

SYMBOL OF TRUST



OUR DIVERSIFIED BUSINESS PORTFOLIO



BLADES



RAZORS



BATTERIES



CORRUGATED
BOXES



SOAPS



PHARMACEUTICAL
PRODUCTS



BIKES

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GOVERNANCE

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Company Information

Board of Directors

Mr. Imran Azim

Non-Executive Director/Chairman)

Syed Shahid Ali

(Chief Executive Officer)

Syed Sheharyar Ali

(Executive Director)

Muhammad Shafique Anjum

(Executive Director)

Dr. Salman Faridi

(Independent Director)

Ms. Sidra Fatima Sheikh

(Independent Director)

Mr. Munir Karim Bana

(Non-Executive Director)

Chief Executive Officer

Mr. Syed Shahid Ali

Audit Committee

Dr. Salman Faridi

Chairman / Member

Mr. Imran Azim

Member

Mr. Munir Karim Bana

Member

Human Resource & Remuneration Committee

Ms. Sidra Fatima Sheikh

Chairperson / Member

Syed Shahid Ali

Member

Mr. Imran Azim

Member

Company Secretary & Head of Legal

Ms. Zunaira Dar

Chief Financial Officer

Mohammad Mohtashim Aftab

Head of Internal Audit

Muhammad Ali

Auditors

M/s Yousuf Adil

Chartered Accountants Lahore

Legal Advisors

Chima & Ibrahim Advocates

Share Registrar

Corplink (Private) Limited

Wing Arcade, 1-K Commercial, Model Town, Lahore

Tel: 042-35916714

Fax: 042-35839182

Bankers

Al-Baraka Bank Pakistan Limited

Meezan Bank Limited

National Bank of Pakistan

Soneri Bank Limited

Askari Bank Limited

MCB Bank Limited

Habib Bank Limited

MCB Bank Limited

Samba Bank Limited

United Bank Limited

JS Bank Limited

Habib Metropolitan Bank Limited

Bank Islami Pakistan Limited

Allied Bank Limited

Bank Alfalah Limited

Bank of Punjab

Silk Bank Limited

MCB Islamic Bank Limited

Bank Al Habib Limited

Faysal Bank Limited

Dubai Islamic Bank Pakistan Limited

Group Companies

Treet Holdings Limited

First Treet Manufacturing Modaraba

Renacon Pharma Limited

Treet HR Management (Pvt) Ltd.

Treet Power Limited

Treet Battery Limited

Registered Office

72-B, Industrial Area, Kot Lakhpat, Lahore

Tel: 042-35830881, 35156567 & 35122296

Fax: 042-35114127 & 35215825

E-Mail: info@treetonline.com

Home Page: www.treetgroup.com

Directors' Review

It is our pleasure to present the half yearly financial statements (reviewed) for the period ended December 31st, 2021.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

| | Half Year | | Half Year | | % Change | |
|----------------------------------|------------------|--------------|------------------|--------------|----------|---------|
| | 31 December 2021 | | 31 December 2020 | | | |
| | Treet | Consolidated | Treet | Consolidated | | |
| Sales (net) | 3,905 | 7,757 | 3,960 | 7,179 | -1.38% | 8.05% |
| Gross Profit | 1,251 | 1,504 | 1,306 | 1,274 | -4.21% | 18.05% |
| Operating Profit/(Loss) | 756 | 735 | 618 | 302 | 22.33% | 143.38% |
| Profit/(Loss) before Taxation | 509 | 509 | 496 | (174) | 2.62% | 392.53% |
| Net Profit/(Loss) after taxation | 394 | 341 | 414 | (353) | -4.83% | 196.60% |
| EPS (in Rupees) | 2.25 | 1.95 | 2.43 | (1.98) | -7.41% | 198.48% |

BUSINESS REVIEW – GROUP RESULTS

For the six-month period, the Group's turnover is Rs. 7,757 million, registering an increase of Rs. 578 million (8.05%) over the same period of previous year. The increase reflects upside in sales of battery, corrugation, bike and pharmaceutical products.

Segment wise sales is as follows:

(Rupees in million)

| Segment | Sales | | |
|----------------|------------------|------------------|--------------|
| | Half Year | Half Year | +/- |
| | 31 December 2021 | 31 December 2020 | % |
| Blades | 3,887 | 3,916 | -0.74% |
| Soap | 255 | 500 | -49.00% |
| Corrugation | 1,051 | 738 | 42.41% |
| Trading | 18 | 44 | -59.09% |
| Pharmaceutical | 301 | 267 | 12.73% |
| Bike | 32 | 11 | 190.90% |
| Battery | 2,213 | 1,703 | 29.95% |
| Total | 7,757 | 7,179 | 8.05% |

For the six months' period under review, Operating Profit is Rs. 735 million which shows improvement by 143.38% over corresponding period last year (December 2020: Rs. 302 million). This is mainly attributable to increased sales volumes resulted in improvement in absorption of fixed costs and various cost controlling measures that have been put in place. Profit after tax is Rs. 341 million which is 196.60% more compared to last year same period (December 2020: Loss After Tax Rs.353 million). The increase in profit is primarily due to improvement in sales, cost controlling measures and lesser financial charges. This level of profit has delivered a positive EPS of Rs. 1.95 per share compared to Rs. (1.98) loss per share last year same period.

Directors' Review

BUSINESS REVIEW – TREET CORPORATION LIMITED (TCL)

During the six months' period, TCL recorded a revenue of Rs. 3,905 million showing slight decline of 1.38% to corresponding period last year (December 2020: Rs. 3,916 million) mainly due to drop in export sale. The operating profit for the period is Rs. 756 million, which shows improvements by 22.33% compared to same period last year and is mainly driven by overheads control and value chain cost optimization initiatives. Financing cost for the period reduced by 20.56% due to lower interest rate which contributed towards improvement in the net profit. However, with the increase in policy rate the Financing Cost is expected to increase in the coming months.

