.39 (2018: Rs. 30.36) million.

		Note	2019	2018
			(Rupees in thousand)	
30	**RESERVES**			
	Capital reserves	30.1	5,178,729	4,999,480
	General reserves		276,922	266,400
			5,455,651	5,265,880

			2019	2018
30.1	Capital reserves			
	Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
	Fair value reserves		(424)	1,654
	Fair value reserve on investment		(7,038)	(7,038)
	Share premium	30.1.1	4,673,621	4,492,294
	Statutory reserves	30.1.2	511,941	511,941
			5,178,729	4,999,480

30.1.1 This reserve can be utilized by the Group only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2018: Rs. 49.14) per share in respect of transactions referred in note 29.3 and 29.4.

30.1.2 This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and is not available for distribution.

		2019	2018
31	**SURPLUS ON REVALUATION OF LAND AND BUILDINGS -NET OF TAX**		
	Surplus attributed to:		
	Land and buildings	4,671,125	1,297,207
	Land classified as held for sale	-	4,575
		4,671,125	1,301,782
	Surplus on revaluation of property, plant and equipment as at 01 July	1,326,971	1,339,884
	Surplus arising during the year	3,415,774	-
	Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax	(10,474)	(10,783)
	- Related deferred tax liability	(2,443)	(2,130)
	Sale of land classified as held for sale	(4,575)	-
		3,398,282	(12,913)
	Revaluation surplus as at 30 June	4,725,253	1,326,971

	2019	2018
	(Rupees in thousand)	
Related deferred tax liability:		
- On revaluation as at 01 July	(25,189)	(28,238)
- on surplus arising during the year	(31,331)	-
- on account of incremental depreciation charged during the year	2,442	2,130
- tax rate adjustment	(50)	919
	(54,128)	(25,189)
Surplus on revaluation of property, plant and equipment as at 30 June	4,671,125	1,301,782

31.1 Charge of incremental depreciation for the year net of tax attributable to:

Owners of the Group	(10,446)	(10,749)
Non-controlling interests	(28)	(34)
	(10,474)	(10,783)

31.2 Balance as at 30 June attributable to:

Owners of the Group	4,642,427	1,301,777
Non-controlling interests	28,698	5
	4,671,125	1,301,782

31.3 Land and buildings were last revalued on 30 June 2019 by M/s Medallion (Pvt) Limited (PBA approved valuators, inspectors and engineers) resulting in surplus of Rs. 3,415.77 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land and buildings on freehold land was Rs. 3,157.27 million and Rs. 599.34 million respectively.

32 NON-CONTROLLING INTEREST

32.1 Group entities

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

30 June 2019 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet HR Management (Private) Limited	Treet Power Limited	Treet Battery Limited	Total
NCI percentage	2.67%	44.40%	0.36%	2.53%	0.36%	0.36%	0.36%	
Non current assets	8,711,878	725,189	524,268	2,192,305	30,000	-	-	
Current assets	4,481,876	236,378	248,853	8,660	62,471	993	1,019	
Non-current liabilities	9,272	-	-	444	-	-	-	
Current liabilities	11,123,580	446,658	136,878	97,691	25,600	4,695	16	
Net assets	2,060,902	514,909	636,243	2,102,830	66,871	(3,702)	1,003	
Carrying amount of NCI	54,940	228,640	2,274	53,260	241	(13)	4	339,346
Revenue - net	4,569,400	417,077	273,580	-	28,536	-	-	
(Loss) / profit after taxation	(2,391,792)	20,721	(4,533)	(8,360)	19,688	(131)	3	
Other comprehensive income	366,043	19,562	1,331	404,480	-	-	-	
Total comprehensive income / (loss)	(2,025,749)	40,283	(3,202)	396,120	19,688	(131)	3	
Total comprehensive income / (loss) allocated to NCI	(63,703)	17,887	(11)	10,033	71	-	-	(54,659)
Cash flows from operating activities	(2,929,040)	(99,459)	(18,394)	81,509	22,856	(115)	(4)	
Cash flows from investing activities	(283,096)	(549,704)	34,487	(109,505)	(30,000)	1	21	
Cash flows from financing activities	2,644,728	50,000	-	-	(35,000)	-	1,000	
Net increase / (decrease) in cash and cash equivalents	(567,408)	(599,163)	16,093	(27,996)	(42,144)	(114)	1,017	

30 June 2018 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet Human Resource Management	Total
NCI percentage	2.48%	44.40%	0.36%	2.53%	0.36%	
Non current assets	8,470,137	158,169	523,437	1,678,225	-	
Current assets	3,767,288	398,437	241,014	36,419	58,699	
Non-current liabilities	-	-	-	-	-	
Current liabilities	8,150,774	81,706	125,006	7,934	11,516	
Net assets	4,086,651	474,900	639,445	1,706,710	47,183	
Carrying amount of NCI	101,178	210,874	2,285	43,227	170	357,734
Revenue - net	2,713,128	319,441	333,910	-	27,000	
(Loss) / profit after taxation	(397,310)	19,710	(49,207)	(6,966)	17,708	
Total comprehensive income / (loss)	(397,310)	19,710	(49,207)	(6,966)	17,708	
Total comprehensive income / (loss) allocated to NCI	(9,837)	8,752	(176)	(176)	64	(1,373)
Cash flows from operating activities	(1,498,985)	(56,114)	(11,354)	(18,817)	19,687	
Cash flows from investing activities	(1,800,387)	(138,084)	12,090	(131,755)	-	
Cash flows from financing activities	3,775,799	101,129	-	102,384	-	
Net increase / (decrease) in cash and cash equivalents	476,427	(93,069)	736	(48,188)	19,687	

32.2 Acquisition by NCI without change in control

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

	First Treet Manufacturing Modaraba
NCI percentage	2.67%
Carrying amount of NCI acquired	7,573
Consideration received from NCI	8,851
Gain on sale of shares to NCI	1,278

32.2.1 The Board of Directors of the Holding Company in their meeting held on 27 February 2018 resolved to reduce certificate holding in First Treet Manufacturing Modaraba ("FTMM"). This resulted in decrease in equity interest of the Holding Company in FTMM through sale of 0.37 million (2018: 4.52 million) modaraba certificates at an average rate of Rs. 23.73.

32.3 Acquisition of Subsidary

Treet Battery Limited "the Subsidiary Company" was incorporated on 22 February 2019 as disclosed in note 1 and in the process of initiating its operations by the period end. On the same date, the Group acquired 99.64% of the share and voting interest in Treet Battery Limited. As a result, the Group obtains control of Treet Battery Limited.

Management estimates that consolidated revenue and profits have an immaterial effect and fair value adjustments would have been same as on the date of acquisition.

		Note	2019	2018
			(Rupees in thousand)	
33	REVENUE - NET			
	Blades and trading income	33.1	6,760,118	6,094,010
	Soaps	33.2	900,303	691,438
	Corrugated boxes	33.3	1,868,982	1,662,722
	Bikes	33.4	263,974	320,476
	Battery	33.5	1,760,070	322,189
	Hemodialysis concentrates (Pharmaceutical products)	33.6	417,077	319,441
	Services of THRM	33.7	1,536	-
			11,972,060	9,410,276

33.1 Blades and trading income

	2019	2018
Blades and razors		
Export sales	2,538,191	2,057,136
Less: Trade discount	(9,175)	-
	2,529,016	2,057,136
Local sales	5,034,908	4,555,991
Less: Sales tax	(794,195)	(695,304)
Trade discount	(104,910)	(141,405)
	4,135,803	3,719,282
Trading income		
Sale of batteries - gross	26,257	515,418
Less: Sales tax	(3,472)	(77,901)
Trade discount	(2,633)	(157,663)
	20,152	279,854
Trading income		
Sale of Chemical - gross	88,161	44,333
Less: Sales tax	(12,921)	(6,495)
Trade discount	(93)	(100)
	75,147	37,738
	6,760,118	6,094,010

33.2 Soaps

	2019	2018
Local Sales	1,093,066	841,518
Less: Sales tax	(192,155)	(148,462)
Trade discount	(608)	(1,618)
	(192,763)	(150,080)
	900,303	691,438

		2019	2018
		(Rupees in thousand)	
33.3	Corrugated boxes		
	Local Sales	2,173,367	1,938,792
	Less: Sales tax	(303,121)	(275,339)
	Trade discount	(1,264)	(731)
		(304,385)	(276,070)
		1,868,982	1,662,722
33.4	Bikes		
	Local Sales	317,369	385,067
	Less: Sales tax	(52,609)	(62,612)
	Trade discount	(786)	(1,979)
		(53,395)	(64,591)
		263,974	320,476
33.5	Battery		
	Local sales	2,101,686	403,166
	Export sales	81,736	-
	Less: Sales tax	(309,957)	(59,944)
	Trade discount	(113,395)	(21,033)
		(423,352)	(80,977)
		1,760,070	322,189
33.6	Hemodialysis concentrates (Pharmaceutical products)		
	Export sales	39,448	30,563
	Local sales	384,240	290,959
	Less: Trade discount	(6,611)	(2,081)
		377,629	288,878
		417,077	319,441
33.7	Services of THRM		
	Local sales	1,782	-
	Less: Sales tax	(246)	-
		1,536	-

33.8 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geograhical markets, major products and service line and timing of revenue recognition.

	Blades and trading operations		Soap		Corrugated boxes		Bikes		Battery		Hemodialysis concentrates		Human resource services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	---Rupees in thousands---															
Primary Geo-graphical Markets																
Asia	6,337,251	5,712,810	900,303	691,438	1,868,982	1,662,722	263,974	320,476	1,754,236	321,121	410,404	314,330	1,536	-	11,536,686	9,022,897
Africa	-	-	-	-	-	-	-	-	-	-	6,673	5,111	-	-	6,673	5,111
Europe	148,344	133,727	-	-	-	-	-	-	-	-	-	-	-	-	148,344	133,727
US	274,523	247,473	-	-	-	-	-	-	5,834	1,068	-	-	-	-	280,357	248,541
	6,760,118	6,094,010	900,303	691,438	1,868,982	1,662,722	263,974	320,476	1,760,070	322,189	417,077	319,441	1,536	-	11,972,060	9,410,276
Major Products / Service Lines																
Blades and trading operations	6,760,118	6,094,010	-	-	-	-	-	-	-	-	-	-	-	-	6,760,118	6,094,010
Soap	-	-	900,303	691,438	-	-	-	-	-	-	-	-	-	-	900,303	691,438
Corrugated boxes	-	-	-	-	1,868,982	1,662,722	-	-	-	-	-	-	-	-	1,868,982	1,662,722
Bikes	-	-	-	-	-	-	263,974	320,476	-	-	-	-	-	-	263,974	320,476
Battery	-	-	-	-	-	-	-	-	1,760,070	322,189	-	-	-	-	1,760,070	322,189
Hemodialysis concentrates	-	-	-	-	-	-	-	-	-	-	417,077	319,441	-	-	417,077	319,441
Human resource services	-	-	-	-	-	-	-	-	-	-	-	-	1,536	-	1,536	-
	6,760,118	6,094,010	900,303	691,438	1,868,982	1,662,722	263,974	320,476	1,760,070	322,189	417,077	319,441	1,536	-	11,972,060	9,410,276
Timing of revenue recognition																
Products transferred at a point in time	6,760,118	6,094,010	900,303	691,438	1,868,982	1,662,722	263,974	320,476	1,760,070	322,189	417,077	319,441	-	-	11,970,524	9,410,276
Services provided over the time	-	-	-	-	-	-	-	-	-	-	-	-	1,536	-	1,536	-
	6,760,118	6,094,010	900,303	691,438	1,868,982	1,662,722	263,974	320,476	1,760,070	322,189	417,077	319,441	1,536	-	11,972,060	9,410,276

		Note	2019	2018
			(Rupees in thousand)	
34	COST OF GOODS SOLD			
	Blades and trading operations	34.1	4,644,337	4,738,922
	Soaps	34.2	783,293	566,281
	Corrugated boxes	34.3	1,787,137	1,527,453
	Bikes	34.4	279,703	334,382
	Battery	34.5	2,905,161	522,839
	Hemodialysis concentrates (Pharmaceutical products)	34.6	325,539	253,208
			10,725,170	7,943,085

		Note	2019	2018
34.1	Cost of goods sold - blades			
	Raw and packing material consumed		2,356,368	1,956,598
	Stores and spares consumed		164,714	208,298
	Salaries, wages and other benefits	34.1.1	1,031,236	1,164,526
	Fuel and power		268,893	243,633
	Freight, octroi and handling		355,992	283,175
	Repair and maintenance		22,632	29,683
	Rent, rates and taxes		5,149	5,400
	Insurance		76,210	79,270
	Travelling and conveyance		24,453	18,785
	Printing and stationery		22,340	17,956
	Postage and telephone		8,005	7,373
	Legal and professional charges		926	332
	Entertainment		751	1,896
	Staff training		949	631
	Subscriptions		1,833	787
	Depreciation on property, plant and equipment	6.1.2	185,930	156,432
	Others		35,505	34,261
			4,561,886	4,209,036
	Opening stock of work-in-process	14	65,068	61,311
	Closing stock of work-in-process		(51,552)	(65,068)
	Cost of goods manufactured		4,575,402	4,205,279
	Opening stock of finished goods		148,377	234,914
	Finished goods purchased for resale - batteries and chemicals	14	100,233	447,106
	Closing stock of finished goods		(179,675)	(148,377)
			4,644,337	4,738,922

34.1.1 Salaries, wages and other benefits include Rs. 61.95 million (2018: Rs. 45.42 million) and Rs. 48.43 million (2018: Rs. 47.9 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2019	2018
			(Rupees in thousand)	
34.2	Soaps			
	Raw and packing material consumed		716,823	500,686
	Stores and spares consumed		4,204	4,265
	Salaries, wages and other benefits	34.2.1	31,449	48,816
	Fuel and power		15,939	7,479
	Travelling and conveyance		338	632
	Repair and maintenance		1,351	1,463
	Plant rental		12,260	11,779
	Insurance		1,697	2,860
	Depreciation on property, plant and equipment	6.1.2	2,809	2,773
	Rent, rates and taxes		-	177
	Manufacturing charges		5,993	4,896
			792,863	585,826
	Opening stock of work-in-process	14	547	1,438
	Closing stock of work-in-process		-	(547)
	Cost of goods manufactured		793,410	586,717
	Opening stock of finished goods	14	42,980	22,544
	Closing stock of finished goods		(53,097)	(42,980)
			783,293	566,281

34.2.1 Salaries, wages and other benefits include Rs. 0.36 million (2018: Rs. 2.45 million) in respect of contribution to staff retirement benefit plans.

		Note	2019	2018
34.3	Corrugated boxes			
	Raw and packing material consumed		1,392,283	1,116,401
	Stores and spares consumed		58,884	70,290
	Salaries, wages and other benefits	34.3.1	216,433	196,466
	Fuel and power		67,410	72,208
	Repair and maintenance		14,008	16,846
	Rent rates and taxes		827	441
	Insurance		7,033	4,231
	Travelling and conveyance		4,401	2,986
	Depreciation on property, plant and equipment	6.1.2	19,062	18,937
	Other expenses		10,096	5,750
			1,790,437	1,504,556
	Opening stock of work in process		10,723	35,353
	Closing stock of work in process	14	(6,319)	(10,723)
	Cost of goods manufactured		1,794,841	1,529,186
	Opening stock of finished goods		34,444	32,711
	Closing stock of finished goods	14	(42,148)	(34,444)
			1,787,137	1,527,453

34.3.1 Salaries, wages and other benefits include Rs. 3.54 million (2018: Rs. 9.06 million) in respect of contribution to staff retirement benefit plans.

		Note	2019	2018
			(Rupees in thousand)	
34.4	Bikes			
	Raw and packing material consumed	34.4.1	254,156	300,453
	Carriage inward		457	725
	Salaries, wages and other benefits	34.4.2	15,128	15,802
	Repair and maintenance		611	815
	Printing and stationery		680	516
	Freight and Handling		6,392	7,014
	Travelling and conveyance		267	235
	Depreciation on property, plant and equipment	6.1.2	2,044	2,044
	Other expenses		1,358	1,251
			281,093	328,855
	Opening stock of work-in-process	14	-	9,228
	Closing stock of work-in-process		-	-
	Cost of goods manufactured		281,093	338,083
	Opening stock of finished goods	14	5,680	1,979
	Closing stock of finished goods		(7,070)	(5,680)
			279,703	334,382

34.4.1 This includes import of engines of motor bikes amounting to Rs. 18.27 million (2018: Rs. 26.58 million).

34.4.2 Salaries, wages and other benefits includes Rs. 0.22 million (2018: Rs. 0.15 million) and Rs. 0.36 million (2018: Rs. 0.39 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2019	2018
34.5	Battery			
	Raw material and packing material consumed		1,974,592	563,638
	Stores and spares consumed		44,752	-
	Salaries, wages and other benefits	34.5.1	341,289	127,284
	Fuel and power		329,516	86,754
	Repair and maintenance		45,696	20,222
	Rent, Rates and taxes		947	96
	Insurance		23,224	1,625
	Traveling and conveyance		25,132	16,724
	Depreciation on property, plant and equipment	6.1.2	390,521	107,148
	Other manufacturing expenses		27,332	6,399
			3,203,001	929,890
	Elimination of trial production cost		-	(16,489)
			3,203,001	913,401
	Opening stock of work in process	14	242,745	-
	Closing stock of work in process		(587,427)	(242,745)
	Cost of goods manufactured		2,858,319	670,656
	Opening stock of finished goods	14	147,817	-
	Closing stock of finished goods		(100,975)	(147,817)
			2,905,161	522,839

34.5.1 Salaries, wages and other benefits include Rs. 1.59 million (2018: Rs. 7.98) in respect of contribution to staff retirement benefit plans.

	Note	2019	2018
		(Rupees in thousand)	
34.6 Hemodialysis concentrates (Pharmaceutical products)			
Raw and packing material consumed		261,327	179,500
Salaries wages and other benefits	34.6.1	36,071	44,990
Repair and maintenance		4,124	3,721
Fuel and power		3,622	2,228
Rent, Rates and taxes		94	1,215
Printing and stationery		847	785
Postage and telephone		926	489
Legal and professional		1,463	560
Entertainment		195	103
Travelling		2,542	4,444
Insurance		1,772	1,536
Depreciation on property, plant and equipment	6.1.2	7,778	6,823
Other manufacturing expenses		7,365	7,216
		328,126	253,610
Opening stock of work in process	14	675	675
Closing stock of work in process		(675)	(675)
Cost of goods manufactured		328,126	253,610
Opening stock of finished goods	14	5,300	4,898
Closing stock of finished goods		(7,887)	(5,300)
		325,539	253,208

34.6.1 Salaries, wages and other benefits include Rs. 2.90 million (2018: Rs. 1.95 million) in respect of contribution to staff retirement benefit plans.

35 ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, wages and other benefits	35.1	289,457	232,548
Repairs and maintenance		3,513	3,471
Rent, rates and taxes		1,746	3,016
Traveling and conveyance		21,006	14,588
Entertainment		1,717	988
Insurance		2,306	1,758
Postage and telephone		1,593	1,758
Printing and stationery		2,946	2,813
Legal and professional charges	35.2	49,505	40,929
Donations	35.3 & 35.4	211,427	115,568
Computer expenses		8,939	6,054
Directors' fee		960	499
Subscription		983	1,579
Depreciation on property, plant and equipment	6.1.2	42,127	33,156
Amortization on intangible asset		8,376	8,376
Other expenses		18,907	19,534
		665,508	486,635

35.1 Salaries and other benefits include Rs. 9.52 million (2018: Rs. 7.56 million) and Rs. 13.41 million (2018: Rs. 8.34 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2019	2018
		(Rupees in thousand)	
35.2 Legal and professional charges include the following in respect of auditors' remuneration:			
Audit fees of Holding Company		2,211	1,711
Audit fees of Subsidiary Companies		1,855	1,856
Half yearly reviews		670	670
Out of pocket expenses		471	306
Other services		3,153	2,515
		8,360	7,058

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

	Note	2019	2018
Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)		779	4,822
Society for Cultural Education	35.3.1	207,377	108,723
		208,156	113,545

35.3.1 Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860. SCE although does not have any share capital, the Company is entitled to nominate 70% of the members as well as governing body of SCE. The amount is given as donation to meet the working capital requirements of SCE for ongoing University project as is approved by the shareholders of the Holding Company in their Annual General Meeting held on 31 October 2018.