Company performance in last quarter is equally good with healthy jump in the operating profit to Rs. 414 million, an increase of 55.53% compared to same period last year (December 2020: Rs. 266 million). Profit After Tax (PAT) for the quarter ended is Rs. 170 million which is 2 times better than same period last year (December 2020; Rs. 85 million). This level of PAT has delivered an EPS of Rs. 0.97 per share as compared to Rs 0.50 per share last year same period.

FINANCIAL PLAN

Spin off Battery segment from its subsidiary (First Treet Manufacturing Modaraba) to separate Company (Treet Battery Limited) is in progress. Demerger application has been filed with Honorable Lahore High Court. Subsequent to the period end, The Honorable Lahore High Court has passed an order on scheme of arrangement for merger/ amalgamation (the Scheme) dated 25 January 2022 along with requirements for conducting extra ordinary general meeting scheduled on 02 March 2022 for the approval of above Scheme.

Reprofiling of Short Term borrowing to long term up to Rs. 3 billion is in progress and Habib Bank Limited (HBL) has been given the mandate to be the lead arranger. It is expected that reprofiling will be completed before the close of current financial year.

ACKNOWLEDGEMENTS

We place on record our gratitude to our valued customers for their confidence in our products and pledge to provide them the best quality by continually 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 our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.



Syed Shahid Ali
Chief Executive Officer

LAHORE
February 24, 2022

Independent Auditors' Review Report To the members of Treet Corporation Limited Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Treet Corporation Limited** (the Company) as at December 31, 2021, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

- i.) The interim financial statements of the Company for the six-month period ended December 31, 2020 and the annual financial statements of the Company for the year ended June 30, 2021 were reviewed and audited by another firm of Chartered Accountants who vide their reports dated February 25, 2021 and October 29, 2021 expressed an unmodified conclusion and unmodified opinion thereon respectively.
- ii.) The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2021 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.



Yousuf Adil

CHARTERED ACCOUNTANTS

Lahore:

February 24, 2022

UDIN: RR202110088nsLwKqP6B

Condensed interim unconsolidated statement of financial position (Un-audited)

As At December 31, 2021

| | Note | December 2021 Un-audited (Rupees in thousand) | June 2021 Audited |
|--|------|---|----------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 7,589,098 | 7,715,239 |
| Investment property | | 12,896 | 12,896 |
| Intangible asset | | 22,713 | 30,156 |
| Long term investments | 6 | 10,844,513 | 10,533,701 |
| Long term loans | | 5,708 | 5,108 |
| Long term security deposits | | 289,914 | 289,414 |
| | | 18,764,842 | 18,586,514 |
| Current assets | | | |
| Stores and spares | | 280,952 | 256,208 |
| Stock in trade | | 1,421,146 | 1,474,422 |
| Trade debts | | 390,354 | 157,207 |
| Short term investments | | 64,882 | 334,695 |
| Loans, advances, deposits, prepayments and other receivables | | 3,089,570 | 2,040,292 |
| Cash and bank balances | | 342,782 | 645,781 |
| | | 5,589,686 | 4,908,605 |
| Non-current assets held for sale | 7 | - | 313,617 |
| | | 5,589,686 | 5,222,222 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Short term borrowings | | 6,259,105 | 6,171,512 |
| Current portion of long term finances | 8 | 140,009 | 136,151 |
| Current portion of government grant | | 2,985 | 6,843 |
| Trade and other payables | | 940,083 | 1,440,282 |
| Unclaimed dividend | | 13,221 | 13,228 |
| Accrued mark-up | | 132,720 | 163,271 |
| Current portion of liability against right of use asset | | 7,265 | 6,321 |
| Provision for taxation | | 541,955 | 343,448 |
| | | 8,037,343 | 8,281,056 |
| Net current liabilities | | (2,447,657) | (3,058,834) |
| Non-current liabilities | | | |
| Long term deposits | | 5,604 | 3,464 |
| Long term finances - secured | 8 | 793,652 | 114,645 |
| Government grant | 8 | - | 504 |
| Deferred liabilities - Employee retirement benefits | | 713,567 | 882,981 |
| Liability against right of use asset | | 15,112 | 20,502 |
| Deferred taxation | | 204,408 | 206,775 |
| | | 1,732,343 | 1,228,871 |
| Contingencies and commitments | 9 | | |
| | | 14,584,842 | 14,298,809 |
| Represented by: | | | |
| Authorized capital | | | |
| 250,000,000 (30 June 2021: 250,000,000) ordinary shares of Rs. 10 each | | 2,500,000 | 2,500,000 |
| 150,000,000 (30 June 2021: 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 | 10 | 1,748,343 | 1,748,343 |
| Reserves | | 5,116,724 | 5,116,724 |
| Advance against issue of shares under Employee Share Option Scheme | 15 | 67,286 | - |
| Unappropriated profit | | 2,328,923 | 2,101,491 |
| Surplus on revaluation of fixed assets - net of tax | | 5,323,566 | 5,332,251 |
| | | 14,584,842 | 14,298,809 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

LAHORE
February 24, 2022


Condensed interim unconsolidated statement of profit or loss account (Un-audited)