35.4 Donations to following organizations exceeds Rs. 0.5 million:

	2019	2018
Cancer Care Hospital and Research Centre	2,500	1,000
Information Technology University	-	500
	2,500	1,500

		Note	2019	2018
			(Rupees in thousand)	
36	DISTRIBUTION COST			
	Salaries, wages and other benefits	36.1	443,117	375,425
	Repair and maintenance	36.2	24,270	60,561
	Electricity and gas		724	465
	Export commission		4,452	5,097
	Advertisement		567,637	463,333
	Bad debts written off		5,839	-
	Rent, rates and taxes		58,680	55,781
	Traveling and conveyance		69,659	50,040
	Printing and stationery		936	1,099
	Postage and telephone		7,633	7,129
	Depreciation on property, plant and equipment	6.1.2	17,664	15,724
	Legal and professional charges		189	1,041
	Other expenses		165,075	29,199
			1,365,875	1,064,894

36.1 Salaries and other benefits include Rs. 8.71 million (2018: Rs. 9.14 million) and Rs. 16.22 million (2018: Rs. 12.92 million) in respect of defined benefit schemes and defined contribution schemes respectively.

36.2 This includes Rs. 18.70 million (2018: Rs. 55.07 million) on account of claims against batteries in respect of trading operations of the Group.

		Note	2019	2018
37	FINANCE COST			
	Markup on short term borrowings		1,085,712	291,703
	Markup on participation term certificates		171,889	173,144
	Bank charges		28,791	21,067
			1,286,392	485,914

		Note	2019	2018
38	OTHER OPERATING EXPENSES			
	Realized exchange loss	38.1	56,098	18,245
	Workers' profit participation fund	17.5	22,566	2,017
	Interest on Workers' profit participation fund	17.5	142	224
	Workers' welfare fund	22.3	1,295	1,017
	Unrealized loss on short term investments at fair value through profit or loss		40,923	38,188
	Unrealized exchange loss		417	-
			121,441	59,691

38.1 This represents loss incurred due to actual currency fluctuations.

		Note	2019	2018
			(Rupees in thousand)	
39	OTHER INCOME			
	Income from financial assets			
	Profit on bank deposits	39.1	21,171	23,540
	Realized gain on short term investments at fair value through profit or loss		1,532	5,697
	Gain on hedging instrument		1,767	-
	Dividend income	39.2	3,783	4,587
			28,253	33,824
	Income from non-financial assets			
	Profit on disposal of property, plant and equipment	6.1.4	19,813	20,348
	Profit on disposal of held for sale land		18,865	-
	Profit on disposal of investment property		105	-
	Scrap sale		112,509	34,924
	Export rebate		54,623	33,247
	Reversal of excess impairment allowance	15.3	294	2,825
	Others		8,853	4,341
			215,062	95,685
			243,315	129,509

39.1 The income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 4.95 million (2018: Rs. 4.18 million).

39.2 Dividend income is received from the following:

	2019	2018
Shahtaj Textile Limited	2,345	4,342
Sunrays Textile Mills Limited	319	123
Techlogix International Limited	-	122
IGI Holdings Limited	1	-
Maqbool Textile Mills Limited	1,118	-
	3,783	4,587

		Note	2019	2018
40	TAXATION			
	Current			
	- For the year		122,188	88,519
	- For prior years		(2,027)	7,750
	Deferred			
	- For the year	12.1.2	41,742	44,972
			161,903	141,241
	Associate	9.2.1	14,579	10,436
		40.1	176,482	151,677

		2019	2018
		(Rupees in thousand)	
40.1	Tax charge reconciliation		
	Numerical reconciliation between tax expense and accounting profit		
	Loss before taxation	(1,948,764)	(478,835)
	Tax at 29% (2018: 30%)	(565,142)	(143,651)
	Tax effect of:		
	- Income under Final Tax Regime	(66,055)	128,912
	- Income on bonus shares	-	20,636
	- Tax credits	64,314	(4,281)
	- Impact of tax related to associate	14,579	10,436
	- Prior year tax	(2,981)	7,750
	- Minimum tax adjustment	(16,903)	-
	- Tax on undistributed profits	21,157	-
	- Tax rate adjustment	5,577	(5,432)
	- Permanent difference	-	141,796
	- Unrecognised loss	693,579	-
	- Not adjustable for tax purposes	28,357	(4,490)
		176,482	151,677

40.2 The Group's current tax provision has been computed based on minimum tax under section 113 of the Income Tax Ordinance, 2001 and final taxes paid under final tax regime, as adjusted by tax credits available under section 65-B of Income Tax Ordinance, 2001.

41 LOSS PER SHARE - BASIC AND DILUTED

i-Loss attributable to ordinary share holders:

		2019	2018
Loss for the year after taxation attributable to equity holders of the parent	Rupees in thousand	(2,070,587)	(629,139)

ii-Weighted-average number of ordinary shares:

		2019	2018
Weighted average number of shares	Number in thousand	163,116	158,554
Loss per share	Rupees	(12.69)	(3.97)

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

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	----------(Rupees in thousand)----------							
Managerial remuneration	36,073	34,909	22,785	19,911	-	-	181,092	146,276
Provident fund	-	-	1,519	1,308	-	-	8,439	6,663
Service fund	-	-	1,519	1,308	-	-	8,439	6,663
Housing fund	-	-	-	-	-	-	12,471	9,130
Superannuation fund - II	-	-	-	-	-	-	4,020	3,026
Benevolent fund	-	-	-	-	-	-	3,548	2,805
Bonus	-	-	16,226	13,809	-	-	92,153	71,794
Utilities	-	-	1,519	1,308	-	-	9,183	7,256
Medical	3,607	3,491	1,519	1,308	-	-	9,490	7,535
Fees	-	-	-	-	570	409	-	-
	39,680	38,400	45,087	38,952	570	409	328,835	261,148
Number of persons	1	1	2	2	5	5	39	33

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

42.2 The Company has contributed Rs. 2.89 million and Rs. 2.59 million in gratuity and superannuation fund respectively for key management personnel.

43 NUMBER OF EMPLOYEES

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

	2019	2018
	(Number of persons)	
- As at 30 June	3,051	2,898
- Average number of employees	2,975	2,760

44 Transactions and balances with related parties

The related parties comprise associated companies, other related group companies, directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 22 and remuneration of directors and key management personnel are disclosed in note 42. Other significant transactions with related parties are as follows.

	Relationship with the group	Relationship	Nature of transactions	2019	2018
				(Rupees in thousand)	
I	Related Parties				
	Packages Limited	Common directorship	Purchase of goods	195,374	166,023
			Sale of goods	109	79
	IGI General Insurance Limited	Common directorship	Purchase of services	119,945	57,974
	Cutting Edge (Private) Limited	Common directorship	Purchase of services	2,587	2,574
	Liaquat National Hospital	Common directorship	Sale of goods	-	15,451
	Loads Limited	Common directorship	Finance cost paid - PTC	7,582	7,582
	Hi - Tech Alloy Wheels Limited	Common directorship	Services Rendered	1,782	-
	Elite Brands Limited	Common directorship	Sale of goods	458,964	175,869
II	Post employment benefit plans				
	Superannuation fund		Contribution	37,412	35,410
	Gratuity fund		Contribution	43,563	25,942
	Provident fund		Contribution	33,786	26,572
	Service fund		Contribution	18,636	3,241
	Housing fund		Contribution	17,885	31,770
	Benevolent fund		Contribution	4,281	2,065
	Superannuation fund - II		Contribution	5,351	4,764

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

45 FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

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

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

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

45.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 1,533 million (2018: Rs. 2,113 million), the financial assets which are subject to credit risk amounted to Rs. 1,676.85 million (2018: Rs. 2,250.10 million).

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

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

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The management believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

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

	2019	2018
	(Rupees in thousand)	
Long term deposits	46,214	43,605
Trade debts	1,235,283	1,035,898
Loans, advances, deposits, prepayments and other receivables	36,360	53,246
Bank balances	214,694	980,151
	1,532,551	2,112,900

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

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 5.1.2.3;

- Local parties	979,548	820,756
- Foreign parties	255,735	215,142
	1,235,283	1,035,898

	2019		2018	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	------------------(Rupees in thousand)------------------			
The aging of trade debts at the reporting date is:				
Not past due	294,026	-	166,150	-
Less than 30 days	508,285	-	551,203	-
Past due 1 - 3 months	205,983	8,994	201,462	-
Above 3 months	262,770	26,787	152,020	34,937
Trade debts - gross	1,271,064	35,781	1,070,835	34,937

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

(ii) Credit quality of financial assets

The credit quality of financial assets at bank that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Banks					
MCIB Bank Limited	A-1	A	PACRA	1,580	4
NIB Bank Limited	A1+	AAA	PACRA	4,821	4,407
Faysal Bank Limited	A-1+	AA	PACRA	101,862	187,056
United Bank Limited	A-1+	AAA	JCR-VIS	19,391	5,583
Habib Bank Limited	A-1+	AAA	JCR-VIS	22,503	53,098
Askari Bank Limited	A-1+	AA+	PACRA	997	5,422
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,202	56,876
Bank of Punjab	A-1+	AA	PACRA	-	3,458
MCB Bank Limited	A-1+	AAA	PACRA	19,738	34,892
Silk Bank Limited	A-2	A-	JCR-VIS	1,686	3,985
Samba Bank Limited	A-1	AA	JCR-VIS	2	1
Bank Alfalah Limited	A-1+	AA+	PACRA	1,812	255,408
Bank Islami Pakistan Limited	A-1	A+	PACRA	610	16,103
Soneri Bank Limited	A-1+	AA-	PACRA	5,966	26,231
Sindh Bank Limited	A-1	A+	JCR-VIS	-	884
Dubai Islamic Bank Limited	A-1+	AA+	JCR-VIS	3,798	233,167
Allied Bank Limited	A-1+	AAA	PACRA	10,134	81,523
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA	17	988
JS Bank Limited	A1+	AA-	PACRA	1,359	1,031
Bank AlHabib Limited	A1+	AA+	PACRA	6,092	815
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,799	330
Meezan Bank Limited	A1+	AA	JCR-VIS	7,325	8,889
				214,694	980,151

45.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2019				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities					
Short term borrowings	13,066,427	13,066,427	13,066,427	-	-
Trade and other payables	1,096,471	1,096,471	1,096,471	-	-
Unclaimed dividend	13,274	13,274	13,274	-	-
Accrued mark-up	485,136	485,136	485,136	-	-
Long term deposits	1,214	1,214	-	1,214	-
Redeemable capital	178,166	178,161	178,161	-	-
Retention money	23,100	23,100	23,100	-	-
	14,863,788	14,863,783	14,862,569	1,214	-

	2018				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities					
Short term borrowings	9,700,404	9,700,404	9,700,404	-	-
Trade and other payables	799,938	799,938	799,938	-	-
Unclaimed dividend	13,335	13,335	13,335	-	-
Accrued mark-up	298,001	298,001	298,001	-	-
Long term deposits	1,214	1,214	-	1,214	-
Liability against purchase of land	56,426	56,426	56,426	-	-
Redeemable capital	357,583	538,248	179,416	358,832	-
Retention money	54,734	54,734	54,734	-	-
	11,281,635	11,462,300	11,102,254	360,046	-

45.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

45.4.1 Currency risk

The Group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars, GBP Pounds and Euros and on foreign currency bank accounts. The Group's exposure to foreign currency risk for US Dollars, GBP Pounds and Euros is as follows.

	2019	2018
	(Rupees in thousand)	
Outstanding letters of credit & creditors (US dollars)	226,336	740,904
Outstanding letters of credit (Euros)	136,616	84,398
Outstanding letters of credit (Pounds)	3,046	-

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2019	2018	2019	2018
Rupees per USD	143.05	113.30	164.50	121.60
Rupees per Euros	164.28	130.86	186.99	141.57
Rupees per Pound	104.23	-	208.45	-

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the above mentioned currencies with all other variables held constant, pre-tax loss would have been higher/ lower by Rs. 22.63 million (2018: Rs. 74.09 million) and Rs. 13.66 (2018: Rs. 8.44 million) and 0.30 million respectively, mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

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

45.4.2 Interest rate risk

At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments were as follows:

	2019	2018	2019	2018
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	4 .25- 10.50	4 - 7	146,717	639,894
Financial liabilities				
Floating rate instrument				
Short term borrowings	2.40 - 14.14	2.4-9.4	13,066,427	9,700,404

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% with all the other variables held constant, pre-tax loss for the year would have been higher/ lower by Rs. 184.02 million (2018: Rs 49.44 million), mainly as a result of higher/ lower interest expense on floating rate borrowings.

45.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have impacted the Group's profit in case of held for trading investments is as follows:

	2019	2018
	(Rupees in thousand)	
Effect on profit and loss	(43,535)	(46,248)
Effect on investments	(43,535)	(46,248)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss, equity and assets of the Group.

45.5 Fair value measurement of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit or loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)									
30-Jun-19											
Financial assets - measured at fair value											
Long term available for sale investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short term investments	16	-	435,348	-	-	-	435,348	435,348	-	-	435,348
		1,555	435,348	-	-	-	436,903	435,348	-	1,555	436,903
Financial assets - not measured at fair value											
Long term deposits	11	-	-	46,214	-	-	46,214	-	-	-	-
Trade debts	15	-	-	1,235,283	-	-	1,235,283	-	-	-	-
Advances, prepayments and other receivables	17	-	-	36,360	-	-	36,360	-	-	-	-
Cash and bank balances	18	-	-	-	358,990	-	358,990	-	-	-	-
		-	-	1,317,857	358,990	-	1,676,847	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	21	-	-	-	-	13,066,427	13,066,427	-	-	-	-
Trade and other payables	22	-	-	-	-	1,096,471	1,096,471	-	-	-	-
Unclaimed dividend		-	-	-	-	13,274	13,274	-	-	-	-
Accrued mark-up	23	-	-	-	-	485,136	485,136	-	-	-	-
Long term deposits		-	-	-	-	1,214	1,214	-	-	-	-
Redeemable capital	25	-	-	-	-	178,166	178,166	-	-	-	-
Retention money	20	-	-	-	-	23,100	23,100	-	-	-	-
		-	-	-	-	14,863,788	14,863,788	-	-	-	-

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit or loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		--(Rupees in thousand)--									
30-Jun-18											
Financial assets - measured at fair value											
Long term available for sale investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short term investments	16	-	462,484	-	-	-	462,484	462,484	-	-	462,484
		1,555	462,484	-	-	-	464,039	462,484	-	1,555	464,039
Financial assets - not measured at fair value											
Long term deposits	11	-	-	43,605	-	-	43,605	-	-	-	-
Trade debts	15	-	-	1,035,898	-	-	1,035,898	-	-	-	-
Advances, prepayments and other receivables	17	-	-	53,246	-	-	53,246	-	-	-	-
Cash and bank balances	18	-	-	-	1,118,210	-	1,118,210	-	-	-	-
		-	-	1,132,749	1,118,210	-	2,250,959	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	21	-	-	-	-	9,700,404	9,700,404	-	-	-	-
Trade and other payables	22	-	-	-	-	799,938	799,938	-	-	-	-
Unclaimed dividend		-	-	-	-	13,335	13,335	-	-	-	-
Accrued mark-up	23	-	-	-	-	298,001	298,001	-	-	-	-
Long term deposits	24	-	-	-	-	1,214	1,214	-	-	-	-
Liability against purchase of land	20	-	-	-	-	56,426	56,426	-	-	-	-
Redeemable capital	25	-	-	-	-	357,583	357,583	-	-	-	-
Retention money	20	-	-	-	-	54,734	54,734	-	-	-	-
		-	-	-	-	11,281,635	11,281,635	-	-	-	-

45.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is effective

45.7 Capital risk management

The Group`s policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitor the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitor the level of profit attributed to ordinary shareholders.

The Group's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

The debt to equity ratios were as follows:

	2019	2018
	(Rupees in thousand)	
Total debt	13,267,693	10,169,147
Total equity and debt	23,414,016	18,876,743
Debt to equity ratio	57%	54%

The Group is not subject to externally imposed capital requirements.

46 OPERATING SEGMENTS

46.1 Geographical Information

Significant sales are made by the Group in the following countries:

	2019	2018
Pakistan	9,403,596	7,322,577
Saudi Arabia	514,322	511,192
United Arab Emirates	283,592	306,847
China	356,329	255,900
Bangladesh	246,110	189,865
Jordan	44,259	27,417
Singapore	234,951	163,489
Sri Lanka	111,107	-
Yemen	131,941	56,045
Brazil	-	57,398
Lebanon	148,344	97,013
Uzbekistan	129,147	80,946
Tajikistan	68,417	-
Other countries	299,945	341,587
	11,972,060	9,410,276

Sales are attributed to countries on the basis of the customers' location.

46.2 Business segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns, that are different from those of other business segments. As at 30 June 2019 the Group is engaged into following main business segments:

(i) Manufacture and sale of blades;
(ii) Manufacture and sale of soaps
(iii) Manufacture and sale of corrugated boxes
(iv) Assembling and sale of motor bikes
(v) Manufacture and sale of battery;
(vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products).

46.3	Note	Blades 2019	Blades 2018	Battery 2019	Battery 2018	Soaps 2019	Soaps 2018	Corrugated boxes 2019	Corrugated boxes 2018	Bikes 2019	Bikes 2018	Pharmaceutical Products 2019	Pharmaceutical Products 2018	Others 2019	Others 2018	Total 2019	Total 2018
		-----	-----	-----	-----	-----	-----	-----	Rupees in thousand	-----	-----	-----	-----	-----	-----	-----	-----
Revenue																	
- external customers		7,661,260	7,172,878	2,209,679	410,501	1,093,066	841,518	2,133,322	1,902,013	317,369	371,633	423,688	321,522	1,782	-	13,840,166	11,020,065
- inter segment		-	-	-	-	-	-	40,045	36,779	-	13,434	-	-	-	-	40,045	50,213
		7,661,260	7,172,878	2,209,679	410,501	1,093,066	841,518	2,173,367	1,938,792	317,369	385,067	423,688	321,522	1,782	-	13,880,211	11,070,278
Less : Sales tax		807,116	779,700	313,429	59,944	192,155	148,462	303,121	275,339	52,609	62,612	-	-	246	-	1,668,676	1,326,057
Trade discount		114,178	299,168	116,028	21,033	608	1,618	1,264	731	786	1,979	6,611	2,081	-	-	239,475	326,610
Trial run cost		-	-	-	7,335	-	-	-	-	-	-	-	-	-	-	-	7,335
		921,294	1,078,868	429,457	88,312	192,763	150,080	304,385	276,070	53,395	64,591	6,611	2,081	246	-	1,908,151	1,660,002
Net revenue		6,739,966	6,094,010	1,780,222	322,189	900,303	691,438	1,868,982	1,662,722	263,974	320,476	417,077	319,441	1,536	-	11,972,060	9,410,276
Cost of sales		4,644,337	4,455,747	2,905,161	522,839	783,293	566,281	1,787,137	1,527,453	279,703	327,368	325,539	253,208	-	-	10,725,170	7,652,896
Gross profit / (loss)		2,095,629	1,638,263	(1,124,939)	(200,650)	117,010	125,157	81,845	135,269	(15,729)	(6,892)	91,538	66,233	1,536	-	1,246,890	1,757,380
Inter company / inter segment - net sales		-	-	-	-	-	-	40,045	73,608	-	13,434	-	-	-	-	40,045	87,042
Inter company / inter segment - purchases		(24,902)	(25,946)	-	-	-	(36,779)	-	-	-	(13,434)	(15,143)	(10,883)	-	-	(40,045)	(87,042)
Gross profit / (loss) - segment wise		2,070,727	1,612,317	(1,124,939)	(200,650)	117,010	88,378	121,890	208,877	(15,729)	(6,892)	76,395	55,350	1,536	-	1,246,890	1,757,380
Administrative expenses	35																
Allocated		575,335	404,100	5,811	30,089	36,698	3,359	25,502	25,977	2,926	6,274	8,495	10,054	1,464	-	656,231	479,853
Unallocated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,276	6,782
Distribution cost	36	880,663	1,092,838	8,896	53,118	260,054	19,579	172,015	131,675	18,190	28,649	26,057	29,224	-	-	1,365,875	1,355,083
Segment results - Operating loss		614,729	115,379	(1,139,646)	(283,857)	(179,742)	65,440	(75,627)	51,225	(36,845)	(41,815)	41,842	16,072	72	-	(784,493)	(84,338)
Impairment loss on trade debts	15.3															(8,700)	(9,019)
Finance cost	37															(1,286,392)	(485,914)
Other operating expenses	38															(121,441)	(59,691)
Other income	39															243,315	129,509
																(1,957,711)	(509,453)
Share of profit of associate including dilution gain																8,947	30,618
Profit before taxation																(1,948,764)	(478,835)
Taxation																(176,482)	(151,677)
Profit after taxation																(2,125,246)	(630,512)
46.3.1 Segment assets	46.3.2.1	1,379,560	1,015,238	10,310,032	9,332,033	187,104	187,354	2,678,626	2,464,654	142,316	145,534	235,792	136,116	27,471	-	14,960,901	13,280,929
Unallocated assets																11,262,178	7,716,154
Total Assets																26,223,079	20,997,083
46.3.2 Segment liabilities	48.3.2.2	10,549,589	8,791,134	442,035	175,112	614,899	455,324	1,063,998	1,559,812	136,876	17,565	445,978	77,023	19,214	-	13,272,589	11,075,970
Unallocated liabilities																1,915,786	855,719
																15,188,375	11,931,689

46.3.2.1 Unallocated assets includes property, plant and equipment, investment property, long term investment, loans, advances, deposits, prepayments and other receivables, deferred taxation, short term investments, cash and bank, long term loans and advances and long term deposits. All non current assets of the Group as at the reporting date are located in Pakistan. The battery segment is expected to commence production in the next financial year for this reason there is no operational results.

46.3.2.2 Unallocated liabilities include deferred liabilities, redeemable capital, unclaimed dividend and long term deposits.

	Note	2019	2018
		(Rupees in thousand)	
47 CASH USED IN FROM OPERATIONS			
Loss before taxation		(1,948,764)	(478,835)
Adjustments for non cash items:			
Finance cost		1,286,392	485,914
Depreciation on property, plant and equipment	6.1.2	667,935	345,523
Unrealised exchange loss	8	417	5,128
Amortization on intangible asset		8,376	8,376
Provision for gratuity		47,172	32,052
Provision for superannuation		39,504	28,455
Profit on bank deposits		(21,171)	(23,540)
Impairment allowance		8,700	9,019
Profit on sale of property, plant and equipment		(19,813)	(20,348)
Profit on sale of investment property		(105)	-
Reversal of excess impairment allowance		(294)	(2,825)
Provision for WPPF and WWF		23,861	3,034
Unrealized loss on investment at fair value through profit and loss account		40,923	38,188
Share of profit from associate		(8,947)	(30,618)
Recognition of fair value charge of shares under ESOS		23,593	-
Dividend income		(3,783)	(4,587)
		2,092,760	873,771
Operating profit before working capital changes		143,996	394,936
(Increase) / decrease in current assets:			
Stores and spares		(19,776)	1,649
Stock in trade		(1,006,313)	(600,243)
Trade debtors		(207,791)	(153,748)
Short term investment		(13,787)	71,015
Loans, advances, deposits, prepayments and other receivables		(356,181)	(491,518)
		(1,603,848)	(1,172,845)
Increase / (decrease) in current liabilities:			
Trade and other payables		240,153	(7,080)
		(1,219,699)	(784,989)

	Note	2019	2018
48 CASH AND CASH EQUIVALENT			
Cash and bank balances	18	358,990	1,118,210
Short term running finance - secured	21	(10,324,039)	(6,970,283)
		(9,965,049)	(5,852,073)

49 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities						Equity					
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital / premium	Employee Stock Option Compensation Reserve	Non Controlling Interest	Reserves	Unappropriated profit	Total
	--------------------	--------------------	--------------------	--------------------	--------------------	(Rupees in thousand)	--------------------	--------------------	--------------------	--------------------	--------------------	
As at 30 June 2018 - as previously reported	357,583	2,340,121	390,000	13,335	298,001	1,214	6,093,140	-	357,734	778,970	532,119	11,162,217
Adjustment on initial application of IFRS - 9	-	-	-	-	-	-	-	-	-	(7,038)	7,038	-
Adjusted balance as at 01 July 2018	357,583	2,340,121	390,000	13.335	298,001	1,214	6,093,140	-	357,734	771,932	539,157	11,162,217
Changes from financing cash flows												
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	48,774	-	-	-	-	48,774
Proceeds from borrowing	-	2,462,388	-	-	-	-	-	-	-	-	-	2,462,388
Repayment of borrowings	-	(2,160,121)	(290,000)	-	-	-	-	-	-	-	-	(2,450,121)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	-	-	(6,273)
Cash received from Non Controlling Interest	-	-	-	(61)	-	-	-	-	8,851	-	-	8,791
Total changes from financing cash flows	(6,273)	302,267	(290,000)	(61)	-	-	48,774	-	8,851	-	-	63,559
Other changes including non- cash												
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	-	-
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	23,593	-	-	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	13,071	(13,071)	-	-	-	-
Surplus transferred to accumulated loss on account ofsale of land classified as held for sale	-	-	-	-	-	-	-	-	-	-	4,575	4,575
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(25,965)	-	(2,151,273)	(2,177,239)
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	4	-	-	4
Acquisition by NCI without change in control	-	-	-	-	-	-	-	-	(1,278)	-	1,278	-
Finance cost paid	-	-	-	-	(1,099,257)	-	-	-	-	-	-	(1,099,257)
Finance cost	-	-	-	-	1,286,392	-	-	-	-	-	-	1,286,392
Total liability related other changes	(173,144)	-	-	-	187,135	-	186,215	10,522	(27,240)	-	(2,145,420)	(1,961,932)
As at 30 June 2019	178,166	2,642,388	100,000	13,274	485,136	1,214	6,328,129	10,522	339,346	771,932	(1,606,263)	9,263,844

	Liabilities						Equity				
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital/ premium	Non Con- trolling Interest	Reserves	Unappropriat- ed profit	Total
	(Rupees in thousand)										
As at 30 June 2017	537,000	1,703,044	390,000	18,643	350,859	1,214	5,739,503	192,213	778,970	1,255,027	10,966,473
Changes from financing cash flows											
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	37,623	-	-	-	37,623
Proceeds from borrowing	-	1,717,842	-	-	-	-	-	-	-	-	1,717,842
Repayment of borrowings	-	(1,080,765)	-	-	-	-	-	-	-	-	(1,080,765)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	-	(6,273)
Dividend paid	-	-	-	(5,308)	-	-	-	(152)	-	-	(5,460)
Cash received from Non Controlling Interest	-	-	-	-	-	-	-	242,112	-	-	242,112
Total changes from financing cash flows	(6,273)	637,077	-	(5,308)	-	-	37,623	241,960	-	-	905,079
Other changes including non- cash											
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	142,870	-	-	(142,870)	-
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	-	-	27,130	27,130
Changes in borrowings	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	-	(1,373)	-	(682,232)	(683,607)
Acquisition by NCI without change in control	-	-	-	-	-	-	-	(75,066)	-	75,066	-
Finance cost paid	-	-	-	-	(538,772)	-	-	-	-	-	(538,772)
Finance cost	-	-	-	-	485,914	-	-	-	-	-	485,914
Total liability related other changes	(173,144)	-	-	-	(52,858)	-	316,014	(76,439)	-	(722,906)	(709,335)
As at 30 June 2018	357,583	2,340,121	390,000	13,335	298,001	1,214	6,093,140	357,734	778,970	532,121	11,162,217

	Production capacity 2019	Production capacity 2018	Actual production 2019	Actual production 2018
50 PLANT CAPACITY AND PRODUCTION				
Blades - units in millions	2,140	2,110	2,066	2,033
Corrugated boxes - in metric tones	30,000	30,000	25,866	26,327
Bikes - in units	18,000	18,000	7,855	10,172
Soap - in metric tones	5,000	5,000	4,673	3,359
Batteries - numbers	1,200,000	1,200,000	277,640	87,140
Hemodialysis concentrates - in thousand session	2,124	2,124	2,124	1,560

Actual production was sufficient to meet the market demand. The variance of actual production from capacity is also related to production mix and market condition.

51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Holding Company.

52 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 04, 2019 have proposed a final bonus dividend for the year ended 30 June 2019 of Rs.Nil (2018: Rs. Nil) per share, amounting to Rs. Nil (2018: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 28, 2019. These financial statements do not reflect this dividend.

53 GENERAL

Corresponding figures have been re-arranged and reclassified wherever necessary, for the purposes of comparison.

LAHORE October 04, 2019	Syed Shahid Ali Chief Executive Officer	Amir Zia Chief Financial Officer	Muhammad Shafique Anjum Director

UNCONSOLIDATED

FINANCIAL STATEMENTS

For the year ended 30 June 2019

Independent Auditors' report

To the members of Treet Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

We have audited the annexed unconsolidated financial statements of Treet Corporation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, the comprehensive profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 5.19 and 30 to the unconsolidated financial statements\ The Company recognized revenue of Rs. 6,760 million from sale of goods to domestic as well as export customers during the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures, amongst others, included the following: • Obtaining an understanding of the process relating to revenue recognition and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards; • comparing the sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents; • comparing the sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in near and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period;

Independent Auditors' report

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
		• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	Valuation of Stock-in-trade Refer to notes 5.12 and 14 to the unconsolidated financial statements. As at 30 June 2019, the Company's carrying amount of stock-in-trade amounts to Rs. 898 million. We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock in trade.	Our audit procedures, amongst others, included the following: • Obtaining an understanding of internal controls over valuation of stock-in-trade and testing, their design, implementation and operating effectiveness; • assessing the appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock-in-trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.
3	Recoverability of investment in subsidiary Refer notes 5.8 and 9.1 to the unconsolidated financial statements. As at 30 June 2019, management conducted impairment test to assess the recoverability of the carrying value of the investments in subsidiaries. This was performed using discounted cash flow model. We identified assessing the carrying value of investment in subsidiary as a key audit matter because significant degree of management judgment is involved in assessing the recoverable amount.	Our audit procedures, amongst others, included the following: • discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • involving our internal valuation specialist to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis (i.e. growth rate, terminal values and the discount rate) used to derive the recoverable amount of the investment in subsidiary; and • comparing the recoverable amount with the cost of the investment to identify impairment, if any.
4	Revaluation of freehold land and building on freehold land Refer to notes 5.4, 6.1 and 29 to the unconsolidated financial statements. The Company follows the revaluation model for subsequent measurement of freehold land and buildings on freehold land. Latest revaluation was carried on 30 June 2019. The revaluation was performed by an external professional valuer engaged by the Company. We identified the revaluation of the Company's freehold land and building on freehold land as a key audit matter because the valuation involves a significant degree of judgment and estimation.	Our audit procedures, amongst others, included the following: • obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of freehold land and building on freehold land was based; • evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation; • involving our valuation expert to assist in evaluating the appropriateness of the valuation methodology and assessing the reasonableness of the key estimates and assumptions adopted in the valuation report by the valuer engaged by the Company; and • assessing the completeness, appropriateness and adequacy of the disclosure in the Company's financial statements with regard to the revaluation performed.

Information other than the Unconsolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Kamran Iqbal Yousafi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

LAHORE
Date: October 04, 2019

Statement of financial position

As at 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	6,125,918	3,058,815
Investment property	7	12,896	19,384
Intangible asset	8	21,704	30,080
Long term investments	9	6,204,687	5,248,094
Long term loans	10	1,973	623
Long term security deposits	11	23,644	19,757
Deferred taxation	12	-	32,530
		12,390,822	8,409,283
Current assets			
Stores and spares	13	193,513	189,401
Stock in trade	14	898,201	606,005
Trade debts	15	287,846	267,764
Short term investments	16	431,865	458,506
Loans, advances, deposits, prepayments and other receivables	17	7,507,794	6,751,453
Cash and bank balances	18	198,581	151,549
		9,517,800	8,424,678
Assets held for sale	9.1.2	-	964,054
		9,517,800	9,388,732
Liabilities			
Current liabilities			
Current portion of redeemable capital	23	178,166	179,417
Short term borrowings	19	8,755,727	7,753,403
Trade and other payables	20	624,455	681,761
Unclaimed dividend		13,240	13,301
Accrued mark-up	21	390,371	277,666
Provision for taxation		95,945	65,003
		10,057,904	8,970,551
Net current (liabilities) / assets		(540,104)	418,181
Non-current liabilities			
Long term deposits	22	1,214	1,214
Redeemable capital	23	-	178,166
Deferred liabilities - Employee retirement benefits	24	481,508	325,698
Deferred taxation	12	13,959	-
		496,681	505,078
Contingencies and commitments	26		
		11,354,037	8,322,386
Represented by:			
Authorized capital			
250,000,000 (2018: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2018: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	27	1,654,508	1,600,846
Reserves	28	4,952,077	4,760,228
Fair value reserve on investment		(7,038)	-
Unappropriated profit		904,360	695,265
Surplus on revaluation of land and buildings - net of tax	29	3,850,130	1,266,047
		11,354,037	8,322,386

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

LAHORE October 04, 2019	Syed Shahid Ali Chief Executive Officer	Amir Zia Chief Financial Officer	Muhammad Shafique Anjum Director

Statement of profit or loss

For the year ended 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Revenue - net	30	6,760,118	6,094,956
Cost of sales	31	(4,542,466)	(4,674,810)
Gross profit		2,217,652	1,420,146
Administrative expenses	32	(581,147)	(404,100)
Distribution cost	33	(889,558)	(914,721)
		(1,470,705)	(1,318,821)
Operating profit		746,947	101,325
Finance cost	34	(973,198)	(577,503)
Other operating expenses	35	(82,715)	(41,370)
		(1,055,913)	(618,873)
Other income	36	732,108	531,218
Profit before taxation		423,142	13,670
Taxation	37	(140,515)	(96,694)
Profit / (loss) after taxation		282,627	(83,024)
Earnings / (loss) per share - basic and diluted (Rupees)	38	1.73	(0.52)

The annexed notes 1 to 49 form an integral part of these unconsolidated 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	2018
	(Rupees in thousand)	
Profit / (loss) after taxation	282,627	(83,024)
Other comprehensive income		
Items that will never be reclassified to statement of profit or loss:		
- Re-measurement of employee retirement benefits - net of tax	(89,464)	(62,558)
- Surplus on revaluation of freehold land and building - net of tax	2,593,027	-
Total comprehensive income / (loss) for the year	2,786,190	(145,582)

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

LAHORE	Syed Shahid Ali	Amir Zia	Muhammad Shafique Anjum
October 04, 2019	Chief Executive Officer	Chief Financial Officer	Director

Statement of cash flows

For the year ended 30 June 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash generated from / (used in) operations	39	640,540	(1,299,282)
Taxes paid		(65,818)	(123,620)
Finance cost paid		(860,493)	(648,476)
WPPF (paid) / refund		-	(10,983)
Payment to gratuity fund		(24,930)	(25,613)
Payment to superannuation fund		(14,229)	(35,410)
Long term loans and deposits - net		(5,237)	(207)
		(970,707)	(844,309)
Net cash used in operating activities		(330,167)	(2,143,591)
Cash flows from investing activities			
Fixed capital expenditure		(703,843)	(458,349)
Proceeds from disposal of property, plant and equipment		35,242	36,827
Proceeds from disposal of long term investments in subsidiary		8,851	137,336
Short term investments - net		(13,756)	71,017
Profit received on bank deposits		5,941	3,587
Dividend received		-	126,926
Net cash used in investing activities		(667,565)	(82,656)
Cash flows from financing activities			
Proceeds from issue of share capital under ESOS		48,774	37,623
Short term borrowings - net		302,267	637,077
Loan from Chief Executive Officer - interest free, unsecured		(340,000)	-
Redemption of participation term certificates		(6,273)	(6,273)
Dividend paid		(61)	(5,328)
Net cash generated from financing activities		4,707	663,099
Net decrease in cash and cash equivalents		(993,025)	(1,563,148)
Cash and cash equivalents at beginning of year		(4,871,733)	(3,308,585)
Cash and cash equivalents at end of year	40	(5,864,758)	(4,871,733)

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

LAHORE	Syed Shahid Ali	Amir Zia	Muhammad Shafique Anjum
October 04, 2019	Chief Executive Officer	Chief Financial Officer	Director

Statement of changes in equity

For the year ended 30 June 2019

	Note	Share Capital	Share Premium	Capital Reserve	Surplus on revaluation of land and buildings - net of tax	Employee Stock Option Compensation Reserve	Fair value reserve on investment	General Reserve	Un-appropriated Profit	Total
		Capital Reserves						Revenue Reserves		
		----------(Rupees in thousand)----------								
Balance as at 30 June 2017		1,421,436	4,318,972	629	1,273,982	-	-	266,400	974,863	8,256,282
Total comprehensive loss for the year										
Loss for the year		-	-	-	-	-	-	-	(83,024)	(83,024)
Other comprehensive loss		-	-	-	-	-	-	-	(62,558)	(62,558)
		-	-	-	-	-	-	-	(145,582)	(145,582)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax		-	-	-	(8,854)	-	-	-	8,854	-
Effect of change in tax rate on account of surplus on revaluation of buildings		-	-	-	919	-	-	-	-	919
<u>Transactions with owners of the Company, Contributions and distributions</u>										
Conversion of PTCs into ordinary shares @ 0.07 share per PTC		29,275	143,869	-	-	-	-	-	-	173,144
Issuance of shares as fully paid bonus share @10%		142,870	-	-	-	-	-	-	(142,870)	-
Issuance of shares under employee stock option scheme		7,265	30,358	-	-	-	-	-	-	37,623
		179,410	174,227	-	-	-	-	-	(142,870)	210,767
Balance as at 30 June 2018 as previously reported		1,600,846	4,493,199	629	1,266,047	-	-	266,400	695,265	8,322,386
Adjustment on initial application of IFRS 9, net of tax	5.1.2.2	-	-	-	-	-	(7,038)	-	7,038	-
Adjusted balance at 01 July 2018		1,600,846	4,493,199	629	1,266,047	-	(7,038)	266,400	702,303	8,322,386
Total comprehensive Income for the year										
Profit for the year		-	-	-	-	-	-	-	282,627	282,627
Other comprehensive income		-	-	-	2,593,027	-	-	-	(89,464)	2,503,563
		-	-	-	2,593,027	-	-	-	193,163	2,786,190
Incremental depreciation relating to surplus on revaluation of buildings - net of tax		-	-	-	(8,894)	-	-	-	8,894	-
Effect of change in tax rate on account of surplus on revaluation of buildings		-	-	-	(50)	-	-	-	-	(50)
<u>Transactions with owners of the Company, Contributions and distributions</u>										
Conversion of PTCs into ordinary shares @ 0.07 share per PTC		29,275	143,869	-	-	-	-	-	-	173,144
Issuance of shares under employee stock option scheme		24,387	24,387	-	-	-	-	-	-	48,774
Recognition of fair value charge of shares under employee share option scheme (ESOS)		-	-	-	-	23,593	-	-	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)		-	13,071	-	-	(13,071)	-	-	-	-
		53,662	181,327	-	-	10,522	-	-	-	245,511
Balance as at 30 June 2019		1,654,508	4,674,526	629	3,850,130	10,522	(7,038)	266,400	904,360	11,354,037

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

LAHORE	Syed Shahid Ali	Amir Zia	Muhammad Shafique Anjum
October 04, 2019	Chief Executive Officer	Chief Financial Officer	Director

Notes to the financial statements

For the year ended 30 June 2019

1 Status and nature of the business

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

2 Basis of preparation

2.1 Separate financial statements

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

The Company has the following long term investments:

	2019	2018
Name of Company	(Direct holding percentage)	
Subsidiaries		
- Treet Holdings Limited	85.93	85.93
- First Treet Manufacturing Modaraba	87.35	87.54
- Global Arts Limited	88.76	88.76
- Renacon Pharma Limited	45.45	45.45
Associate		
- Loads Limited	12.49	12.49

2.2 Statement of compliance

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

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

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

2.3 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, investment in listed securities and financial instruments that are stated at their fair values and recognition of employee retirement benefits that are stated at present value. The methods used to measure fair values are discussed further in their respective policy notes.