For the six-months period ended 31 December 2021

| | Note | Six months period ended | | Three months period ended | |
|--------------------------------------|------|---------------------------------------|------------------|---------------------------------------|----------------|
| | | December 2021 (Rupees in thousand) | December 2020 | December 2021 (Rupees in thousand) | December 2020 |
| Revenue from contract with customers | 11 | 3,905,016 | 3,960,169 | 1,979,618 | 2,093,275 |
| Cost of revenue | | (2,653,869) | (2,654,352) | (1,319,193) | (1,429,870) |
| Gross Profit | | 1,251,147 | 1,305,817 | 660,425 | 663,405 |
| - Administrative expenses | | (237,996) | (294,916) | (120,943) | (178,949) |
| - Distribution cost | | (257,187) | (393,197) | (125,625) | (218,356) |
| | | (495,183) | (688,113) | (246,568) | (397,305) |
| Operating profit | | 755,964 | 617,704 | 413,857 | 266,100 |
| Finance cost | | (264,892) | (333,463) | (145,728) | (142,276) |
| Other operating expenses | | (39,074) | (38,068) | (35,000) | (18,365) |
| | | (303,966) | (371,531) | (180,728) | (160,641) |
| Other income | | 57,089 | 249,330 | 30,045 | 15,691 |
| Profit before taxation | | 509,087 | 495,503 | 263,174 | 121,150 |
| Taxation | | (115,508) | (81,307) | (93,061) | (35,855) |
| Profit for the period | | 393,579 | 414,196 | 170,113 | 85,295 |
| Earnings per share | |Rupees..... | | | |
| Basic | | 2.25 | 2.43 | 0.97 | 0.50 |
| Diluted | | 2.22 | 2.43 | 0.96 | 0.50 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director


Condensed interim unconsolidated statement of comprehensive income (Un-audited)

For the six-months period ended 31 December 2021


| | Six months period ended | | Three months period ended | |
|--|-------------------------|------------------|---------------------------|------------------|
| | December 2021 | December 2020 | December 2021 | December 2020 |
| Profit for the period | 393,579 | 414,196 | 170,113 | 85,295 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 393,579 | 414,196 | 170,113 | 85,295 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

LAHORE
February 24, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director

Condensed Interim unconsolidated Statement of Changes in Equity (Un-audited)

For the six-months period ended 31 December 2021

| | Capital reserves | | | | Revenue reserves | | | | Total |
|---|------------------|---------------|-----------------|--|---|--|-----------------|-----------------------|------------|
| | Share Capital | Share premium | Capital reserve | Advance against issue of shares against ESOS | Surplus on revaluation of fixed assets - net of tax | Employee Stock Option Compensation reserve | General reserve | Unappropriated Profit | |
| ------(Rupees in thousand)----- | | | | | | | | | |
| Balance as at 01 July 2020 | 1,698,313 | 4,818,866 | 629 | - | 3,832,312 | 734 | 266,400 | 636,722 | 11,253,976 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 414,196 | 414,196 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Incremental depreciation relating to surplus on revaluation of building - net of tax | - | - | - | - | - | - | - | 414,196 | 414,196 |
| Incremental depreciation relating to surplus on revaluation of building - net of tax | - | - | - | - | (9,957) | - | - | 9,957 | - |
| Transactions with owners of the Company, contributions and distributions | | | | | | | | | |
| Issuance of shares under employee stock option scheme | 50,030 | 30,095 | - | - | - | - | - | - | 80,125 |
| Recognition of fair value charge of share based payments | - | - | - | - | - | 60,547 | - | - | 60,547 |
| Transfer to share premium on issuance of share under employee stock option scheme | - | 734 | - | - | - | (734) | - | - | - |
| Balance as on December 31, 2020 - unaudited | 1,748,343 | 4,849,695 | 629 | - | 3,822,355 | 60,547 | 266,400 | 1,060,875 | 11,808,844 |
| Total comprehensive loss for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 1,124,499 | 1,124,499 |
| Other comprehensive income | - | - | - | - | 1,523,710 | - | - | (85,637) | 1,438,073 |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | - | 1,523,710 | - | - | 1,038,862 | 2,562,572 |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | - | (1,755) | - | - | 1,755 | - |
| Effect of change in tax rate on account of surplus on revaluation of buildings | - | - | - | - | (12,059) | - | - | - | (12,059) |
| Reversal of expenses under ESOS | - | - | - | - | - | (60,547) | - | - | (60,547) |
| Balance as at 30 June 2021- audited | 1,748,343 | 4,849,695 | 629 | - | 5,332,251 | - | 266,400 | 2,101,491 | 14,298,809 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 393,579 | 393,579 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | - | - | - | - | 393,579 | 393,579 |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | - | (8,685) | - | - | 8,685 | - |
| Transactions with owners of the Company, contributions and distributions | | | | | | | | | |
| Proceeds for issue of shares under Employee Share Option Scheme | - | - | - | 67,286 | - | - | - | - | 67,286 |
| Final dividend for the year ended 30 June 2021 at Rs.1 per share | - | - | - | - | - | - | - | (174,833) | (174,833) |
| Balance as on 31 December 2021 - unaudited | 1,748,343 | 4,849,695 | 629 | 67,286 | 5,323,566 | - | 266,400 | 2,328,923 | 14,584,842 |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.

LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

Condensed interim unconsolidated statement of cash flows (Un-audited)

For the six-months period ended 31 December 2021

| | Note | 31 December 2021 | 31 December 2020 |
|---|------|----------------------|---------------------|
| | | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 509,087 | 495,503 |
| Adjustments for non-cash items : | | | |
| Finance cost | | 264,892 | 333,463 |
| Amortization on intangible asset | | 7,443 | 6,818 |
| Depreciation on property, plant and equipment | 5.1 | 184,192 | 137,725 |
| Employee stock option charge / (reversal)for the period | | - | 60,547 |
| Provision for gratuity | | 33,068 | 15,597 |
| Provision for superannuation fund | | 26,227 | 14,242 |
| Profit on bank deposits | | (3,902) | (3,078) |
| Unrealized exchange loss | | 1,972 | 3,043 |
| Unrealized gain on investments at 'fair value through profit or loss' | | 1,336 | (38,912) |
| Dividend income | | 1,565 | (103) |
| Provision for Workers' Profit Participation Fund (WPPF) | | 27,355 | 31,348 |
| Impairment of Asset Held for Sale | | - | - |
| Provision for Workers' Welfare Fund (WWF) | | 10,383 | 3,415 |
| Interest on advances to the subsidiary company | | (7,408) | (149,659) |
| (Gain) / loss on disposal of long term investment | | (1,305) | - |
| Gain on sale of property, plant and equipment | | (14,663) | (5,004) |
| | | 531,155 | 409,442 |
| Operating profit before working capital changes | | 1,040,242 | 904,945 |
| (Increase) / decrease in current assets : | | | |
| Stores and spares | | (24,744) | (2,183) |
| Stock in trade | | 53,276 | 162,766 |
| Trade debts | | (235,119) | (23,600) |
| Loans, advances, deposits, prepayments and other receivables | | (848,610) | 585,814 |
| | | (1,055,197) | 722,797 |
| Increase in current liabilities: | | | |
| Trade and other payables | | (499,049) | 187,629 |
| | | (514,004) | 1,815,371 |
| Income tax paid | | (114,193) | (28,503) |
| Finance cost paid | | (295,443) | (414,205) |
| Payment to gratuity fund | | (113,809) | (43,647) |
| Payment to superannuation fund | | (114,901) | (45,981) |
| Payment to WPPF | | (10,247) | - |
| Payment to WWF | | (28,641) | - |
| Long term loans - net | | (600) | 57 |
| Long term security deposits - net | | (500) | 2,980 |
| | | (678,334) | (529,299) |
| Net cash (used in) / generated from operating activities | | (1,192,338) | 1,286,072 |

Condensed interim unconsolidated cash flow statement (Un-audited)

For the six-months period ended 31 December 2021

| | 31 December 2021 | 31 December 2020 |
|---|-----------------------|---------------------|
| Note | (Rupees in thousand) | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (65,676) | (753) |
| Purchase of intangible | - | (25,239) |
| Proceeds from disposal of property, plant and equipment | 24,212 | 15,078 |
| Proceeds from disposal of long term investments | 4,110 | - |
| Acquisition of long term investments | - | (278,857) |
| Short term investments - net | (1,523) | 3,257 |
| Profit received on bank deposits | 3,902 | 3,078 |
| Dividend received | - | 103 |
| Net cash used in investing activities | (34,975) | (283,333) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital under ESOS | 67,286 | 15,443 |
| Long term borrowing obtained | 750,000 | 164,795 |
| Long term borrowing repaid | (71,497) | - |
| Repayment of lease liabilities | (4,446) | - |
| Long term deposits obtained | 2,140 | - |
| Loan obtained from Chief Executive Officer | - | (89,245) |
| Dividend paid | (174,840) | - |
| Short term borrowings - net | (127,534) | 1,982 |
| Net cash generated from financing activities | 441,109 | 92,975 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (786,204) | 1,095,714 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | (3,392,900) | (6,104,508) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 12 (4,179,104) | (5,008,794) |

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated financial statements.


LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

1. STATUS AND NATURE OF THE BUSINESS

Treet Corporation Limited ("the Company") was incorporated in Pakistan on 22 January 1977 as a public limited company under the repealed Companies Act, 1913 (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 in Lahore at 72-B Kot Lakhpat, Industrial Area and in Hyderabad at Hali Road.

2. BASIS OF PREPARATION

These condensed interim 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.

These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2021 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof, for the period ended on 31 December 2021.

These condensed interim unconsolidated financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and are un-audited but subject to limited scope review by external auditors as required by Code of Corporate Governance, 2019.

These condensed interim unconsolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited unconsolidated financial statements as at and for the year ended 30 June 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last financial statements.

Comparative unconsolidated statement of financial position's numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2021, whereas comparative unconsolidated profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the three months and six months period ended 31 December 2020.

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

3. ESTIMATES

The preparation of these condensed interim unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimates were the same as those applied to the unconsolidated financial statements for the year ended 30 June 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2021.

The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021.

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the company's annual accounting periods beginning on or after July 1, 2021. However, these will not have any significant effects on the company's operations and are, therefore, not detailed in these condensed interim financial statements.

| | | (Un-audited) 31 December 2021 | (Audited) 30 June 2021 |
|---|------|-------------------------------------|------------------------------|
| | Note | (Rupees in thousand) | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 7,464,282 | 7,214,214 |
| Right of use asset | | 21,356 | 25,192 |
| Capital work-in-progress | | 103,460 | 475,833 |
| | | 7,589,098 | 7,715,239 |
| 5.1 Operating fixed assets | | | |
| Opening net book value | | 7,239,406 | 5,347,868 |
| Additions during the period / year | 5.2 | 439,974 | 433,489 |
| Disposals during the period / year - net book value | 5.2 | (9,550) | (17,548) |
| Depreciation charged during the period / year | | (184,192) | (268,551) |
| Surplus on revaluation during the period / year | | - | 1,744,148 |
| Closing net book value | | 7,485,638 | 7,239,406 |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

| (Un-audited) | (Audited) |
|----------------------|-----------|
| 31 December | 30 June |
| 2021 | 2021 |
| (Rupees in thousand) | |

5.2 The following additions and disposals have been made during the six months period ended 31 December 2021:

| | Additions | Disposals at net |
|-------------------------|----------------------|---------------------|
| | (Rupees in thousand) | |
| Plant and machinery | 394,074 | - |
| Furniture and equipment | 18,106 | 642 |
| Vehicles | 27,794 | 8,908 |
| | 439,974 | 9,550 |

| (Un-audited) | (Audited) |
|----------------------|-----------|
| 31 December | 30 June |
| 2021 | 2021 |
| (Rupees in thousand) | |