2.4 Functional and presentation currency

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

3 Use of estimates and judgments

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

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

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

		Note
-	Employee retirement benefits	5.2
-	Taxation	5.3
-	Depreciation method, residual values and useful lives of property, plant and equipment	5.4
-	Impairment	5.9
-	Provisions	5.17
-	Contingent liabilities	5.24

4 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's unconsolidated financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

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

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

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

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

5 Summary of significant accounting policies

The significant accounting policies adopted in preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, except as described in note 5.1.

5.1 Changes in accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgment. The Company is manufacturing and sale of razors and razor blades along with other trading activities which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company except for the reclassification of freight cost previously disclosed in distribution cost to cost of sales. Accordingly, selling and distribution costs of Rs. 233.47 million (2018: Rs. 178.12 million) have been reclassified to cost of sales. There was no adjustment required to beginning retained earnings on 01 July 2018 as a result of adopting the standard. This reclassification has no impact on the reported Earning per Share ("EPS") of the corresponding year.

Similarly, the amounts received for future sale of goods were reclassified to 'contract liabilities' which were previously classified as "advances from customers".

Impact on financial statements

As at 01 July 2018, contract liabilities were increased by Rs. 38.39 million and advance from customers decreased by the same amount.

5.1.2 IFRS 9 - Financial instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.1.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and

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

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

Equity investments at fair value through profit or loss are measured at fair value. Net gains and losses and dividend income is recognized in statement of profit or loss account.

5.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018:

Financial Assets	Orignal classification under IAS 39	New classification under IFRS 9	Orignal carrying Amount	New carrying Amount
			(Rupees in thousand)	
Long term loans	Loans and receivable	Amortized cost	623	623
Deposits and others	Loans and receivable	Amortized cost	19,757	19,757
Trade debts	Loans and receivable	Amortized cost	267,764	267,764
Long term investment	Available for sale	FVOCI	1,555	1,555
Short term investments	Held for trading	FVTPL	458,506	458,506
Loan and advances	Loans and receivable	Amortized cost	6,194,992	6,194,992
Cash and bank balances	Loans and receivable	Amortized cost	151,549	151,549

Pursuant to the requirement of IFRS-9, accumulated impairment loss on available for sale investment of Rs. 7.04 million at 01 July 2018 previously recognized in profit and loss statement has been recorded in fair value reserve in Statement of Changes in Equity with corresponding effect in accumulated profit.

The accounting policies that apply to financial instruments are stated in note 5.10 to the unconsolidated financial statements.

5.1.2.3 Impairment of financial assets

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, long term loans to employees, intercompany loans and receivables, deposits and other receivables are also subject to ECL but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

- 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

5.2 Employee retirement benefits

Defined contribution plans

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

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

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

iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Company to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Company.

iv) An unrecognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation Fund - II" is in operation for the benefit of employees if the employee opts for it. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 12% of the basic salary.

v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Company and on option of the employee. Equal contributions are made monthly both by the Company and employees in accordance with the rules of the scheme at 20% of the basic pay.

Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2019. When calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the statement of profit or loss. The main features of defined benefit schemes are mentioned in note 24.

Employee Stock Option Scheme

The Company operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The Compensation Committee ("Committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 25.

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

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

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

5.3 Taxation

Current

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

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax loses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

5.4 Property, plant and equipment

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

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

Capitalization threshold

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

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

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

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

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

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

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

Capital work-in-progress

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

5.5 Investment property

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

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

5.6 Intangible assets

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

All intangibles are amortized over the period of five years on a straight line basis as referred in note 8 so as to write off the cost of an asset over its estimated useful life. Amortization on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

5.7 Non-current assets held for sale

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

Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

5.8 Investments

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

Investment in subsidiaries and associates

Investments in subsidiaries and associates where the Company has control / significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries and associates are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

5.9 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

Non-financial assets

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

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

5.10 Financial Instruments

5.10.1 Recognition and initial measurement

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

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

5.10.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

Amortized cost

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

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

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Fair value through profit or loss (FVTPL)

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Financial assets – Business model assessment:

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

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

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

Financial liabilities

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

Financial liabilities comprise trade and other payables and short term financing.

5.10.3 Derecognition

Financial assets

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

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

Financial liabilities

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

5.11 Stores and spares

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

5.12 Stock-in-trade

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

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

5.13 Trade debts, loans, deposits and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.14 Cash and cash equivalents

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

5.13 Borrowings

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

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

5.16 Trade and other payables

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

5.17 Provisions

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

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

5.18 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

5.19 Revenue recognition

(i) Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

(ii) Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

(iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

5.20 Contract liabilities

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

5.21 Borrowing costs

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

5.22 Research and development costs

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

5.23 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

5.24 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.25 Segment reporting

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

		Note	2019	2018
			(Rupees in thousand)	
6	Property, plant and equipment			
	Operating fixed assets	6.1	5,315,007	2,539,328
	Capital work-in-progress	6.2	810,911	519,487
			6,125,918	3,058,815

6.1 Property, plant and equipment

	Note	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2018	Additions/ (Deletions)	Revaluation surplus during the year	Cost as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
		%	---(Rupees in thousand)--							
Owned										
Freehold land	6.1.1	-	1,227,805	-	2,486,630	3,714,435	-	-	-	3,714,435
Buildings on freehold land		5	495,758	89,879	127,912	713,549	126,589	36,691	163,280	550,269
Plant & machinery		10	1,684,339	176,564 (550)	-	1,860,353	970,757	124,560 (550)	1,094,767	765,586
Furniture and equipment		10 - 25	108,889	59,323 (1,275)	-	166,937	62,908	14,114 (824)	76,198	90,739
Vehicles		20	333,021	86,652 (50,517)	-	369,156	150,230	60,671 (35,723)	175,178	193,978
2019			3,849,812	412,418 (52,342)	2,614,542	6,824,430	1,310,484	236,036 (37,097)	1,509,423	5,315,007

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2018	Additions/ (Deletions)	Revaluation surplus during the year	Cost as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
	%	---(Rupees in thousand)--							
Owned									
Freehold land	-	1,227,805	-	-	1,227,805	-	-	-	1,227,805
Buildings on free hold land	5	495,758	-	-	495,758	93,642	32,947	126,589	369,169
Plant & machinery	10	1,521,966	164,996 (2,623)	-	1,684,339	868,060	105,320 (2,623)	970,757	713,582
Furniture and equipment	10 - 25	92,998	17,069 (1,178)	-	108,889	54,092	9,770 (954)	62,908	45,981
Vehicles	20	280,763	107,015 (54,757)	-	333,021	138,039	50,692 (38,501)	150,230	182,791
2018		3,619,290	289,080 (58,558)	-	3,849,812	1,153,833	198,729 (42,078)	1,310,484	2,539,328

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

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Main Haali / Link Road Hyderabad	Manufacturing facility	5.49 Acres	98,696
72-b Main Peco Road, Kot Lakhpat Lahore	Head Office & Manufacturing facility	14.06 Acres	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.5 Acres	10,752
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Warehouse	10.76 Acres	82,913

	Note	2019	2018
		(Rupees in thousand)	
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	31	185,930	156,432
Administrative expenses	32	33,126	27,109
Distribution cost	33	16,980	15,188
		236,036	198,729
6.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:			
Land		111,933	111,933
Buildings		262,397	198,518
		374,330	310,451

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / Profit	Mode of disposal	Relationship with the Company	Particulars of purchaser
	(Rupees in thousand)							
Plant and machinery	550	550	-	150	150	Negotiation	Related Party/Third Party	Various
Furniture and equipment	1,274	823	451	289	(162)	Negotiation	Related Party/Third Party	Various
Vehicles								
Toyota Corolla Gli 1.3	1,863	834	1,029	1,148	119	Company scheme	Employee	Mr. Ali Zulqernain Bukhari
Honda Vezel Hybrid	1,825	699	1,126	1,215	89	Company scheme	Employee	Mr. Arshad Latif
Suzuki Swift Auto	1,511	455	1,056	1,664	608	Company scheme	Employee	Mr. Mr. Umer
Suzuki Wagon R	1,125	263	862	875	13	Company scheme	Employee	Mr. M. Naseem Khan
Suzuki Wagon R	1,069	225	844	901	57	Company scheme	Employee	Mr. Azhar Saeed Butt
Suzuki Mehran	625	125	500	625	125	Company scheme	Employee	Mr. Javaid Ijaz
Suzuki Mehran	625	86	539	625	86	Company scheme	Employee	Mr. Tariq Mahmood
Suzuki Mehran	625	86	539	625	86	Company scheme	Employee	Mr. Zain Pervaiz Bhatti
Suzuki Mehran	625	185	440	625	185	Company scheme	Employee	Mr. Amer Ahmad Khan
Suzuki Wagon-R	1,274	113	1,161	1,274	113	Company scheme	Employee	Mr. Tallat Mehmood
Others	39,351	32,653	6,698	25,226	18,528	Company scheme	Employees	Various
2019	52,342	37,097	15,245	35,242	19,997			
2018	58,558	42,078	16,480	36,827	20,348			

		Note	2019	2018
			(Rupees in thousand)	
6.2	Capital work-in-progress			
	Civil works		46,257	20,606
	Plant and machinery	6.2.1	727,213	433,039
	Advances for capital expenditure - considered good	6.2.2	37,441	65,842
			810,911	519,487

6.2.1 These represents plant and machinery and equipment in the course of development and installation.

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

7 Investment property

	Note	2019	2018
Cost as at 01 July		19,384	19,384
Additions during the year		-	-
Disposals during the year	7.1	(6,488)	-
Cost as at 30 June		12,896	19,384

These represent the following pieces of land:

- 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 13.50 million.

The value of investment property was determined by approved external, independent property valuer i.e. Muneeb State and Builders. The most significant input into this valuation is market value. The valuation is considered to be Level 3 in the fair value hierarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 44.5.

7.1 11 Kanal 1 Marla at 34 Km Ferozepur Road carried at cost amounting to Rs. 6.49 million has been disposed of against proceeds amounting to Rs. 6.59 million.

8 Intangible asset

Intangible asset represents computer software (ERP system)

8.1 Oracle computer software and implementation

	Note	2019	2018
<u>Cost</u>			
As at 01 July		41,882	41,110
Addition during the year		-	772
<u>Accumulated amortisation</u>			
As at 01 July		(11,802)	(3,426)
Amortisation for the year	32	(8,376)	(8,376)
Balance as at 30 June		21,704	30,080
Rate of amortisation		20%	20%

		Note	2019	2018
			(Rupees in thousand)	
9	Long term investments			
	In equity instruments of subsidiaries - at cost	9.1	6,040,603	6,048,064
	In equity instruments of associate - at cost	9.2	162,529	162,529
	Fair value through OCI	9.3	1,555	1,555
			6,204,687	6,212,148
	Less: Assets held for	9.1.2	-	(964,054)
			6,204,687	5,248,094

		Note	2019	2018
9.1	In equity instruments of subsidiaries - at cost			
	Treet Holdings Limited - unquoted 61,101,712 (2018: 61,101,712) fully paid ordinary shares of Rs. 10 each Equity held: 85.93 % (2018: 85.93 %) Chief Executive Officer - Syed Shahid Ali	9.1.1	611,017	611,017
	First Treet Manufacturing Modaraba - quoted 170,851,700 (2018: 171,224,700) fully paid certificates of Rs. 10 each Equity held: 87.35% (2018: 87.54%) Chief Executive Officer - Syed Shahid Ali	9.1.2	3,417,441	3,424,902
	Global Arts Limited - unquoted 160,540,320 (2018: 160,540,320) fully paid ordinary shares of Rs. 10 each Equity held: 88.76% (2018: 88.76%) Chief Executive Officer - Syed Shahid Ali	9.1.3	1,605,403	1,605,403
	Renacon Pharma Limited - unquoted 28,342,800 (2018: 28,342,800) fully paid ordinary shares of Rs. 10 each Equity held: 45.45% (2018: 45.45%) Chief Executive Officer - Dr. Salman Shakoh	9.1.4	406,742	406,742
			6,040,603	6,048,064
	Assets held for sale			
	First Treet Manufacturing Modaraba - quoted Nil (2018: 48,202,710) fully paid ordinary shares of Rs. 10 each (cost Rs. 20 per share)	9.1.2	-	(964,054)
			6,040,603	5,084,010

9.1.1 The Company directly owns 85.93% (2018: 85.93%) equity interest in Treet Holdings Limited (THL) while the remaining 14.07% (2018: 14.07%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited.

9.1.2 The Company directly owns 87.35% (2018: 87.54%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 10.02% (2018: 10.02%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Treet Holdings Limited. The decrease in equity interest is due to the sale of 0.37 million certificates during the year at an average rate of Rs. 23.73 per certificate.

The Company has changed its intention to sale its securities, previously classified as held for sale, and accordingly these have been reclassified to long term investments.

During the year, the Board of the Directors of the Modarba Management Company has decided in their meeting held on 21 January 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.

9.1.3 The Company directly owns 88.76% (2018: 88.76%) equity interest in Global Arts Limited ("GAL") while the remaining 11.24% (2018: 11.24%) equity interest is indirectly owned through the Company's subsidiaries, Treet Holdings Limited (wholly owned) and Renacon Pharma Limited ("RPL").

9.1.4 Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 45.45% (2018: 45.45%) equity interest in RPL and 10.39% (2018: 10.39%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited ("GAL").

		Note	2019	2018
			(Rupees in thousand)	
9.2	In equity instruments of associate - at cost			
	<u>Loads Limited - quoted</u>			
	18,895,057 (2018: 18,895,057) fully paid ordinary shares of Rs. 10 each	9.2.1	162,529	162,529
	Equity held: 12.49% (2018: 12.49%)			
	Chief Executive Officer - Munir K. Bana			
			162,529	162,529

9.2.1 The Company's investment in Loads Limited is less than 20% but it is considered to be an associate in accordance with the requirements of IAS - 28 "Investments in Associates" because the Company has significant influence over its financial and operating policies through representation on the Board. The market value at reporting date is Rs. 15.11 per share.

9.3 Fair value through OCI

<u>Techlogix International Limited - unquoted</u>

	Note	2019	2018
748,879 (2018: 748,879) fully paid ordinary shares of par value of USD 0.00015.			
Equity held: 0.71% (2018: 0.71%)			
Less: Provision for impairment			
Investment classified as available for sale		-	1,555
Investment classified as fair value through other comprehensive income		1,555	-
	9.3.1	1,555	1,555

9.3.1 Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Company intends to hold this investment of USD 112 (2018: USD 112) over the long term and realise its returns. During the year, the company received a return amounting to Rs. Nil (2018: Rs. 0.12 million).

		Note	2019	2018
			(Rupees in thousand)	
10	Long term loans			
	Loans to employees - secured, considered good	10.1	15,484	12,941
	Less : current portion of loan to employees - secured, considered good	17	(13,511)	(12,318)
			1,973	623

10.1 These are interest free loans to the Company's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 12.99 million (2018: Rs. 12.28 million) receivable from the executives of the Company. No loan has been given to directors or chief executive of the Company.

10.2 Reconciliation of the carrying amount of loans to executives:

	2019	2018
Balance as at 01 July	12,283	15,933
Disbursements during the year	20,682	15,064
Repayments during the year	(19,971)	(18,714)
Balance as at 30 June	12,994	12,283

10.3 The maximum amount due from the executives at the end of any month during the year was Rs. 3.44 million (2018: Rs. 2.75 million). The maximum amount due from the executives at the end of any month during the year was Rs. 3.44 million (2018: Rs. 2.75 million).

		Note	2019	2018
11	Long term security deposits			
	Long term security deposits	11.1	23,644	19,757

11.1 This represents deposits against utilities.

		Note	2019	2018
12	Deferred taxation	12.1	(13,959)	32,530

		Note	2019	2018
			(Rupees in thousand)	
12.1	Deferred tax (liability) / asset arises in respect of following temporary differences:			
	Taxable temporary differences on:		(71,148)	(58,572)
	- Accelerated tax depreciation		(40,245)	(20,477)
	- Surplus on revaluation of buildings		(111,393)	(79,049)
	Deductible temporary differences on:			
	- Unused tax losses		24,522	58,013
	- Capital loss on short term investments		6,060	5,588
	- Employee retirement benefits		66,551	47,722
	- Provision for doubtful debts		301	256
			97,434	111,579
			(13,959)	32,530

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

12.1.2 Movement in deferred tax asset / (liability) is as follows:

	2019	2018
Balance as at 01 July	32,530	58,633
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	(12,575)	(2,132)
- Surplus on revaluation of buildings	1,797	1,836
- Capital loss on short term investments	472	(5,901)
- Unused tax losses	(33,491)	(32,574)
- Provision for doubtful debts	44	32
	(43,753)	(38,739)
Recognized in other comprehensive income/equity:		
- Net off against re-measurement of employee retirement benefits recognized	18,829	11,717
- Effect of change in tax rate on account of surplus on revaluation of buildings	(50)	919
Net off against the surplus on revaluation of building	(21,515)	-
Balance as at 30 June	(13,959)	32,530

13 Stores and spares

	Note	2019	2018
Stores		79,871	59,928
Spares		113,642	129,473
	13.1	193,513	189,401

13.1 It includes stores and spares in transit amounting to Rs. 8.02 million (2018: Rs. 17.15 million).

		Note	2019	2018
			(Rupees in thousand)	
14	**Stock-in-trade**			
	Raw and packing material	14.1	666,974	395,318
	Work in process		51,552	65,068
	Finished goods	14.2	179,675	145,619
			898,201	606,005

14.1 It includes raw material in transit amounting to Rs. 135.97 million (2018: Rs. 38.55 million).

14.2 The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 0.91 million (2018: 2.76). It also includes finished goods - chemicals in transit amounting to Rs. 7.36 million (2018: Rs. Nil).

		Note	2019	2018
15	**Trade debts**			
	Foreign debtors			
	- secured - considered good		90,198	64,406
	- unsecured - considered good		165,537	150,736
			255,735	215,142
	Local debtors			
	- unsecured - considered good		32,111	52,622
			287,846	267,764
	Considered doubtful	15.1	1,785	1,785
			289,631	269,549
	Less: Provision for doubtful debts		(1,785)	(1,785)
			287,846	267,764

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

	2019	2018
Balance as at 01 July	1,785	1,785
Charge for the year	-	-
Balance as at 30 June	1,785	1,785

		Note	2019	2018
16	**Short term investments**			
	Investments at fair value through profit or loss			
	Listed equity securities	16.1	431,865	458,506

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

		Share / certificates		Carrying value		Market value	
		2019	2018	2019	2018	2019	2018
		Number	Number	---------------------(Rupees in thousand)---------------------			
	Sector /Companies						
a)	Banks						
	Silk Bank Limited	256,072,500	252,572,500	348,050	424,207	302,166	343,499
b)	Textile						
	Sunrays Textiles Mills Limited	27,200	30,600	4,566	6,044	6,135	5,216
	Shahtaj Textile Limited	868,400	868,400	69,463	115,002	84,113	69,463
	Maqbool Textiles Mills Limited	894,500	894,500	37,828	27,641	36,451	37,828
	Kohinoor Spinning Mills Limited	-	856,000	-	2,551	-	2,500
d)	Mutual Funds						
	JS investments	30,462	-	3,145	-	3,000	-
d)	Miscellaneous						
	Transmission Engineering Industries Limited	133,000	133,000	-	-	-	-
				463,052	575,445	431,865	458,506

16.2 Investments (shares of Silk Bank Limited and Shahtaj Textile Limited) to the extent of Rs. 203.80 million (cost of Rs. 242.48 million) are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 23.

		Note	2019	2018
			(Rupees in thousand)	
17	Loans, advances, deposits, prepayments and other receivables			
	Current portion of loan to employees - secured, considered good	10	13,511	12,318
	Advances to employees - secured, considered good	17.1	27,805	76,140
	Advances to suppliers - unsecured, considered good		39,048	51,365
	Margin deposits against letters of credits		6,971	3,785
	Prepayments	17.2	24,607	11,564
	Advances to associated undertakings - unsecured, considered good:			
	Loads Limited		5,426	70
	IGI Insurance Limited		-	127
		17.3	5,426	197
	Workers' profit participation fund	17.4	-	7,793
	Balances with statutory authorities:			
	Export rebate		82,218	61,950
	Collector of customs - custom duty		5,722	18,707
	Advance income tax		484,398	466,258
	Sales tax receivable		37,403	-
			609,741	546,915
	Receivable from broker against sale of investments		6,669	43,519
	Receivable from subsidiary company - First Treet Manufacturing Modaraba , unsecured - considered good	17.5 & 9.1.2	6,497,909	5,830,524
	<u>Other receivable - unsecured, considered good</u>			
	Related parties			
	Treet Holdings Limited		115,125	107,441
	Global Arts Limited		91,341	-
	Renacon Pharma Limited		303	124
	Treet Power Limited		4,555	4,555
	Treet HR Management (Private) Limited		16,152	-
	Superannuation Fund		2,590	1,161
	Service Fund		239	-
	Gratuity Fund		19,576	20,369
	Employees Housing Fund		23,662	31,770
		17.6	273,543	165,420
	Others		2,564	1,913
			7,507,794	6,751,453

17.1 These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 5.09 million (2018: Rs. 7.76 million) receivable from executives of the Company. No amount is advanced to CEO or directors of the Company.