Note

6. Long term investments

| | | | |
|---|-----|------------|------------|
| In equity instruments of subsidiaries - at cost | 6.1 | 10,548,891 | 10,238,079 |
| In equity instruments of Associate - at cost | 6.2 | 287,455 | 287,455 |
| Fair value through OCI | 6.3 | 8,167 | 8,167 |
| | | 10,844,513 | 10,533,701 |

6.1 In equity instruments of subsidiaries - at cost

Treet Holdings Limited - unquoted

71,104,712 (30 June 2021: 71,104,712) fully paid ordinary shares of Rs. 10 each

Equity held: 100 % (30 June 2021: 100 %)

Chief Executive Officer - Syed Shahid Ali

Less: Accumulated impairment allowance

| | | |
|--|-----------|-----------|
| | 675,137 | 675,137 |
| | (235,429) | (235,429) |
| | 439,708 | 439,708 |

First Treet Manufacturing Modaraba - quoted

858,010,993 (30 June 2021: 655,251,700) fully paid certificates of Rs. 10 each

Chief Executive Officer - Syed Shahid Ali

Advance Against Issue of Certificates

Less: Accumulated impairment allowance

| | | |
|-------|------------|-----------|
| 6.1.1 | 10,282,726 | 8,061,393 |
| | - | 1,835,903 |
| | (655,756) | (581,138) |
| | 9,626,970 | 9,316,158 |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

| | | (Un-audited) 31 December 2021 (Rupees in thousand) | (Audited) 30 June 2021 |
|---|-------|---|------------------------------|
| Renacon Pharma (Private) Limited - unquoted | | | |
| 34,833,790 (30 June 2021: 34,833,790) fully shares of Rs. 10 each | 6.1.2 | 482,213 | 482,213 |
| Equity held: 55.86% (2020: 55.86%) | | | |
| Chief Executive Officer - Dr. Salman Shakoh | | | |
| | | 10,548,891 | 10,238,079 |
| 6.1.1 The Company directly owns 858,010,993 certificates (30 June 2021: 655,251,700) constituting 97.11%(30 June 2021: 96.38%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 2.2% (30 June 2021: 2.8%) through its subsidiary, Treet Holdings Limited. Directors own 0.22% of certificates while 0.68% certificates are held by general public. The market value of FTMM certificate as at December 31, 2021 is Rs. 11.53 per certificate. | | | |
| On 21 January 2019, the Board of the Directors of the Modarba Management Company has decided in their meeting to spin off the battery segment into a new company named as Treet Battery Limited after complying with the necessary legal requirements in this regard. In compliance with the Order of the the Honorable Lahore High Court, an extra ordinary general meeting is being held on March 02, 2022. | | | |
| 6.1.2 Renacon Pharma (Private) Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 55.86% (30 June 2021: 55.86%) equity interest in RPL. | | | |
| 6.2 In equity instruments of Associate - at cost | | | |
| <u>Loads Limited - quoted</u> | | | |
| 31,387,657 (30 June 2021: 31,387,657) fully paid ordinary shares of Rs. 10 each | 6.2.1 | 287,455 | 287,455 |
| Equity held: 12.49 % (30 June 2021: 12.49 %) | | | |
| Chief Executive Officer - Munir K. Bana | | | |
| | | 287,455 | 287,455 |
| 6.2.1 The Company's investment in Loads Limited is less than 20% but it is considered to be an associate as per the requirements of IAS - 28 "Investments in Associates" because the Company has significant influence over its financial and operating policies through representation on the Board. | | | |
| 6.3 Fair Value through OCI | | | |
| <u>Techlogix International Limited</u> | | | |
| 711,435 (30 June 2021: 711,435) fully paid ordinary shares of par value of USD 0.190761. | | 8,167 | 8,167 |
| Equity held: 0.67% (30 June 2021: 0.67%) | | | |
| | | 8,167 | 8,167 |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

| | | (Un-audited) 31 December 2021 | (Audited) 30 June 2021 |
|---|------|-------------------------------------|------------------------------|
| | Note | (Rupees in thousand) | |
| 7. Non-Current Asset Held For Sale | | | |
| Nil (30 June 2021: 19,419,000) fully paid certificates of Rs. 10 each of FTMM | | - | 388,426 |
| Less: Impairment allowance | | - | (74,809) |
| | | - | 313,617 |

Accumulated impairment allowance

| | | | |
|---|--|----------|----------|
| Opening balance | | 74,809 | - |
| Transferred from long term investment | | - | 106,005 |
| Transferred to long term investment | | (74,809) | - |
| Reversal on disposal during the period / year | | - | (3,080) |
| Impairment loss during the period / year | | - | (28,116) |
| Closing balance | | - | 74,809 |

During the year ended June 30, 2021, Board of Directors of the Company, through resolution by circulation dated 9 April 2021, approved the disposal of modaraba certificates of First Treet Manufacturing Modaraba ("FTMM"), to the extent of 20 million modaraba certificates, in open market. Accordingly, management has classified 20 million modaraba certificates of FTMM as non-current assets held for sale in accordance with the requirement of "IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations". Out of 20 million modaraba certificates, the Company sold 831,000 certificates till 26 October 2021. Board of Directors of the Company, through resolution by circulation dated 27 October 2021, reversed their initial plan to sell these modaraba certificates.

| | | (Un-audited) 31 December 2021 | (Audited) 30 June 2021 |
|---|------|-------------------------------------|------------------------------|
| | Note | (Rupees in thousand) | |
| 8. Long term finances - secured | | | |
| Loan from financial institutions | 8.1 | 933,661 | 250,796 |
| Less: current portion shown under current liabilities | | (140,009) | (136,151) |
| | | 793,652 | 114,645 |
| Deferred Income-government grant | | 2,985 | 7,347 |
| Less: current portion of deferred income - government grant | | (2,985) | (6,843) |
| | | - | 504 |
| | | 793,652 | 115,149 |