17.2 Prepayments includes amount paid to IGI General Insurance Limited (associated undertaking) of Rs. 16.26 million (2018: Rs. 8.52 million).

17.3 These represent advances for purchase of goods or services under normal business trade as per the agreed terms and are interest free.

		Note	2019	2018
			(Rupees in thousand)	
17.4	Workers profit participation fund			
	Balance as at 01 July		7,793	(2,470)
	Charge for the year		(21,157)	(720)
			(13,364)	(3,190)
	Payments during the year		-	10,983
	Balance as at 30 June	20	(13,364)	7,793

17.5 It includes Rs. 5,652.03 million (2018: 5,197.81 million) advanced to First Treet Manufacturing Modarba ("FTMM") for the on going Battery Project out of the short term running finance facilities availed by the Company. Markup is calculated at average borrowing rate of the Company. It also includes receivable on account of reimbursement of expenses, sharing of common expenses and purchase of goods under normal business trade as per the agreed terms and are interest free. Consequently, the Company required approval from the shareholders in accordance with the provisions of section 199 of the Companies Act, 2017 for amount advanced to FTMM. The Company intends to take approval from the shareholders in the Annual General Meeting to be held in October 2019.

17.6 These represent amounts receivable from related parties for reimbursement of expenses, sharing of common expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

17.7 Ageing of balances

	Less than 3 months	3 to 6 months	Greater than 6 months	2019	2018
	----------------------(Rupees in thousand)----------------------				
First Treet Manufacturing Modaraba	834,428	(194,123)	5,851,017	6,491,322	5,830,524
Treet Holding Limited	3,532	23,195	88,398	115,125	107,441
Treet Power Limited	-	-	4,555	4,555	4,555
Treet HR Management	7,646	2,646	6,860	17,152	-
Global Arts Limited	9,400	29,941	52,000	91,341	-

17.8 Maximum outstanding balance with reference to month end balances:

	In the month of	In the month of	2019	2018
			(Rupees in thousand)	
First Treet Manufacturing Modaraba	Jun-19	Jun-18	6,491,322	5,830,524
Treet Holding Limited	Jun-19	Jun-18	115,125	107,441
Treet Power Limited	Jul-17	Jul-17	4,555	4,555
Global Arts Limited	Jun-19	N/A	91,341	-
Treet HR Management	Jun-19	N/A	17,152	-

		Note	2019	2018
			(Rupees in thousand)	
18	**Cash and bank balances**			
	Cash in hand		40,356	50,537
	Cash at bank - local currency			
	- Current accounts	18.1	31,339	46,250
	- Saving accounts	18.2	126,886	54,762
			158,225	101,012
			198,581	151,549

18.1 These include bank accounts of Rs. 1.85 million (2018: Rs. 1.10 million) maintained under Shariah compliant arrangements.

18.2 These carry mark-up at the rates ranging from 4.25% to 10.50% per annum (2018: 4.00% to 7.00% per annum).

These include deposits amounting to Rs. 0.60 million (2018: Rs. Nil) under Shariah compliant arrangements, which carries profit rate ranging from 4.25% to 10.50% per annum (2018: 3.50% to 5.50% per annum).

		Note	2019	2018
19	**Short term borrowings**			
	Short term running finance - secured	19.2	7,478,339	5,723,262
	Export refinance - secured	19.2	877,388	940,141
	Short term advance - secured	19.3	350,000	700,000
	Loan from Chief Executive - Interest free, unsecured	19.4	50,000	390,000
		19.5	8,755,727	7,753,403

19.1 Particulars of borrowings

	2019	2018
Interest / markup based financing	8,188,509	6,121,089
Islamic mode of financing	517,218	1,242,314
Interest free	50,000	390,000
	8,755,727	7,753,403

19.2 The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 8,825 million (2018: Rs. 7,775 million). The running finance facilities carried mark-up at the rates ranging from 7.43% to 14.14% per annum (2018: 6.39% to 9.43% per annum). Running finance amounting to Rs. 4,350 million (2018: Rs. 3,975 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate of 2.35% to 2.50% per annum (2018: 2.40% to 2.50% per annum). Fund based facilities aggregating to Rs. 900 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modarba, through cross corporate guarantee of the Company. Unutilized amount as at the year end amounted to Rs. 531 million (2018: 412 million).

19.3 Running finance amounting to Rs. 2,650 million (2018: Rs. 2,650 million) can interchangeably be utilized as Short term advance. Short term advance mark-up rate is negotiated on case to case basis with the financial institute and carried mark-up at rate of 7.09% to 13.02% per annum (2018: 6.40% to 8.27% per annum).

19.4 This represents interest free loan obtained from Chief Executive Officer of the Company for working capital requirements and is repayable on demand.

19.5 All short term borrowings of the Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,704 million (2018: Rs. 10,371 million) on the entire present and future current assets of the Company. Export running finances are also covered through lien on documents.

19.5 The facilities for opening letters of credits and guarantees as at 30 June 2019 amounts to Rs. 4,150 million (2018: Rs. 3,707 million) of which unutilized amount as at year end amounted to Rs 2,985 million (2018: Rs. 2,784 million). Non- fund based facilities aggregating to Rs 2,350 million (2018: Rs. 1,890 million) out of which Rs 1,100 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modarba, through cross corporate guarantee of the Company.

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

	Note	2019	2018
		(Rupees in thousand)	
20 Trade and other payables			
Trade creditors:			
Related parties	20.1	697	41
Others		14,493	4,652
		15,190	4,693
Other creditors:			
Related parties	20.2	6,171	2,972
Others		187,831	38,058
		194,002	41,030
Accrued liabilities		257,237	421,965
Contract liability		41,914	-
Advances from customers		-	38,390
Advance against sale of land - unsecured		-	6,593
Employees deposits - secured		70,408	63,199
Withholding sales tax payable		1,904	1,116
Workers profit participation fund	17.4	13,364	-
Security deposit	20.3	15,000	15,000
Sales tax payable		-	26,986
Other payables		15,423	28,949
Payable to employee retirement benefit funds:			
- Service fund		-	2,044
- Employees Benevolent Fund		-	2,065
- Superannuation fund (SF-II)		-	4,764
- Employees provident fund	20.4	13	24,967
		13	33,840
		624,455	681,761

		2019	2018
		(Rupees in thousand)	
20.1	Related parties		
	Associated Undertakings		
	Packages Limited	697	-
	IGI General Insurance Limited	-	41
		697	41

These are interest free in the normal course of business.

		2019	2018
20.2	Related parties		
	Associated Undertakings		
	Packages Limited	5,510	2,696
	Subsidiary company		
	First Treet Manufacturing Modaraba	661	276
		6,171	2,972

These are interest free in the normal course of business

20.3 The amount has been received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Company.

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

21 Accrued mark-up

Accrued mark-up / return on:

	2019	2018
Participation term certificates	171,889	173,144
Short term borrowings	218,482	104,522
	390,371	277,666

22 Long term deposits

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

		2019	2018
		(Rupees in thousand)	
23	Redeemable capital		
	Participation term certificates	178,166	357,583
	Less: Current portion shown under current liabilities	(178,166)	(179,417)
		-	178,166

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

Terms of redemption

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

Profit payment

The PTC holder is entitled to a minimum profit (Category A profit) at Rs. 4.11 per annum for each PTC, alongwith a contingent profit (Category B profit) based on the consolidated profits before tax, Workers Welfare Fund (WWF), Workers Profit Participation Fund (WPPF) and finance cost relating to PTCs based on pay-off matrix. The pay-off matrix sets out various ranges for contingent profit pay out percentages.

23.1 The following table shows the redemption of PTC:

Principal redemption in cash	Principal redemption in shares	Principal value redemption	Increase in ordinary share capital	Increase in ordinary share capital	Share premium of conversion	Category "A" profit payment in cash	Category "B" profit payment in cash	Year
(------ Rupees in thousand		--------)	Shares	(------ Rupees in thousand			--------)	
6,272	171,889	178,161	3,345,780	33,458	138,431	171,889	-	2019
6,272	173,145	179,417	2,927,557	29,275	143,869	173,144	-	2018

The Company will issue 3,345,780 ordinary shares of face value of Rs. 10 per share against Rs. 171.89 million.

The Chief Executive Officer and Directors of the Company holds 17,601,611 (2018: 17,601,611) PTCs of the Company. Finance cost paid to them during the year is Rs. 72.34 million (2018: Rs. 72.87 million). Loads Limited, an associated company, holds 1,831,500 (2018: 1,831,500) participation term certificates of the Company.

Securities

The PTCs are secured by the following:

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

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

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

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

		Note	2019	2018
			(Rupees in thousand)	
24	Deferred Liabilities - Employee retirement benefits			
	Gratuity fund		233,944	160,769
	Superannuation fund		247,564	164,929
		24.1	481,508	325,698

24.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2019	2018	2019	2018
	---------(Rupees in thousand)---------			
Amounts recognized in balance sheet are as follows:				
Present value of defined benefit obligation	415,192	349,276	389,555	330,390
Fair value of plan assets	(181,248)	(188,507)	(141,991)	(165,461)
Net retirement benefit obligation	233,944	160,769	247,564	164,929

		Gratuity		Superannuation	
		2019	2018	2019	2018
		---------(Rupees in thousand)---------			
24.2	Movement in net obligation				
	Net liability as at 01 July	160,769	122,823	164,929	129,116
	Charge to profit and loss account				
	Treet Corporation Limited	42,062	30,232	37,412	27,587
	Treet HR Management (Private) Limited	5,110	1,820	2,092	868
		47,172	32,052	39,504	28,455
	Re-measurements chargeable in other comprehensive income				
	Treet Corporation Limited	48,386	39,239	54,492	31,322
	Treet HR Management (Private) Limited	2,547	2,065	2,868	1,649
		50,933	41,304	57,360	32,971
	Contribution made by the Company	(24,930)	(35,410)	(14,229)	(25,613)
	Net liability as at 30 June	233,944	160,769	247,564	164,929
24.3	Movement in the liability for funded defined benefit obligations				
	Liability for defined benefit obligations as at 01 July	349,276	311,121	330,390	296,556
	Benefits paid by the plan	(24,930)	(36,928)	(14,229)	(27,088)
	Current service costs	29,546	23,903	23,331	19,443
	Past service cost	4,279	-	1,971	-
	Interest cost	30,313	22,681	29,095	21,934
	Re-measurments on obligation:				
	Actuarial losses on present value				
	- Changes in demographic assumptions	-	-	-	-
	- Changes in financial assumptions	1,656	363	1,500	471
	- Experience adjustments	25,052	28,136	17,497	19,074
		26,708	28,499	18,997	19,545
	Present value of defined benefit obligations as at 30 June	415,192	349,276	389,555	330,390
24.4	Movement in fair value of plan assets				
	Fair value of plan assets as at 01 July	188,507	188,298	165,461	167,440
	Contributions into the plan	24,930	35,410	14,229	25,613
	Benefits paid by the plan	(24,930)	(36,928)	(14,229)	(27,088)
	Interest income on plan assets	16,966	14,534	14,893	12,921
	Return on plan assets excluding interest income	(24,225)	(12,807)	(38,363)	(13,425)
	Fair value of plan assets as at 30 June	181,248	188,507	141,991	165,461

		Gratuity		Superannuation	
		2019	2018	2019	2018
		---------(Rupees in thousand)---------			
24.5	Plan assets				
	Plan assets comprise:				
	Listed securities	59,968	70,528	56,406	55,456
	Deposits with banks	1,974	59,484	13,084	70,121
	Investment in mutual funds	55,514	50,361	34,820	31,245
	Government securities	36,000	15,376	33,000	8,000
	Others	27,792	(7,242)	4,681	639
		181,248	188,507	141,991	165,461

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2019 is Rs. 1.37 million (2018: Rs. 1.91 million) and Rs. 1.62 million (2018: Rs. 8.11 million) respectively.

Plan assets of superannuation fund include ordinary shares whose fair value as at 30 June 2019 is Rs. 2.78 million (2018: Rs. 5.95 million). During the year, all Participation Term Certificates were sold out by the Company whose fair value as at 30 June 2018 was Rs. 6.83 million.

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

		Gratuity 2019	Gratuity 2018	Superannuation 2019	Superannuation 2018
24.6	Profit and loss account includes the following in respect of retirement benefits:				
	Interest cost	30,313	22,681	29,095	21,934
	Current service cost	29,546	23,905	23,331	19,442
	Past service cost	4,279	-	1,971	-
	Interest income on plan assets	(16,966)	(14,534)	(14,893)	(12,921)
	Total, included in salaries and wages	47,172	32,052	39,504	28,455
24.7	Actual return on plan assets	(7,259)	1,727	(23,470)	(504)
24.8	Actuarial losses recognized directly in other comprehensive income				
	Cumulative amount at 01 July	(148,153)	(106,849)	(155,786)	(122,815)
	Losses recognized during the year	(50,933)	(41,304)	(57,360)	(32,971)
	Cumulative amount at 30 June	(199,086)	(148,153)	(213,146)	(155,786)

24.9 Historical Information for Gratuity fund

	2019	2018	2016	2015	2014
	------------------------(Rupees in thousand)----------------------				
Present value of defined benefit obligation	415,192	349,276	262,883	221,828	188,515
Fair value of the plan assets	(181,248)	(188,507)	(147,466)	(140,365)	(116,436)
Deficit	233,944	160,769	115,417	81,463	72,079
Experience adjustments arising on plan liabilities	25,052	28,136	30,656	7,716	24,439
Experience adjustments arising on plan assets	(24,225)	(12,807)	(6,585)	8,501	1,227

The Company expects to pay Rs. 20.35 million in contributions to gratuity fund in 2020.

24.10 Historical Information for Superannuation fund

Present value of defined benefit obligation	389,555	330,390	296,556	251,409	209,784
Fair value of plan assets	(141,991)	(165,461)	(167,440)	(149,945)	(137,612)
Deficit	247,564	164,929	129,116	101,464	72,172

	2019	2018	2016	2015	2014
	------------------------(Rupees in thousand)----------------------				
Experience adjustments arising on plan liabilities	17,497	19,074	46,670	31,806	13,052
Experience adjustments arising on plan assets	(38,363)	(13,425)	6,624	(1,084)	6,252

The Company expects to pay Rs. 14.31 million in contributions to superannuation fund in 2020.

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

	2019		2018	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	9.00%	9.00%	7.75%	7.75%
Discount rate used for year-end obligation	14.25%	14.25%	9.00%	9.00%
Expected rates of salary increase	13.25%	13.25%	8.00%	8.00%
Expected rates of return on plan assets	14.25%	14.25%	9.00%	9.00%

Mortality rate

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

24.12 Weighted average duration of the defined benefit obligation is 8 years for gratuity and 9 years for superannuation plans.

24.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Change	Impact on present value of defined benefit obligation as at 30 June 2019			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(383,252)	451,901	(358,178)	425,715
Future salary increase	100 bps	451,901	(382,722)	425,715	(357,658)

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

25 Employee Stock Option Scheme

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

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

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

The details of the share options granted under the scheme together with the status as at 30 June 2019 is as follows:

	Granted in year 2018	Granted in the year 2017 (*Modified October 2018)	Granted in year 2016	Granted in the year 2015 (*Modified October 2016)
		(Rupees in thousand)		
Original grant date	30-Jul-18	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	26-Oct-18	N/A	31 October 2016
Options issued	4,769	4,259	4,114	1,605
Options no longer in issue	N/A	N/A	-	-
Options vested	N/A	4,259	4,114	1,605
Options exercised	N/A	2,439	533	1,605
Shares issued under the scheme	N/A	2,439	533	1,605
Original exercise price per share	35.44	66.45	51.79	90.58
Market value per share at grant date	35.60	51.53	51.63	77.09
Option discount per share at grant date	N/A	NIL	NIL	NIL
Modified exercise price per share	N/A	20	N/A	51.79
Market value per share at modified grant date	N/A	25.36	N/A	47.08
Option discount per share at modified grant date	N/A	5.36	N/A	NIL
Options issued to key management personnel	2,416	2,003	3,224	1,367
Options exercised by key management personnel	N/A	1,334	426	1,367

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

Further, during the current period, the shareholders of the Company in their Annual General Meeting held on 26 October 2018 approved re-pricing of 4,259,400 options already granted and pending for exercise under the scheme from initial price of Rs. 66.45 per share to revised price of Rs. 20 per share without any change or modification in the vesting period / schedule, exercise period or any other specific terms and conditions under which such options have been granted.

Subsequent to the year end, the Company has granted 4.96 million stock options to its eligible employees at an exercise price of Rs 15.71 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015" in respect of year 2018-2019. These options will have a vesting period of one year from grant date and an exercise period of one year from the date the options are vested. These options shall be exercisable after completion of vesting period i.e one year from date of grant.

26 Contingencies and commitments

26.1 Contingencies

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.21 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brought forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

For the tax period July 2013 to June 2018 a sales tax demand of Rs. 138.044 million along with default surcharge and penalty was created by ACIR, E & C Unit-03, Zone-1, LTU, Lahore on the contention that the Company has claiming inadmissible input sales tax adjustment on the strength of bogus invoices issued by the suspended units in voilation of section 8 of the Sales Tax Act, 1990 as well as insurance services on stock in trade and plant and machinary and illegally adjusted input sales tax of irrelevant sectors in contravention of the said section. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

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

26.2 Commitments

- Outstanding letters of credit as at 30 June 2019 amounted to Rs. 244.19 million (2018: Rs. 730.34 million).

27 Issued, subscribed and paid-up capital

2019	2018		Note	2019	2018
(Number of shares)				(Rupees in thousand)	
89,793,463	89,793,463	Ordinary shares of Rs. 10 each fully paid-up in cash		897,935	897,935
18,660,385	15,732,828	Ordinary shares of Rs. 10 each issued on conversion of PTCs		186,602	157,327
52,420,143	52,420,143	Ordinary shares of Rs. 10 each fully issued as bonus shares		524,201	524,201
4,576,951	2,138,251	Ordinary shares of Rs. 10 each issued against employee share option scheme		45,770	21,383
165,450,942	160,084,685			1,654,508	1,600,846

27.1 Reconciliation of number of shares

	Note	2019	2018
At 01 July		1,600,846	1,421,436
Issued on conversion of PTCs	27.4	29,275	29,275
Issued against bonus shares		-	142,870
Issued against employee share option scheme	27.5	24,387	7,265
At 30 June		1,654,508	1,600,846

27.2 Syed Shahid Ali (Chief Executive Officer) holds 54,596,569 (2018: 45,385,542) and Syed Sheharyar Ali (Executive Director) holds 12,227,915 (2018: 12,026,428) ordinary shares of Rs. 10 each representing 33% (2018: 28.35%) and 7.39% (2018: 7.51%) of the paid up capital of the Company respectively.

27.3 Loads Limited, an associated company, holds 8,741,438 (2018: 8,613,233) ordinary shares of Rs. 10 each representing 5.28% (2018: 5.38%) of the paid up capital of the Company.

27.4 Under the terms of conversion as referred in note 23, the Company, during the year, issued 2,927,557 (2018: 2,927,557) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs @ 0.07 shares per PTCs at a pre agreed price of Rs 59.14 per share resulting in premium of Rs. 143.87 million (2018: Rs. 143.87 million).

27.5 Under the terms of the scheme as referred in note 25, the Company, during the year, issued 2,438,700 (2018: 726,451) fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 20 (2018: Rs. 51.79) per share resulting in premium of Rs. 24.39 (2018: Rs. 30.36) million.