8.1 Loan from financial institution includes:

| | | | |
|--|--|---------|---------|
| Meezan Bank Limited - Diminishing Musharika | | 72,753 | 87,303 |
| Habib Bank Limited - Term Finance Loan | | 110,908 | 163,493 |
| Pakistan Kuwait Investment Company - Term Finance Loan | | 750,000 | - |
| | | 933,661 | 250,796 |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

| | (Un-audited) 31 December 2021 (Rupees in thousand) | (Audited) 30 June 2021 |
|--|---|------------------------------|
| 9. CONTINGENCIES AND COMMITMENTS | | |
| 9.1 Contingencies | | |
| There are no material changes in contingencies from the preceding annual published unconsolidated financial statements of the Company for the year ended 30 June 2021. | | |
| 9.2 Commitments | | |
| 9.2.1 In respect of: | | |
| - irrevocable letters of credit | 564,067 | 753,082 |

9.2.2 Guarantees given by banks on behalf of the Company in favour of Sui Northern Gas Pipeline Limited and Government Institutions, as at 31 December 2021, amounts to Rs. 20.615 million (30 June 2021: Rs. 290.615 million).

9.2.3 Guarantees given by the Company to various financial institutions on behalf of First Treet Manufacturing Modaraba and Renacon Pharma Limited as at 31 December 2021 amounts to Rs. 2,758 million (30 June 2021: Rs. 2,758 million) and Rs. 400 million (30 June 2021: Rs. 444 million) respectively. These guarantees carry commission at the rate of 0.2% (30 June 2021: 0.02%) per annum payable annually in arrears.

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| | 31 December 2021 (Number of shares) | 30 June 2021 | (Un-audited) 31 December 2021 (Rupees in thousand) | (Audited) 30 June 2021 |
|---|---|--------------------|---|------------------------------|
| Ordinary shares of Rs. 10 each fully paid-up in cash | 89,793,463 | 89,793,463 | 897,935 | 897,935 |
| Ordinary shares of Rs. 10 each issued on conversion of PTCs | 22,006,165 | 22,006,165 | 220,062 | 220,060 |
| Ordinary shares of Rs. 10 each fully issued as bonus shares | 52,420,143 | 52,420,143 | 524,201 | 524,201 |
| Issuance of shares against employee share options scheme | 10,614,551 | 10,614,551 | 106,145 | 106,146 |
| | 174,834,322 | 174,834,322 | 1,748,343 | 1,748,342 |

10.1 Loads Limited, an associated company, holds 8,887,958 (30 June 2021: 8,887,958) ordinary shares of Rs. 10 each, representing 5.08% (30 June 2021: 5.23%) of the paid up capital of the Company.

10.2 Syed Shahid Ali (Chief Executive Officer) holds 56,141,899 (30 June 2021: 56,141,899) and Syed Sheharyar Ali (Executive Director) holds 12,665,543 (30 June 2021: 12,258,643) ordinary shares of Rs. 10 each, representing 32.11% (30 June 2021: 33.06%) and 7.24% (30 June 2021: 7.22%) of the paid up capital of the Company respectively.

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

11 Revenue from contract with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service line, primary geographical markets and timing of revenue recognition.

| | Six months period ended | | Three months period ended | |
|---|-------------------------|---------------------|---------------------------|---------------------|
| | (Un-audited) | | (Un-audited) | |
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | (Rupees in thousand) | | (Rupees in thousand) | |
| 11.1 Major Product / Service Line | | | | |
| Manufacturing Income | | | | |
| Export sales | 1,343,031 | 1,430,706 | 689,306 | 751,188 |
| Local sales - gross | 3,033,294 | 2,953,131 | 2,081,809 | 1,542,471 |
| Less: Sales tax | (477,231) | (463,349) | (327,601) | (242,136) |
| Less: Trade discount | (11,933) | (3,926) | (465,099) | 16,819 |
| | 2,544,130 | 2,485,856 | 1,289,109 | 1,317,154 |
| Trading income | | | | |
| Sales - gross | 17,864 | 720 | 1,272 | - |
| Less: Sales tax | - | (105) | (60) | - |
| Less: Trade discount | - | - | - | - |
| | 17,864 | 615 | 1,212 | - |
| Sale of Chemicals - gross | - | 50,612 | - | 29,386 |
| Less: Sales tax | - | (7,558) | - | (4,391) |
| Less: Trade discount | (9) | (62) | (9) | (62) |
| | (9) | 42,992 | (9) | 24,933 |
| | 3,905,016 | 3,960,169 | 1,979,618 | 2,093,275 |
| 11.2 Primary Geographical Markets | | | | |
| Asia | 3,789,981 | 3,915,607 | 1,922,726 | 2,074,883 |
| Africa | 54,817 | 29,420 | 18,857 | 13,590 |
| Australia | 51 | - | - | - |
| Europe | 13,773 | 12,801 | 2,992 | 3,039 |
| US | 46,394 | 2,341 | 35,043 | 1,763 |
| | 3,905,016 | 3,960,169 | 1,979,618 | 2,093,275 |
| 11.3 Timing of revenue recognition | | | | |
| Products transferred at point in time | 3,905,016 | 3,960,169 | 1,979,618 | 2,093,275 |
| | | | (Un-audited) | (Un-audited) |
| | | | 31 December | 31 December |
| | | | 2021 | 2020 |
| | | | (Rupees in thousand) | |
| 12. CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | | | 342,782 | 1,185,767 |
| Short term running finance - secured | | | (4,521,886) | (6,194,561) |
| | | | (4,179,104) | (5,008,794) |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

13 Fair value of financial assets

Financial instruments are carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices):

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

| | December 31, 2021 | | | |
|--|---------------------------------|----------|--------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ------(Rupees in thousand)----- | | | |
| Financial assets at fair value | | | | |
| Long term equity investment - at fair value through OCI | - | - | 8,167 | 8,167 |
| Short term equity investment - at fair value through P&L | 64,882 | - | - | 64,882 |
| At December 31, 2021 | 64,882 | - | 8,167 | 73,049 |
| | June 30, 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | ------(Rupees in thousand)----- | | | |
| Financial assets at fair value | | | | |
| Long term equity investment - at fair value through OCI | - | - | 8,167 | 8,167 |
| Short term equity investment - at fair value through P&L | 64,695 | - | - | 64,695 |
| At June 30, 2021 | 64,695 | - | 8,167 | 72,862 |

At December 31, 2021 the Company holds short term equity investments where the Company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

14. TRANSACTIONS 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. Transactions with related parties are as follows:

| Transactions with related parties | Relationship | Nature of transactions | Six Months period ended | |
|------------------------------------|--|---|----------------------------------|--|
| | | | 31 December 2021 | 31 December 2020 |
| | | | (Rupees in thousand) | |
| I Subsidiaries | | | | |
| Treet HR Management | Subsidiary Co. (100% Equity Held) | Purchase of services Funds transferred - net Rental Income | 8,511 - 1,077 | 7,500 11,077 - |
| First Treet Manufacturing Modaraba | Subsidiary Co (87.35% Equity held) | Funds transferred - net Purchase of goods Rental income Interest on advances to the subsidiary company | 508,523 21,018 1,198 - | (378,489) 13,427 17,500 149,659 |
| Treet Holdings Limited | Subsidiary Co. (85.93% Equity held) | Funds transferred - net Purchase of bikes Rental Income Interest on advances to the subsidiary company | (8,327) 2,806 285 2,169 | (69,722) 676 500 - |
| Global Arts Limited | Ex - Subsidiary Co. (100% Equity held) | Funds transferred - net | (1,300) | (44,389) |
| Renacon Pharma (Private) Limited | Subsidiary Co. (55.86% direct holding) | Funds transferred - net Purchase of Goods Interest on advances to the subsidiary company Rental Income | (23,033) 58 536 78 | (229,635) - - - |
| Treet Power Limited | Subsidiary Co. | Interest on advances to the subsidiary company | 206 | - |

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

| Transactions with related parties | Relationship | Nature of transactions | Six months period ended | |
|--|---------------------|--|-------------------------|-----------------------|
| | | | 31 December 2021 | 31 December 2020 |
| (Rupees in thousand) | | | | |
| II Related parties | | | | |
| Packages Limited | Common directorship | Purchase of goods | 104,117 | 3,901 |
| IGI Insurance Limited | Common directorship | Purchase of services Advance for Services | 36,421 6,794 | 341 - |
| IGI Life Insurance Limited | Common directorship | Purchase of services | 21,343 | - |
| Loads Limited | Common directorship | Expenses incurred | - | 1,740 |
| Cutting Edge (Pvt) Limited | Common directorship | Purchase of services | - | 1,287 |
| Roboart (Private) Limited | Common directorship | Purchase of services | - | 166 |
| Elite Brands Limited | Common directorship | Sale of goods Freight charges Purchase of services | 373,010 7,136 - | 420,891 - 6,099 |
| Gulab Devi Chest Hospital | Common directorship | Donation | - | 758 |
| Liaquat National Hospital | Common directorship | Sale of goods Purchase of services | 33 260 | 16 - |
| III Post employment benefit plans | | | | |
| Superannuation fund | | Contribution | 88,755 | 28,484 |
| Provident fund | | Contribution | 41,645 | 22,063 |
| Service fund | | Contribution | 17,047 | 10,284 |
| Housing fund | | Contribution | 3,200 | - |
| Gratuity fund | | Contribution | 80,661 | 31,194 |
| Benevolent Fund | | Contribution | 427 | - |
| IV Key Management Personnel | | | | |
| | | Salaries and other employee benefits | 186,498 | 283,164 |
| | | Repayment of loan received from CEO | - | 89,245 |

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

Notes to the condensed interim unconsolidated financial statements (Un-audited)

For the six-months period ended 31 December 2021

15. 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 and the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SMD/CIW/ESOS/02/2014 dated 19 February 2015.

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

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 total number of outstanding options are 5,084,400 exercisable at a price of Rs. 24.34 per share. As of 31 December 2021, the eligible employees have deposited Rs. 67.29 million as advance for issuance of shares.

16. IMPACT OF COVID-19

World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The federal and provincial governments of Pakistan also took various measures, including imposition of lockdown to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to the Company including the suspension of production, sales and operations. However, the Government's initiative to subsequently relax the lockdown along with various other incentives to businesses helped in reviving the demand from June 2021 onwards. The management of the Company has been regularly conducting in depth analysis and has assessed that there is no material impact of COVID - 19 on the carrying amounts of assets and liabilities as at 31 December 2021. Going forward, the management is taking all the required actions and will continue to monitor the potential impact and take all steps possible to mitigate any effects.

17. DATE OF AUTHORIZATION

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on February 24, 2022.

18. GENERAL

- 18.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 18.2 No significant re-arrangements or re-classification have been made in these condensed interim unconsolidated financial statements.
- 18.3 All figures, except for 30 June 2021, appearing in these condensed interim unconsolidated financial statements are unaudited.