	Note	2019	2018
		(Rupees in thousand)	
28 Reserves			
Capital reserves	28.1	4,675,155	4,493,828
General reserves		266,400	266,400
		4,941,555	4,760,228

	Note	2019	2018
		(Rupees in thousand)	
28.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium	28.1.1	4,674,526	4,493,199
		4,675,155	4,493,828

28.1.1 This reserve can be utilized by the Company only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2018: Rs. 49.14) per share and Rs. 10 per share in respect of transactions referred in note 27.4 and 27.5 respectively.

29 Surplus on revaluation of land and buildings - net of tax

	2019	2018
Revaluation surplus as at 01 July	1,286,524	1,297,214
Surplus arising during the year	2,614,542	-
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of deferred tax	(8,894)	(8,854)
- related deferred tax liability	(1,797)	(1,836)
	2,603,851	(10,690)
Revaluation surplus as at 30 June	3,890,375	1,286,524
Less: Related deferred tax liability on revaluation surplus as at 01 July	(20,477)	(23,232)
- on account of surplus arising during the year	(21,515)	-
- on account of incremental depreciation charged	1,797	1,836
- tax rate adjustment	(50)	919
	(40,245)	(20,477)
Revaluation surplus as at 30 June - net	3,850,130	1,266,047

29.1 Land and buildings were revalued on 30 June 2019 by M/s Medallion (Pvt) Limited (PBA approved valuators, inspectors and engineers) resulting in surplus of Rs. 2,614.54 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land and buildings on freehold land was Rs. 3,157.27 million and Rs. 599.34 million respectively.

		2019	2018
		(Rupees in thousand)	
30	Revenue - net		
	Blades and Razors		
	Export sales	2,538,191	2,057,136
	Less: Trade discount	(9,175)	-
		2,529,016	2,057,136
	Local sales - gross	5,034,908	4,555,991
	Less: Sales tax	(794,195)	(695,304)
	Less: Trade discount	(104,910)	(141,405)
		4,135,803	3,719,282
	Trading income - Batteries		
	Sale of batteries - gross	26,257	516,364
	Less: Sales tax	(3,472)	(77,901)
	Less: Trade discount	(2,633)	(157,663)
		20,152	280,800
	Trading income - Chemicals		
	Sale of Chemicals - gross	88,161	44,333
	Less: Sales tax	(12,921)	(6,495)
	Less: Trade discount	(93)	(100)
		75,147	37,738
	Revenue from contracts with customers - net	6,760,118	6,094,956

30.1 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geograhical markets, major products and service line and timing of revenue recognition.

	Blades & Razors		Batteries		Chemicals		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	-----Rupees in thousands-----							
Primary Geographical Markets								
Asia	6,502,236	5,625,864	20,152	280,800	75,147	37,738	6,597,535	5,944,402
Europe	126,086	71,483	-	-	-	-	126,086	71,483
US	36,497	79,071	-	-	-	-	36,497	79,071
	6,664,819	5,776,418	20,152	280,800	75,147	37,738	6,760,118	6,094,956
Major Products/Service Lines								
Blades and razors	6,664,819	5,776,418	-	-	-	-	6,664,819	5,776,418
Battries	-	-	20,152	280,800	-	-	20,152	280,800
Chemicals	-	-	-	-	75,147	37,738	75,147	37,738
	6,664,819	5,776,418	20,152	280,800	75,147	37,738	6,760,118	6,094,956
Timing of revenue recognition								
Products transferred at a point in time	6,664,819	5,776,418	20,152	280,800	75,147	37,738	6,760,118	6,094,956

		Note	2019	2018
			(Rupees in thousand)	
31	Cost of goods sold			
	Raw and packing materials consumed		2,381,192	1,982,544
	Stores and spares consumed		164,714	208,298
	Salaries, wages and other benefits	31.1	1,046,236	1,179,526
	Fuel and power		268,893	243,633
	Freight, octroi and handling		214,297	178,117
	Repairs and maintenance		22,632	29,683
	Rent, rates and taxes		5,149	5,400
	Insurance		76,210	79,270
	Travelling and conveyance		24,453	18,785
	Printing and stationery		22,340	17,956
	Postage and telephone		8,005	7,373
	Legal and professional charges		926	332
	Entertainment		751	1,896
	Staff training		949	631
	Subscriptions		1,833	787
	Depreciation on property, plant and equipment	6.1.2	185,930	156,432
	Other expenses		35,505	34,261
			4,460,015	4,144,924
	Opening stock of work in process		65,068	61,311
	Closing stock of work in process	14	(51,552)	(65,068)
	Cost of goods manufactured		4,473,531	4,141,167
	Opening stock of finished goods		148,377	234,914
	Finished goods purchased for resale - batteries and chemicals		100,233	447,106
	Closing stock of finished goods	14	(179,675)	(148,377)
			4,542,466	4,674,810

31.1 Salaries, wages and other benefits include Rs. 61.95 million (2018: Rs. 45.42 million) and Rs. 48.43 million (2018: Rs. 47.9 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2019	2018
32	Administrative expenses			
	Salaries, wages and other benefits	32.1	260,557	205,206
	Repairs and maintenance		2,466	2,415
	Rent, rates and taxes		395	887
	Travelling and conveyance		11,148	8,861
	Entertainment		1,694	955
	Postage and telephone		1,393	1,548
	Printing and stationery		2,205	2,050
	Legal and professional charges	32.2	29,313	20,734
	Donations	32.3 & 32.4	211,427	115,538
	Computer expenses		6,829	5,967
	Directors' fee	41	570	409
	Subscription		403	599
	Depreciation on property, plant and equipment	6.1.2	33,126	27,109
	Amortization on intangible asset	8.1	8,376	8,376
	Others		11,245	3,446
			581,147	404,100

32.1 Salaries and other benefits include Rs. 9.06 million (2018: Rs. 6.26 million) and Rs. 13.32 million (2018: Rs. 8.34 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2019	2018
			(Rupees in thousand)	
32.2	Legal and professional charges include the following in respect of auditors' remuneration:			
	Statutory audit		2,211	1,711
	Half yearly review		420	420
	Certification charges		184	184
	Out of pocket expenses		150	150
			2,965	2,465
32.3	Donations include the payment to following institution in which the director is interested:			
	Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)		779	4,822
	Society for Cultural Education	32.3.1	207,377	108,723
			208,156	113,545

32.3.1 Society for Cultural Education (SCE) is a Society registered under the Societies Registration Act, XXI of 1860. SCE although does not have any share capital, the Company is entitled to nominate 70% of the members as well as governing body of SCE. The amount is given as donation to meet the working capital requirements of SCE for ongoing University project as is approved by the shareholders of the Company in their Annual General Meeting held on 26 October 2018.

32.4 Donations to following organizations exceeds Rs. 0.5 million:

	2019	2018
Cancer Care Hospital and Research Centre	2,500	1,000
Information Technology University	-	500
	2,500	1,500

		Note	2019	2018
			(Rupees in thousand)	
33	Distribution cost			
	Salaries, wages and other benefits	33.1	300,787	314,183
	Repairs and maintenance	33.2	21,115	57,858
	Advertising		469,326	442,796
	Service charges		4,452	5,097
	Rent, rates and taxes		14,879	19,730
	Travelling and conveyance		40,109	36,444
	Postage and telephone		5,645	5,659
	Depreciation on property, plant and equipment	6.1.2	16,980	15,188
	Printing and stationery		672	973
	Legal and professional charges		362	396
	Write off		10	-
	Others expenses	33.3	15,221	16,397
			889,558	914,721

33.1 Salaries and other benefits include Rs. 7.94 million (2018: Rs. 6.12 million) and Rs. 15.59 million (2018: Rs. 12.77 million) in respect of defined benefit schemes and defined contribution schemes respectively.

33.2 This includes Rs. 18.70 million (2018: Rs. 55.07 million) on account of claims against batteries sold.

33.3 It includes Rs. 6.88 million (2018: Rs. 8.88 million) on account of expenses related to battery operations.

		Note	2019	2018
34	Finance cost			
	Markup on short term borrowings		777,684	384,999
	Markup on participation term certificates		171,889	173,144
	Bank charges		23,625	19,360
			973,198	577,503

		Note	2019	2018
35	Other operating expenses			
	Exchange loss		20,744	3,400
	Unrealized loss on short term investments at fair value through profit or loss		40,397	37,250
	Unrealized exchange loss		417	-
	Workers' profit participation fund	17.4	21,157	720
			82,715	41,370

	Note	2019	2018
		(Rupees in thousand)	
36 Other income			
Income from financial assets			
Profit on bank deposits	36.1	5,941	3,587
Realized gain on short term investments at fair value through profit or loss		1,532	5,697
Gain on hedge instrument		1,767	-
Dividend income	36.2	3,782	126,926
Charges to Subsidiary company - FTMM		580,896	230,000
		593,918	366,210
Income from non financial assets			
Profit on disposal of property, plant and equipment		19,997	20,348
Profit on disposal of investment property		105	-
Realized gain on disposal of long term investments - FTMM	9.1.2	1,391	46,906
Scrap sale		25,558	26,039
Export rebate		54,623	33,247
Rental income			
- First Treet Manufacturing Modaraba		35,000	35,000
- Treet Holdings Limited		1,000	1,000
Others		516	2,468
		138,190	165,008
		732,108	531,218

36.1 The income from savings bank accounts relating to deposits placed under shariah based arrangements amounting to Rs. 0.08 million (2018: Rs. 0.02 million).

36.2 Dividend income is received from the following:

	2019	2018
Related parties:		
Loads Limited	-	17,177
First Treet Manufacturing Modaraba	-	105,162
	-	122,339
Others:		
Shahtaj Textile Limited	2,345	4,342
Sunrays Textile	319	123
Maqbool Textile Mills Limited	1,118	-
Techlogix International Limited	-	122
	3,782	4,587
	3,782	126,926

		Note	2019	2018
			(Rupees in thousand)	
37	Taxation			
	Current			
	- For the year	37.1	95,945	65,003
	- For prior years		817	(7,048)
	Deferred			
	- For the year	12.1.2	43,753	38,739
		37.2	140,515	96,694

37.1 The Company's current tax provision has been computed based on the final taxes paid under final tax regime, minum tax under section 113 and tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001.

37.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit

	2019	2018
Profit before taxation	423,142	13,670
Tax at 29% (2018: 30%)	122,711	4,101
Tax effect of:		
- Income under FTR	(64,668)	74,799
- Income on bonus shares	-	17,492
- Tax credits	(8,828)	(16,499)
- Prior year tax	817	(7,048)
- Minimum tax adjustment	(25,573)	-
- Tax on undistributed profits	21,157	-
- Tax rate adjustment	5,577	(5,432)
- Permanent difference - donations to unapproved institutions	64,314	34,661
- Not adjustable for tax purposes	25,008	(5,380)
	140,515	96,694

			2019	2018
38	Earnings / (loss) per share - basic and diluted			
	i)-Profit / (Loss)attributable to ordinary share holders:			
	Profit / (loss) for the year after taxation	Rupees in thousand	282,627	(83,024)
	ii)-Weighted-average number of ordinary shares:			
	Weighted average number of shares	Number in thousand	163,116	158,554
	Earnings / (loss) per share	Rupees	1.73	(0.52)

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

		Note	2019	2018
			(Rupees in thousand)	
39	Cash gererated from / (used in) operations			
	Profit before taxation		423,142	13,670
	Adjustments for non cash items:			
	Depreciation on property, plant and equipment	6.1.2	236,036	198,729
	Amortization on intangible asset		8,376	8,376
	Provision for gratuity		42,062	30,232
	Provision for superannuation		37,412	27,587
	Profit on bank deposits		(5,941)	(3,587)
	Profit on disposal of property, plant and equipment	36	(19,997)	(20,348)
	Profit on disposal of investment property	36	(105)	-
	Realized gain on disposal of long term investments - FTMM	36	(1,391)	(46,906)
	Provision for Workers' Profit Participation Fund	35	21,157	720
	Unrealized loss on investment at fair value through profit or loss	35	40,397	37,250
	Unrealized exchange loss	35	417	-
	Finance cost	34	973,198	577,503
	Charges to Subsidiary company - FTMM	36	(580,896)	(230,000)
	Recognition of fair value charge of shares under ESOS		23,593	-
	Dividend income	36.2	-	(126,926)
			774,318	452,630
	Operating profit before working capital changes		1,197,460	466,300
	Effect on cashflow due to working capital changes			
	Decrease / (increase) in current assets:			
	Stores and spares		(296,308)	13,763
	Stock-in-trade		-	208,278
	Trade debtors		(6,712)	(135,231)
	Loans, advances, deposits, prepayments and other receivables		(176,036)	(2,055,467)
			(479,056)	(1,968,657)
	Increase / (Decrease) in current liabilities:			
	Trade and other payables		(77,864)	203,075
			640,540	(1,299,282)
40	Cash and cash equivalents			
	Cash and bank balances	18	198,581	151,549
	Short term finance - secured	19.2	(6,063,339)	(5,023,282)
			(5,864,758)	(4,871,733)

41 Remuneration of chief executive, directors and executives

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

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
				(Rupees in thousand)				
Managerial remuneration	36,073	34,909	22,785	19,911	-	-	181,092	146,276
Provident fund	-	-	1,519	1,308	-	-	8,439	6,663
Service fund	-	-	1,519	1,308	-	-	8,439	6,663
Housing fund	-	-	-	-	-	-	12,471	9,130
Superannuation fund - II	-	-	-	-	-	-	4,020	3,026
Benevolent fund	-	-	-	-	-	-	3,548	2,805
Bonus	-	-	16,226	13,809	-	-	92,153	71,794
Utilities	-	-	1,519	1,308	-	-	9,183	7,256
Medical	3,607	3,491	1,519	1,308	-	-	9,490	7,535
Fees	-	-	-	-	570	409	-	-
	39,680	38,400	45,087	38,952	570	409	328,835	261,148
Number of persons	1	1	2	2	5	5	39	33

41.1 The chief executive officer, directors and executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 25.

41.2 The Company has contributed Rs. 2.89 million and Rs. 2.59 million in gratuity and superannuation fund respectively for key management personnel.

42 Number of employees

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

	2019	2018
	(Number of persons)	
As at 30 June:	2,208	2,224
Average number of employees:	2,216	2,177

43 Transactions and balances with related parties

The related parties comprise subsidiaries, associated companies, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 20 and remuneration of directors and key management personnel are disclosed in note 41. Other significant transactions with related parties are as follows:

43.1	Transactions with related parties		Nature of transactions	2019	2018
				(Rupees in thousand)	
I	Subsidiaries				
	Treet HR Management (Private) Limited	Subsidiary Co. (100% Equity held)	Purchase of services	15,000	15,000
			Advance for services	16,152	-
	Treet Holdings Limited	Subsidiary Co. (85.93% Equity held)	Expenses incurred	18,630	8,474
			Funds transferred - net	81,471	61,329
			Purchase of bikes	9,606	13,396
			Rental income	1,000	1,000
	First Treet Manufacturing Modaraba	Subsidiary Co.	Expenses incurred	148,866	187,328
		(87.35% Equity held)	Funds transferred - net	1,398,433	2,068,519
			Purchase of goods	24,902	22,176
			Sale of goods	-	896
			Dividend income	-	105,162
			Rental income	35,000	35,000
			Charges incurred	580,896	230,000
	Global Arts Limited	Subsidiary Co.			
		(88.76% Equity held)	Short term advance	91,400	-
			Expenses incurred	-	(1,749)
	Society for Cultural Education	Subsidiary - 32.3.1	Donation	207,377	108,766
	Renacon Pharma Limited	Subsidiary Co.	Funds transferred - net		(1,367)
		(45.45% direct holding)	Sale of goods		50
		(10.39% indirect holding)	Expenses incurred	162,222	1,491
II	Related parties				
	Packages Limited	Common directorship	Purchase of goods	98,243	107,392
			Sale of goods	109	79
	IGI Insurance Limited	Common directorship	Purchase of services	72,322	39,849
	Cutting Edge (Private) Limited	Common directorship	Purchase of services	2,587	2,574
	Loads Limited	Common directorship	Finance cost paid - PTC	7,582	7,582
			Dividend paid	-	-
			Dividend income	-	17,177
	Elite Brands Limited	Common directorship	Sale of goods	458,964	175,869
III	Post employment benefit plans				
	Superannuation fund		Contribution	37,412	35,410
	Gratuity fund		Contribution	41,541	25,613
	Provident fund		Contribution	32,891	24,967
	Service fund		Contribution	16,926	2,044
	Housing fund		Contribution	17,885	31,770
	Benevolent fund		Contribution	4,281	2,065
	Superannuation fund - II		Contribution	5,351	4,764

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

44 Financial risk management

44.1 Financial risk factors

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

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

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

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

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

44.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 7,774.41 million (2018: Rs. 7,037.58 million), the financial assets which are subject to credit risk amounted to Rs. 7,298.66 million (2018: Rs. 6,526.36 million).

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

The Company provides unsecured loans and advances to inter-companies. The Company monitors the ability of the inter-companies to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided to intercompanies are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers loans and advances to inter-companies have low credit risk. The Company assumes that there is a significant increase in credit risk when an inter-company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the inter-companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the inter-companies are not able to pay when demanded. The Company considers an inter-company's loan or advance to be credit impaired when::

- The inter-company is unlikely to repay its loan or advance to the Company in full;
- The inter-company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. As the Company is the major manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

44.2.1 Exposure to credit risk

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

	2019	2018
	(Rupees in thousand)	
Long term security deposits	23,644	19,757
Trade debts	287,846	267,764
Loans, advances and other receivables	6,827,427	6,137,824
Bank balances	158,225	101,012
	7,297,142	6,526,357

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

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 5.1.2.3;

- Local parties	32,111	52,622
- Foreign parties	255,735	215,142
	287,846	267,764

The aging of trade debts at the reporting date is:

	2019		2018	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	(Rupees in thousand)			
Less than 30 days	238,889	-	218,864	-
Past due 1 - 3 months	44,256	-	48,838	-
Above one year	4,701	1,785	1,847	1,785
	287,846	1,785	269,549	1,785

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

44.2.2 Credit quality of major financial assets

The credit quality of financial assets at bank that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	30 June 2019 Rupees	30 June 2018 Rupees
MCIB Bank Limited	A-1	A	PACRA	1,210	4
NIB Bank Limited	A1+	AAA	PACRA	4,821	3,913
Faysal Bank Limited	A-1+	AA	PACRA	97,026	2,887
United Bank Limited	A-1+	AAA	JCR-VIS	10,516	779
Habib Bank Limited	A-1+	AAA	JCR-VIS	21,435	52,020
Askari Bank Limited	A-1+	AA+	PACRA	49	47
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,388	4,010
Bank of Punjab	A-1+	AA	PACRA	-	3,458
MCB Bank Limited	A-1+	AAA	PACRA	18,156	24,932
Silk Bank Limited	A-2	A-	JCR-VIS	1,686	3,985
Samba Bank Limited	A-1	AA	JCR-VIS	2	1
Bank Alfalah Limited	A-1+	AA+	PACRA	-	-
Bank Islami Pakistan Limited	A-1	A+	PACRA	641	112
Soneri Bank Limited	A-1+	AA-	PACRA	-	-
Sindh Bank Limited	A-1	A+	JCR-VIS	371	884
Dubai Islamic Bank Limited	A-1+	AA+	JCR-VIS	596	-
Allied Bank Limited	A-1+	AAA	PACRA	-	2,992
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA	328	988
				158,225	101,012

44.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2019				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial liabilities					
Trade and other payables	496,865	496,865	496,865	-	-
Long term deposits	1,214	1,214	-	1,214	-
Short term borrowings	8,755,727	8,755,727	8,755,727	-	-
Redeemable capital	178,166	178,166	178,166	-	-
Accrued mark-up	390,371	390,371	390,371	-	-
	9,822,343	9,822,343	9,821,129	1,214	-

	2018				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial liabilities					
Trade and other payables	545,477	545,477	545,477	-	-
Long term deposits	1,214	1,214	-	1,214	-
Short term borrowings	7,753,403	7,753,403	7,753,403	-	-
Redeemable capital	357,583	538,248	179,416	358,832	-
Accrued mark-up	277,666	277,666	277,666	-	-
	8,935,343	9,116,008	8,755,962	360,046	-

44.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

44.4.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars and Euros and on foreign currency bank accounts. The Company's exposure to currency risk is as follows:

	2019	2018
	(Rupees in thousand)	
Outstanding letters of credit (US dollars)	147,753	645,944
Outstanding letters of credit (Euros)	93,398	84,398
Outstanding letters of credit (Pounds)	3,046	-

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2019	2018	2019	2018
Rupees per USD	143.05	113.30	164.50	121.60
Rupees per Euro	164.28	130.86	186.99	141.57
Rupees per Pound	104.23	-	208.45	-

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar, Euro and pound with all other variables held constant, pre-tax profit would have been higher / lower by Rs. 14.78 million (2018: Rs. 64.59 million), Rs. 9.34 million (2018: Rs. 8.44 million) and Rs. 0.31 million (2018: Nil) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss for the year and assets/ liabilities of the Company.

44.4.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	2019	2018	2019	2018
	Effective rate (Percentage)		(Rupees in thousand)	
<u>Financial assets</u>				
Fixed rate instruments:				
Bank balances - saving accounts	4 .25- 10.50	4.00 - 7.00	126,886	54,762
<u>Financial liabilities</u>				
Floating rate instruments:				
Short term borrowings	2.40 - 14.14	2.40 - 9.40	8,755,727	7,753,403

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 94.04 million (2018: Rs. 77.78 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

44.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have increased the Company's profit in case of held for trading investments as follows:

	2019	2018
	(Rupees in thousand)	
Effect on profit and loss	(43,187)	(45,851)
Effect on investments	(43,187)	(45,851)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss, equity and assets of the Company.

44.5 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other	Total	Level 1	Level 2	Level 3	Total
		-------	-------	-------	Rupees in thousands	-------	-------	-------	-------	-------	
30-Jun-19											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	16	-	431,865	-	-	-	431,865	431,865	-	-	431,865
		1,555	431,865	-	-	-	433,420	431,865	-	1,555	433,420
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	23,644	-	-	23,644	-	-	-	-
Trade debts	15	-	-	287,846	-	-	287,846	-	-	-	-
Advances, prepayments and other receivables	17	-	-	6,827,427	-	-	6,827,427	-	-	-	-
Cash and bank balances	18	-	-	-	198,581	-	198,581	-	-	-	-
		-	-	7,138,917	198,581	-	7,337,498	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	8,755,727	8,755,727	-	-	-	-
Trade and other payables	20	-	-	-	-	496,865	496,865	-	-	-	-
Accrued mark-up	21	-	-	-	-	390,371	390,371	-	-	-	-
Long term deposits	22	-	-	-	-	1,214	1,214	-	-	-	-
Redeemable capital	23	-	-	-	-	178,166	178,166	-	-	-	-
		-	-	-	-	9,822,343	9,822,343	-	-	-	-

		Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other	Total	Level 1	Level 2	Level 3	Total
	Note	-------------------------------- Rupees in thousands --------------------------------									
30-Jun-18											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	16	-	458,506	-	-	-	458,506	458,506	-	-	458,506
		1,555	458,506	-	-	-	460,061	458,506	-	1,555	460,061
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	19,757	-	-	19,757	-	-	-	-
Trade debts	15	-	-	267,764	-	-	267,764	-	-	-	-
Advances, prepayments and other receivables	17	-	-	6,137,824	-	-	6,137,824	-	-	-	-
Cash and bank balances	18	-	-	-	151,549	-	151,549	-	-	-	-
		-	-	6,425,345	151,549	-	6,576,894	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	7,753,403	7,753,403	-	-	-	-
Trade and other payables	20	-	-	-	-	545,477	545,477	-	-	-	-
Accrued mark-up	21	-	-	-	-	277,666	277,666	-	-	-	-
Long term deposits	22	-	-	-	-	1,214	1,214	-	-	-	-
Redeemable capital	23	-	-	-	-	357,583	357,583	-	-	-	-
		-	-	-	-	8,935,343	8,935,343	-	-	-	-

44.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

44.7 Capital risk management

The Company's objectives when managing capital are:

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

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

The debt to equity ratios were as follows:

	2019	2018
	(Rupees in thousand)	
Total debt	8,933,893	8,110,986
Total equity and debt	20,287,930	16,433,372
Debt to equity ratio	44%	49%

Debt to equity ratio has improves primarily due to revaluation surplus and current year profits.

45 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities						Equity				
	Redeem-able capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital/ premium	Employee Stock Op-tion Com-pensation Reserve	Reserves	Unappropri-ated profit	Total
	---(Rupees in thousand)---										
As at 30 June 2018	357,583	2,340,121	390,000	13,301	277,666	1,214	6,094,045	-	259,991	702,303	10,436,224
Changes from financing cash flows											
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	48,774	-	-	-	48,774
Proceeds from borrowing	-	2,462,388	-	-	-	-	-	-	-	-	2,462,388
Repayment of borrowings	-	(2,160,121)	(340,000)	-	-	-	-	-	-	-	(2,500,121)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	-	(6,273)
Dividend paid	-	-	-	(61)	-	-	-	-	-	-	(61)
Total changes from financing cash flows	(6,273)	302,267	(340,000)	(61)	-	-	48,774	-	-	-	4,707
Other changes including non- cash											
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	-	-	-	-	-
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	23,593	-	-	-
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	13,071	(13,071)	-	-	-
Changes in borrowings	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	-	202,057	202,057
Finance cost paid	-	-	-	-	(860,493)	-	-	-	-	-	(860,493)
Finance cost	-	-	-	-	973,198	-	-	-	-	-	973,198
Total liability related other changes	(173,144)	-	-	-	112,705	-	186,215	10,522	-	202,057	314,762
As at 30 June 2019	178,166	2,642,388	50,000	13,240	390,371	1,214	6,329,034	10,522	259,991	904,360	10,755,693

	Liabilities						Equity			
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital/ premium	Reserves	Unappropriated profit	Total
	(Rupees in thousand)									
As at 30 June 2017	537,000	1,703,044	390,000	18,629	348,639	1,214	5,740,408	267,029	974,863	9,980,826
Changes from financing cash flows										
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	37,623	-	-	37,623
Proceeds from borrowing	-	1,717,842	-	-	-	-	-	-	-	1,717,842
Repayment of borrowings	-	(1,080,765)	-	-	-	-	-	-	-	(1,080,765)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	(6,273)
Dividend paid	-	-	-	(5,328)	-	-	-	-	-	(5,328)
Total changes from financing cash flows	(6,273)	637,077	-	(5,328)	-	-	37,623	-	-	663,099
Other changes including non- cash										
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	142,870	-	(142,870)	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(136,728)	(136,728)
Finance cost paid	-	-	-	-	(648,476)	-	-	-	-	(648,476)
Finance cost	-	-	-	-	577,503	-	-	-	-	577,503
Total liability related other changes	(173,144)	-	-	-	(70,973)	-	316,014	-	(279,598)	(207,701)
As at 30 June 2018	357,583	2,340,121	390,000	13,301	277,666	1,214	6,094,045	267,029	695,265	10,436,224

	Production capacity		Actual production	
	2019	2018	2019	2018
	(Units in millions)		(Units in millions)	
46 Plant capacity and production				
Hyderabad plant	840	810	814	764
Lahore plant	1,300	1,300	1,252	1,269
	2,140	2,110	2,066	2,033

The variance of actual production from capacity is primarily on account of the product mix.

47 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on October 04, 2019 by the Board of Directors of the Company.

48 Events after balance sheet date

The Board of Directors in their meeting held on October 04, 2019 have proposed a final cash dividend for the year ended 30 June 2018 of Rs. Nil (2018: Rs. Nil) per share, amounting to Rs. Nil (2018: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 28, 2019. These unconsolidated financial statements do not reflect this dividend.

49 General

Corresponding figures have been re-arranged or reclassified whenever necessary, for the purpose of comparison.

LAHORE	Syed Shahid Ali	Amir Zia	Muhammad Shafique Anjum
October 04, 2019	Chief Executive Officer	Chief Financial Officer	Director

SOCIETY FOR CULTURAL EDUCATION

FINANCIAL STATEMENTS

For the year ended 30 June 2019

Statement of Financial Position
as at June 30, 2019

	Note	Society 2019	Institute of Arts and Culture 2019	CONSOLIDATED 2019	CONSOLIDATED 2018
		---------------------- Rupees in thousands ----------------------			
ASSETS					
CURRENT ASSETS					
Consumable stores		93	221	314	55
Advances, prepayments and other receivables	3	12,372	1,188	1,400	1,239
Tax refund due from Government	4	1,103	1,215	2,318	851
Cash and bank balances	5	55	32,051	32,106	18,580
TOTAL ASSETS		13,623	34,675	36,138	20,725
FUNDS AND LIABILITIES					
ACCUMULATED FUNDS					
General fund					
Opening balance		2,183	-	2,183	10,593
Add: Surplus / (deficit) for the year		(3,781)	19,709	15,928	(8,410)
		(1,598)	19,709	18,111	2,183
Endowment fund	6	15,000	-	15,000	15,000
		13,402	19,709	33,111	17,183
CURRENT LIABILITIES					
Trade and other payables	7	221	14,966	3,027	3,542
CONTINGENCIES AND COMMITMENTS	9	-	-	-	-
TOTAL FUND AND LIABILITIES		13,623	34,675	36,138	20,725

The annexed notes 1 to 14 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

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2019	2019	2019	2018
	---------------------- Rupees in thousands ----------------------			
INCOME				
Donation by Treet Corporation Limited	39,660	167,517	207,177	93,723
Fee income	-	77,951	77,951	60
Profit on bank deposits	350	2,490	2,840	826
Donations / other income	-	681	681	43
	40,010	248,639	288,649	94,652
OPERATING EXPENSES				
Salaries, allowances and benefits	12,766	179,432	192,198	84,895
Stores consumed	-	1,305	1,305	107
Repairs and maintenance	2,614	10,983	13,597	2,824
Printing and stationery	4,682	3,167	7,849	4,030
Fuel and power	2,585	8,874	11,459	5,825
Advertisement	19,030	2,863	21,893	47
Scholarships and financial assistance	-	9,538	9,538	-
	(41,677)	(216,162)	(257,839)	(97,728)
ADMINISTRATIVE AND GENERAL EXPENSES				
Rent, rates and taxes	165	359	524	390
Loading, unloading and cartage	60	295	355	-
Travelling and conveyance	374	3,063	3,437	3,009
Legal and professional charges	58	18	76	83
Telephone and postage	86	1,267	1,353	612
Entertainment expense	823	698	1,521	116
Computer expenses	81	1,637	1,718	124
Fee and subscription charges	-	27	27	-
Insurance	303	5,348	5,651	666
Audit fee	-	55	55	63
Other expenses	163	-	163	269
Bank charges	1	1	2	2
	(2,114)	(12,768)	(14,882)	(5,334)
SURPLUS / (DEFICIT) FOR THE YEAR	(3,781)	19,709	15,928	(8,410)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE YEAR	(3,781)	19,709	15,928	(8,410)

The annexed notes 1 to 14 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 Accumulated funds

For the year ended 30 June 2019

	Society			Institute of Arts and Culture	CONSOLIDATED		
	General Fund	Endowment Fund	Accumulated Fund	General Fund	General Fund	Endowment Fund	Accumulated Fund
	Rupees in thousands			Rupees in thousands	Rupees in thousands		
Balance as at July 1, 2017	10,593	-	10,593	-	10,593	-	10,593
Total comprehensive deficit for the year	(8,410)	-	(8,410)	-	(8,410)	-	(8,410)
					-	-	
Funds provided during the year	-	15,000	15,000		-	15,000	15,000
Balance as at June 30, 2018	2,183	15,000	17,183	-	2,183	15,000	17,183
Total comprehensive surplus for the year	(3,781)	-	(3,781)	19,709	15,928	-	15,928
Balance as at June 30, 2019	(1,598)	15,000	13,402	19,709	18,111	15,000	33,111

The annexed notes 1 to 14 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 Cash flows
For the year ended 30 June 2019

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2019	2019	2019	2018
	---------------------- Rupees in thousands ----------------------			
CASH FLOW FROM OPERATING ACTIVITIES				
Surplus / (deficit) for the year before working capital changes	(3,781)	19,709	15,928	(8,410)
Net Changes in operating assets and liabilities:				
Consumable stores	(38)	(221)	(259)	(55)
Advances, prepayments and other receivables	(11,134)	(1,188)	(161)	(345)
Trade and other payables	(3,321)	14,966	(515)	2,940
	(14,493)	13,557	(935)	2,541
Cash inflows / (outflows) from operating activities	(18,274)	33,266	14,993	(5,869)
Income tax paid	(251)	(1,215)	(1,467)	(246)
Net cash inflows / (outflows) from operating activities	(18,525)	32,051	13,526	(6,115)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash flows from investing activities	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Endowment Fund	-	-	-	15,000
Net cash inflows from financing activities	-	-	-	15,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	(18,525)	32,051	13,526	8,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	18,580	-	18,580	9,695
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	55	32,051	32,106	18,580

The annexed notes 1 to 14 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

1 SOCIETY AND ITS OPERATIONS

1.1 The society for cultural education was registered in Pakistan on April 06, 2015 as a society, under the Societies Registration Act, 1860. The Society was established, to construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centres and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge. The Society is principally engaged in providing culture and arts education. The registered office of the society is located at 72-B, Industrial Area, Kot-Lakhpat, Lahore and the principal place of carrying out commercial activities of the society is located at 7 KM , Thokar Niaz Baig , Main Raiwind , Lahore. The name of ultimate parent Organization of the Society is Messrs Treet Corporation Limited.

1.2 At the initiative of the "Society for Cultural Education", Majlis e Shoora (Parliament) of Pakistan has passed an Act no. XXXI of 2018 on May 04, 2018 to establish an "Institute for Art and Culture" (the "Institute") under the administration of the Society to meet its objectives. The Institute commenced its operations after July 01, 2018. Accordingly, the financial statements of the Institute are also presented separately as well as consolidated with those of Society's in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium Sized-Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflation and current values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Society's functional currency.

2.4 Taxation

The income and donations of as well as contributions by members to the society is exempt from taxation under section 2(36) of the Income Tax Ordinance, 2001 being a charitable and non-profitable educational institution. The society is registered with the Federal Board of Revenue.

2.5 Consumable stores

These are carried in the statement of financial position at the weighted average cost method.

2.6 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost for the purposes of statement of cash flows. Cash equivalents comprise of cash in hand and bank balances in current accounts.

2.7 Advances / receivables

These are valued at cost which is the fair value of the consideration to be received in future less any estimate of balances doubtful of recovery based on review of outstanding balances at the financial position date. Balances considered bad are written off as and when identified.

2.8 Trade and other payables

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

2.9 Provisions

A provision is recognized in the financial position when the Society has a legal and constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each financial position date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of resources will be required to settle the obligation, the provisions are reversed.

2.10 Commitments and Contingencies

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the books of account.

2.11 Basic Financial Instruments

Financial assets and financial liabilities are initially measured at fair value, except for certain non-arm's length transactions.

These are subsequently measured at amortized cost, except for investment in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried out at cost less impairment, if any.

Financial assets measured at amortized cost include advances adjustable in cash, other receivables and cash & bank balances. Financial liabilities measured at amortized cost include trade and other payables.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of income and expenditure for the period in which it arises.

2.12 Related party transactions

All transactions arising in the normal course of business, are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Society to do so.

2.13 Revenue recognition

Revenue from fee and profit from bank deposits are recognised on accrual basis.

Donations are recognised on receipt basis.

	Note	Society	Institute of Arts and Culture	CONSOLIDATED	
		2019	2019	2019	2018
		---------------------- Rupees in thousands ----------------------			
3 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES					
Advance to suppliers		74	160	234	1,101
Advance to staff against expenses		138	-	138	138
Semester fee receivable			29	29	-
Inter-organization account		12,160	-	-	-
Prepaid Insurance		-	999	999	-
		12,372	1,188	1,400	1,239
4 TAX REFUNDS DUE FROM GOVERNMENT					
Income tax refundable		1,103	1,215	2,318	851
5 CASH AND BANK BALANCES					
Cash in hand		55	996	1,051	940
Cash at bank					
in current accounts		-	-	-	242
in saving accounts	5.1	-	31,055	31,055	17,398
		-	31,055	31,055	17,640
		55	32,051	32,106	18,580

5.1 These bank accounts are placed under interest / markup arrangements and carry profit rates ranging from 4.5% - 10.25% (2018: 4% - 6%) per annum.

6 ENDOWMENT FUND		15,000	-	15,000	15,000

The amounts of Endowment Fund has been provided by Messrs Treet Corporation Limited, an ultimate group parent company to comply with the requirements of Higher Education Commission (HEC) for a new degree awarding institution established by the Society in the name of "Institute for Art and Culture" through an Act No. XXXI of 2018 passed by the Majlis e Shoora (Parliament) of Pakistan dated May 24, 2018.

Notes to the financial statements
For the year ended 30 June 2019

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2019	2019	2019	2018
	---------------------- Rupees in thousands ----------------------			
7 TRADE AND OTHER PAYABLES				
Accrued liabilities	-	167	167	1,653
Creditors for services	199	1,708	1,907	492
Income tax deducted at source payable	-	890	890	432
Withholding sales tax payable	22	6	28	22
Inter-organization account	-	12,160	-	-
Other payables	-	35	35	943
	221	14,966	3,027	3,542

8 INTER ORGANIZATION ACCOUNT

The inter-organization accounts i.e. payable to the Society and receivable from the Institute in the sum of Rs. 12.160 million (2018: Rs. Nil) have been offset in the consolidated column of these financial statements.

9 CONTINGENCIES AND COMMITMENTS

9.1 There was no contingent liability of the society at the terminal date. (2018: NIL)

9.2 There was no capital commitment of the society at the terminal date. (2018: NIL)

10 FINANCIAL INSTRUMENTS - by category

The Society manages its operations mainly through donation from Treet Corporation Limited and working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Society's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Society 2019	Institute of Arts and Culture 2019	CONSOLIDATED 2019	CONSOLIDATED 2018
Financial assets:				
Cash and bank balances	55	32,051	32,106	18,580
Financial liabilities:				
Accrued liabilities	-	167	167	1,653
Creditors for services	199	1,708	1,907	492
Other Payables	-	35	35	943
	199	1,910	2,109	3,088

11 TRANSACTION WITH RELATED PARTIES

The related parties comprise of group parent company, associates and key management personnel. The Society in the normal course of business carries out transactions with various related parties. The outstanding balances and transactions carried out with these parties during the year have been disclosed in the relevant notes to these financial statements. There were no significant transactions carried out with related parties that require disclosure in these financial statements except donations and key management personnel's remunerations disclosed hereunder.

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2019	2019	2019	2018
	---------------------- Rupees in thousands ----------------------			
Treet Corporation Limited (Group parent company)				
Donation	39,660	167,517	207,177	93,723
Endowment Fund	-	-	-	15,000
Key management personnel's remuneration	9,642	133,154	142,796	1,600

12 NUMBER OF EMPLOYEES

Number of contractual employees at year end	-	127	127	83
Average number of contractual employees during the year	-	120	120	81

13 DATE OF AUTHORIZATION

The Executive Council has authorized the financial statements for issuance on October 04, 2019.

14 GENERAL

14.1 Treet Corporation Limited has constitutional right to nominate 70% of the members of the executive council of the Society.

14.2 Corresponding figures have been rearranged where necessary to facilitate comparison. However, no major reclassification has been made in these financial statements.

14.3 Figures in these financial statements have been rounded off to the nearest thousand of rupees.

LAHORE October 04, 2019	Syed Shahid Ali Chief Executive Officer	Amir Zia Chief Financial Officer	Muhammad Shafique Anjum Director

INVESTORS' INFORMATION

Pattern of shareholding

For the year ended 30 June 2019

Form 34

Sr. No.	Shareholdings' Slab		No. of Shareholders		Total	No. of Shares held
	From	To	CDC	Physical		
1	1	100	516.00	760.00	1,276	43,792
2	101	500	829.00	437.00	1,266	398,644
3	501	1,000	1,044.00	116.00	1,160	870,986
4	1,001	5,000	2,494.00	180.00	2,674	6,364,880
5	5,001	10,000	627.00	27.00	654	4,719,695
6	10,001	15,000	293.00	8.00	301	3,691,137
7	15,001	20,000	159.00	3.00	162	2,834,386
8	20,001	25,000	111.00	5.00	116	2,629,862
9	25,001	30,000	67.00	2.00	69	1,922,079
10	30,001	35,000	50.00	3.00	53	1,737,182
11	35,001	40,000	26.00	1.00	27	1,033,885
12	40,001	45,000	28.00	1.00	29	1,257,132
13	45,001	50,000	35.00	1.00	36	1,747,819
14	50,001	55,000	27.00	1.00	28	1,493,811
15	55,001	60,000	15.00	-	15	866,052
16	60,001	65,000	13.00	-	13	800,340
17	65,001	70,000	12.00	1.00	13	883,521
18	70,001	75,000	6.00	-	6	428,437
19	75,001	80,000	8.00	-	8	619,219
20	80,001	85,000	5.00	-	5	411,031
21	85,001	90,000	6.00	1.00	7	619,866
22	90,001	95,000	4.00	-	4	371,062
23	95,001	100,000	14.00	-	14	1,396,200
24	100,001	105,000	10.00	-	10	1,018,722
25	105,001	110,000	10.00	-	10	1,091,636
26	110,001	115,000	4.00	-	4	451,810
27	115,001	120,000	5.00	-	5	587,435
28	120,001	125,000	2.00	-	2	241,454
29	125,001	130,000	2.00	-	2	254,710
30	130,001	135,000	3.00	-	3	403,500
31	140,001	145,000	2.00	-	2	285,900
32	145,001	150,000	3.00	-	3	448,053
33	150,001	155,000	1.00	-	1	154,003
34	160,001	165,000	1.00	-	1	160,075
35	165,001	170,000	2.00	-	2	339,250
36	170,001	175,000	2.00	-	2	346,260
37	175,001	180,000	1.00	-	1	177,500
38	180,001	185,000	1.00	-	1	181,500
39	185,001	190,000	1.00	-	1	185,951
40	195,001	200,000	1.00	-	1	199,500
41	200,001	205,000	4.00	-	4	807,755
42	205,001	210,000	1.00	-	1	209,134
43	215,001	220,000	2.00	-	2	435,073

Sr. No.	Shareholdings' Slab From	To	No. of Shareholders CDC	Physical	Total	No. of Shares held
44	220,001	225,000	3.00	-	3	663,916
45	225,001	230,000	3.00	-	3	681,377
46	230,001	235,000	1.00	-	1	231,000
47	235,001	240,000	3.00	-	3	716,086
48	245,001	250,000	1.00	-	1	246,500
49	260,001	265,000	2.00	-	2	527,955
50	265,001	270,000	1.00	-	1	266,000
51	270,001	275,000	2.00	-	2	549,134
52	295,001	300,000	1.00	-	1	300,000
53	300,001	305,000	1.00	-	1	301,000
54	305,001	310,000	1.00	-	1	308,313
55	315,001	320,000	1.00	-	1	317,628
56	320,001	325,000	1.00	-	1	321,382
57	325,001	330,000	2.00	-	2	660,000
58	335,001	340,000	1.00	-	1	338,500
59	345,001	350,000	1.00	-	1	350,000
60	355,001	360,000	3.00	-	3	1,069,228
61	395,001	400,000	1.00	-	1	396,794
62	410,001	415,000	1.00	-	1	414,578
63	415,001	420,000	1.00	-	1	419,500
64	455,001	460,000	1.00	-	1	460,000
65	470,001	475,000	1.00	-	1	471,500
66	535,001	540,000	3.00	-	3	1,613,750
67	565,001	570,000	1.00	-	1	570,000
68	600,001	605,000	-	1.00	1	602,922
69	605,001	610,000	1.00	-	1	607,000
70	660,001	665,000	-	1.00	1	660,471
71	750,001	755,000	1.00	-	1	754,547
72	995,001	1,000,000	1.00	-	1	998,500
73	1,015,001	1,020,000	1.00	-	1	1,018,500
74	1,290,001	1,295,000	1.00	-	1	1,292,500
75	1,700,001	1,705,000	1.00	-	1	1,703,108
76	2,275,001	2,280,000	1.00	-	1	2,277,000
77	2,655,001	2,660,000	-	1.00	1	2,658,577
78	3,440,001	3,445,000	1.00	-	1	3,441,327
79	3,885,001	3,890,000	1.00	-	1	3,887,950
80	4,785,001	4,790,000	1.00	-	1	4,788,546
81	7,715,001	7,720,000	1.00	-	1	7,718,995
82	8,340,001	8,345,000	1.00	-	1	8,344,644
83	11,675,001	1,680,000	1.00	-	1	11,679,663
84	12,050,001	12,055,000	1.00	-	1	12,053,315
85	43,645,001	43,650,000	1.00	-	1	43,648,997
			6,499	1,550	8,049	165,450,942

Pattern of shareholding

For the year ended 30 June 2019

Form 34

NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2012

Name of Shareholders	Status	CDC* Shareholders	No. of Shares in CDC*	Physical Shareholders	No. of Shares in Physical	Total Share-holders	Total No. of Shares Held	%
Syed Shahid Ali	Director	3	51,937,992	1	2,658,577	4	54,596,569	33.00%
Syed Sheharyar Ali	Director	2	12,227,915	-	-	2	12,227,915	7.39%
Dr. Mrs. Niloufer Mahdi	Director	1	4,788,546	1	660,471	2	5,449,017	3.29%
Saulat Said	Director	2	10,559	-	-	2	10,559	0.01%
Imran Azim	Director - Nominee NIT	-	-	-	-	-	-	0.00%
Munir Karim Bana	Director - Nominee Loads Limited	2	221,673	-	-	2	221,673	0.13%
Dr. Salman Faridi	Director	1	110	-	-	1	110	0.00%
Shafique Anjum	Director	1	47,630	1	27,555	2	75,185	0.05%
Loads Limited	Associated Company	2	8,741,438	-	-	2	8,741,438	5.28%
IGI Inurance Limited	Associated Company	-	-	-	-	-	-	0.00%
National Bank of Pakistan / NIT	Government Institution	5	15,491,096	-	-	5	15,491,096	9.36%
Foreign Company		4	977,900	-	-	4	977,900	0.59%
Bank, DFI, Insurance		7	4,344,846	1	129	8	4,344,975	2.63%
Joint Stock Companies		34	1,033,841	2	10,424	36	1,044,265	0.63%
Investment Companies		52	4,931,788	3	610	55	4,932,398	2.98%
Public Sector	Government Institution	1	274,134	1	51,767	2	325,901	0.20%
Modaraba		3	179,667	-	-	3	179,667	0.11%
Executive		5	270,793	-	-	5	270,793	0.16%
Company Secretary		2	11,000	-	-	2	11,000	0.01%
Others		30	2,012,791	1	2,097	31	2,014,888	1.22%
Individual		6,342	52,480,924	1,539	2,054,669	7,881	54,535,593	32.96%
		6,499	159,984,643	1,550	5,466,299	8,049	165,450,942	100.00%

*based on no. of accounts in CDC / folios

SHAREHOLDERS HOLDING 5% SHARES OR MORE

Sr. No.	Name of Shareholder	Shares held
1	Syed Shahid Ali	54,596,569
2	National Bank of Pakistan	15,491,096
3	Syed Sheharyar Ali	12,227,915
4	Loads Limited	8,741,438

Intimation under Clause (I) of sub-regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of Pakistan Stock Exchange during the year.

	Opening Balance 30-06-2018	Through TCLTC* Conversion		Market Trade : Buy/(Sell)		Shares under ESOS		Closing Balance (30/06/2019)
	No. of Shares	No. of Shares	Conversion Price*	No. of Shares	Market Price	No. of Shares	ESOS Price**	No. of Shares
Syed Shahid Ali	45,385,542	1,173,340	59.14	7,044,187	15.75	993,500	20.00	54,596,569
Syed Sheharyar Ali	12,026,428	26,887	59.14			174,600	20.00	12,227,915
Dr. Mrs. Niloufer Mahdi	5,441,842	7,175	59.14					5,449,017
Saulat Said	9,859	700	59.14					10,559
Munir Karim Bana	196,613	25,060	59.14					221,673
Shafique Anjum	75,185							75,185

		30/Jun/18	Market Purchase / ESOS**		Market Sale		Conversion of TCLTC		Others	30/Jun/19
Executive		No. of Shares	No. of Shares	Price	No. of Shares	Price	No. of Shares	Conversion Price*	Shares	No. of Shares
Nasir Mahmood	Executive	45,650	21,400	20.00	(21,006)	19.00	-	-	-	46,044
Amir Zia	Executive	50,063	-	-	-	-	233	59.14	-	50,296
Rana Shakeel Shaukat	Executive	10,950	25,550	21.18	(25,500)	26.00	-	-	-	11,000
Ali Aslam	Executive	-	10,000	20.00	(10,000)	20.00	-	-	-	-
Javed Aslam	Executive	9,900	106,000	20.00	-	-	-	-	-	115,900
Imran Aziz	Executive	16,753	51,800	20.00	(10,000)	-	-	-	-	58,553
Shahid Zia	Executive	-	167,100	20.00	(167,100)	38.57	-	-	-	-

*Participation Term Certificate : - Conversion Price is Rs. 59.14 per share. This is the opportunity cost of the principal value of TCLTC forgone to get One additional Ordinary Share of the Company.

**This includes shares issued under Treet Corporation Limited - Stock Option Scheme.

Participation terms certificate (TCLTC)

Sr. No.	Shareholdings' Slab From	To	No. of Shareholders CDC	Physical	Total	PTCs
1	1	100	62.00	24.00	86	2,592
2	101	500	51.00	15.00	66	24,716
3	501	1,000	31.00	4.00	35	30,564
4	1,001	5,000	57.00	3.00	60	185,425
5	5,001	10,000	18.00	1.00	19	146,600
6	10,001	15,000	11.00	-	11	140,238
7	15,001	20,000	3.00	-	3	50,205
8	20,001	25,000	6.00	1.00	7	162,790
9	25,001	30,000	3.00	-	3	89,400
10	30,001	35,000	2.00	-	2	67,000
11	35,001	40,000	3.00	-	3	112,000
12	40,001	45,000	1.00	-	1	40,470
13	50,001	55,000	1.00	-	1	52,500
14	60,001	65,000	1.00	-	1	60,500
15	65,001	70,000	1.00	-	1	70,000
16	80,001	85,000	1.00	-	1	82,500
17	95,001	100,000	3.00	-	3	300,000
18	100,001	105,000	1.00	-	1	102,500
19	150,001	155,000	1.00	-	1	154,500
20	165,001	170,000	1.00	-	1	167,500
21	185,001	190,000	1.00	-	1	189,500
22	195,001	200,000	1.00	-	1	199,999
23	210,001	215,000	1.00	-	1	213,500
24	220,001	225,000	1.00	-	1	225,000
25	225,001	230,000	1.00	-	1	230,000
26	315,001	320,000	1.00	-	1	318,000
27	345,001	350,000	1.00	-	1	350,000
28	380,001	385,000	1.00	-	1	384,100
29	400,001	405,000	1.00	-	1	404,500
30	405,001	410,000	1.00	-	1	406,000
31	450,001	455,000	1.00	-	1	451,000
32	495,001	500,000	1.00	-	1	500,000
33	520,001	525,000	1.00	-	1	522,500
34	755,001	760,000	1.00	-	1	759,000
35	1,830,001	1,835,000	1.00	-	1	1,831,500
36	3,550,001	3,555,000	1.00	-	1	3,550,640
37	4,750,001	4,755,000	1.00	-	1	4,753,500
38	7,725,001	7,730,000	1.00	-	1	7,729,500
39	16,760,001	16,765,000	1.00	-	1	16,762,011
			277	48	325	41,822,250

Name of Shareholders	Status	CDC	CDC	Physical	Physical	TOTAL	TOTAL	%
Syed Shahid Ali	Director	1	16,762,011	-	-	1	16,762,011	40.08%
Syed Sheharyar Ali	Director	1	384,100	-	-	1	384,100	0.92%
Dr. Mrs. Niloufer Mahdi	Director	1	102,500	-	-	1	102,500	0.25%
Dr. Salman Faridi	Director	-	-	-	-	-	-	0.00%
Imran Azim	Director - Nominee NIT	-	-	-	-	-	-	0.00%
Munir Karim Bana	Director - Nominee Loads Limited	2	358,000	-	-	2	358,000	0.86%
Saulat Said	Director	1	25,000	-	-	1	25,000	0.06%
Shafique Anjum	Director	-	-	-	-	-	-	0.00%
Loads Limited	Associated Company	1	1,831,500	-	-	1	1,831,500	4.38%
IGI Inurance Limited	Associated Company	-	-	-	-	-	-	0.00%
NIT	Government Institution	2	11,280,140	-	-	2	11,280,140	26.97%
Foreign Company		-	-	-	-	-	-	0.00%
Bank, DFI, Insurance		-	-	-	-	-	-	0.00%
Joint Stock Companies		3	727,000	-	-	3	727,000	1.74%
Investment Companies		3	271,420	-	-	3	271,420	0.65%
Public Sector		-	-	-	-	-	-	0.00%
Modaraba		-	-	-	-	-	-	0.00%
Executive		1	3,334	-	-	1	3,334	0.01%
Company Secretary		-	-	-	-	-	-	0.00%
Others		8	1,440,499	-	-	8	1,440,499	3.44%
Individual		325	8,594,370	48	42,376	373	8,636,746	20.65%
		349	41,779,874	48	42,376	397	41,822,250	100.00%

Free Float

	Physical	CDC	Total
No. of Shares Outstanding	42,376.00	41,779,874	41,822,250
Shares held by Directors	-	17,273,611	17,273,611
Shares held by Associates	-	2,189,500	2,189,500
Shares held by Government Institutions	-	11,280,140	11,280,140
Shares held by Foreign Companies	-	-	-
Others	42,376	11,036,623	11,078,999
	42,376	41,779,874	41,822,250
Free Float of Shares as on June 30, 2015		11,036,623	11,036,623
% of Free Float		26.42%	26.39%

Information for shareholders

Company's Registered Office/Works

Treet Corporation Limited
72-B, Industrial Area, Kot Lakhpat, Lahore
Tel: 042-35830881, 35156567
Fax: 042-35114127, 35117650

Share Registrar:

Corplink (Private) Limited
Wings Arcade 1-K, Commercial Model Town, Lahore
Tel: 042-35916714, 35916719
Fax: 042-35869037
Email: corplink786@gmail.com
shares@corplink.com

Listing

Treet Corporation Limited is listed on:
Pakistan Stock Exchange

Stock Symbol

The stock symbol for dealing in equity shares of Treet Corporation Limited is 'Treet'

Annual Listing Fees

The Annual listing fee for the Financial Year 2019 has been paid within the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act 2018 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

Proxies

Pursuant to Section 137 of the Companies Act 2018 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who sought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less then forty eight hours before the meeting.

Financial Information

The Company has published the Annual and Quarterly Accounts on the Company's website.

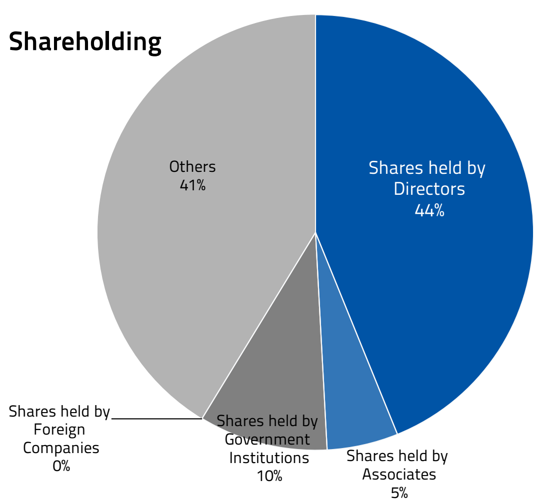
Company's Website

Updated information regarding the Company can be accessed at www.treetonline.com. The website contains the latest financial results of the Company together with Company's profile and product range.

Free Float of Shares

	Physical	CDC	Total
No. of Shares Outstanding	5,466,299.00	159,984,643	165,450,942
Shares held by Directors	3,346,603	69,230,656	72,577,259
Shares held by Associates	-	8,741,438	8,741,438
Shares held by Government Institution	51,767	15,765,230	15,816,997
Shares held by Foreign Companies	-	-	-
Others	2,067,929	66,247,319	68,315,248
	5,466,299	159,984,643	165,450,942
Free Float of Shares as on June 30, 2019		66,247,319	66,247,319
% of Free Float		41.41%	40.04%

Detail of Shares	No. of Shares
Ordinary Shares - Issued Capital as on June 30, 2009	4,182,225
Bonus Shares 900% in April 2010	37,640,025
Partial Conversion of Participation Term Certificates in October, 2013	2,927,557
15% Right Issue made in December 2013	6,273,337
Partial Conversion of Participation Term Certificates in October, 2014	2,927,557
150% Right Issue made in July 2015	80,926,051
Partial Conversion of Participation Term Certificates in October, 2015	2,927,557
Partial Conversion of Participation Term Certificates in October, 2016	2,927,557
Shares Issued under ESOS - (from July 01, 2016 to June 30, 2017)	1,411,800
Bonus Shares 10% in November 2017	14,287,011
Partial Conversion of Participation Term Certificates in October, 2017	2,927,557
Partial Conversion of Participation Term Certificates in October, 2018	2,927,557
Shares Issued under ESOS - (from July 01, 2017 to June 30, 2018)	726,451
Shares Issued under ESOS - (from July 01, 2018 to June 30, 2019)	2,438,700
	165,450,942



Form of proxy

I/We ____

of__________________ being a Member of Treet Corporation Limited and holder(s) of

__________________Ordinary Shares as per Share Register Folio No. ____________________

For beneficial owners as per CDC List

CDC Participant I.D. No. ____________ Sub Account No. ____________

CNIC No. | | | | | | - | | | | | | | - | | Passport No. ______________

hereby appoint Mr./Mrs./Miss.____________________________of_____________person or failing him/her Miss/

Mrs/ Mr. ______________________________

of _____________ another person on my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Monday, October 28, 2019, at 11:00 A.M. and at every adjournment thereof, if any.

Please affix Rupees
Five Revenue Stamp

(Signature should agree with the specimen
signature registered with the Company)

Signed this _______ day of October 2019

Signature of Shareholder________________

Signature of Proxy____________________

1. WITNESS	2. WITNESS
Signature: ______________________	Signature: ______________________
Name: ________________________	Name: ________________________
Address: _______________________	Address: _______________________
______________________________	______________________________
CNIC No.						-							-			CNIC No.						-							-		
or Passport No.________________	or Passport No.________________

1. This Proxy Form. duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.

iii. In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم

میں مسٹر/مسز/مس .... ساکن .... بحیثیت ممبر ٹریٹ کارپوریشن لمیٹڈ ہولڈنگ
.... شیئرز فولیو نمبر .... کے تحت مسٹر/مسز/مس .... ساکن
.... یا فرد مذکورہ کی عدم دستیابی کی صورت میں مسٹر/مسز/مس ....
ساکن .... کو اپنا نمائندہ مقرر کرتا/کرتی ہوں کہ 28 اکتوبر 2019 بروز پیر کو صبح گیارہ بجے (11:00) پر منعقد ہونے والے کمپنی کے سالانہ اجلاس
اور اس کے بعد کسی بھی اور کہیں بھی منعقد ہونے والے دوسرے اجلاس کے لیے اپنا نمائندہ مقرر کر سکتا/سکتی ہوں

دستخط شیئر ہولڈر ....
(دستخط کمپنی کے پاس دستخط کے نمونہ کے مطابق ہوں)
قومی شناختی کارڈ نمبر/پاسپورٹ نمبر ....

-/5 روپے کا محصول ٹکٹ

مورخہ .... اکتوبر 2019

دستخط مقرر کردہ نمائندہ ....

گواہان:

1۔ دستخط	2۔ دستخط ....
نام	نام ....
پتہ	پتہ ....
قومی شناختی کارڈ نمبر	قومی شناختی کارڈ نمبر ....

نوٹ:

1۔ پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرا دیا جائے۔
2۔ اگر کوئی ممبر ایک سے زیادہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر میں جمع کروا دے گا تو پراکسی فارم قابل قبول نہیں ہوگا۔
3۔ مقرر کردہ نمائندے کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔

<u>سی ڈی سی اکاؤنٹ ہولڈر/کارپوریٹ انٹیٹی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔</u>

(i) ممبر اور پراکسی کی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک کرنی ہونگی۔
(ii) پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
(iii) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی پاس کردہ قرارداد/پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرانا ہوگی۔

TREET GROUP
OF COMPANIES

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Lahore-54770, Pakistan
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Fax +92 42 35114127, 35836770
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