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

LAHORE
February 24, 2022

CONSOLIDATED

—

FINANCIAL STATEMENTS

For the six-months period ended 31 December 2021


Condensed interim consolidated statement of financial position (Un-audited)

As at 31 December 2021


| | December 2021 Un-audited (Rupees in thousand) | June 2021 Audited |
|--|---|----------------------|
| Note | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 17,051,265 | 17,111,252 |
| Investment property | 12,896 | 12,896 |
| Long term investments | 742,221 | 786,944 |
| Long term loans and deposits | 358,862 | 356,154 |
| | 18,165,244 | 18,267,246 |
| Current assets | | |
| Stores and spares | 396,575 | 341,522 |
| Stock-in-trade | 2,646,879 | 2,683,456 |
| Trade debts - unsecured considered good | 1,388,556 | 938,767 |
| Short term investments | 70,800 | 398,949 |
| Loans, advances, deposits, prepayments and other receivables | 2,262,329 | 1,801,486 |
| Cash and bank balances | 664,169 | 816,688 |
| | 7,429,308 | 6,980,868 |
| Asset held for sale | - | 537,384 |
| Current liabilities | | |
| Current portion of long term liabilities | 175,172 | 163,301 |
| Short term borrowings | 9,760,107 | 10,291,822 |
| Trade and other payables | 2,393,654 | 2,969,736 |
| Provision for taxation | 715,472 | 449,101 |
| | 13,044,405 | 13,873,960 |
| Net current assets | (5,615,097) | (6,355,708) |
| Non-current liabilities | | |
| Long term deposits | 5,603 | 3,465 |
| Long term loans | 876,598 | 206,664 |
| Liability against assets subject to finance lease | 18,187 | 59,515 |
| Deferred liabilities | 1,285,818 | 1,537,389 |
| | 2,186,206 | 1,807,033 |
| Contingencies and commitments | 5 | - |
| Net assets | 10,363,941 | 10,104,504 |
| FINANCED BY: | | |
| Issued, subscribed and paid-up capital | 1,748,343 | 1,748,343 |
| Share deposit money | 67,285 | - |
| Reserves | 5,839,944 | 5,839,944 |
| Unappropriated profit / (loss) | (4,224,879) | (4,567,281) |
| Surplus on revaluation of fixed assets | 6,598,981 | 6,775,227 |
| SHARE HOLDERS' EQUITY | 10,029,674 | 9,796,233 |
| Minority Interest | 334,267 | 308,271 |
| | 10,363,941 | 10,104,504 |

The attached notes 1 to 10 form an integral part of this condensed interim financial statements.

LAHORE
February 24, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Condensed interim consolidated statement of profit or loss account (Un-audited)

For the six-months period ended 31 December 2021

| | Note | Six months period ended | | Three months period ended | |
|--|------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|
| | | July to December 2021 | July to December 2020 | October to December 2021 | October to December 2020 |
| | | (Rupees in thousand) | | (Rupees in thousand) | |
| Revenue -Net | 6 | 7,757,238 | 7,179,158 | 3,725,137 | 3,625,089 |
| Cost of revenue | 7 | (6,253,718) | (5,904,911) | (2,930,706) | (2,895,817) |
| Gross Profit / (Loss) | | 1,503,520 | 1,274,247 | 794,431 | 729,272 |
| - Administrative expenses | | (289,988) | (330,933) | (140,535) | (220,751) |
| - Distribution cost | | (478,626) | (640,817) | (209,560) | (338,443) |
| | | (768,614) | (971,750) | (350,095) | (559,194) |
| Operating profit / (loss) | | 734,906 | 302,497 | 444,336 | 170,078 |
| Other income | | 250,684 | 87,478 | (120,426) | (17,188) |
| | | 985,590 | 389,975 | 323,910 | 152,890 |
| Financial expenses | | (457,681) | (537,700) | (246,665) | (257,195) |
| Share of profit / (loss) of associate | | 19,129 | 8,951 | 16,398 | 13,305 |
| | | 547,038 | (138,774) | 93,643 | (91,000) |
| Workers' Profit Participation Fund | | (27,355) | (31,348) | (23,281) | (11,645) |
| Workers' Welfare Fund | | (10,383) | (3,617) | (10,249) | (3,550) |
| | | (37,738) | (34,965) | (33,530) | (15,195) |
| Profit / (Loss) before taxation | | 509,300 | (173,739) | 60,113 | (106,195) |
| Taxation | | | | | |
| - Group | | (156,490) | (129,632) | (101,520) | (64,264) |
| - Associated company | | (11,651) | (6,278) | (15,305) | (4,614) |
| Profit / (Loss) from continuing operation | | 341,159 | (309,649) | (56,712) | (175,073) |
| Profit / (Loss) from discontinued operation | | - | (43,770) | - | (21,111) |
| Profit / (Loss) after taxation | | 341,159 | (353,419) | (56,712) | (196,184) |
| (Profit) / Loss attributable to minority interest | | (170) | 16,453 | 3,727 | 3,988 |
| Profit / (Loss) attributable to group | | 340,989 | (336,966) | (52,985) | (192,196) |
| Earnings / (Loss) per share | | 1.95 | (1.98) | (0.30) | (1.00) |

The attached notes 1 to 10 form an integral part of this condensed interim financial statements.

LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

Condensed interim consolidated statement of comprehensive income (Un-audited)

For the six-months period ended 31 December 2021

| | 6 months ended | | Quarter ended | |
|---|---|-----------------------------|--|--------------------------------|
| | July to December 2021 (Rupees in thousand) | July to December 2020 | October to December 2021 (Rupees in thousand) | October to December 2020 |
| Profit / (loss) after taxation | 340,989 | (336,966) | (52,985) | (192,196) |
| Remeasurement of defined benefit obligation - net of tax | | | | |
| Other comprehensive income | | | | |
| Available for sale financial assets | | | | |
| Fair value adjustment | - | - | | |
| Total comprehensive income / (loss) for the period | 340,989 | (336,966) | (52,985) | (192,196) |


Appropriations have been reflected in the statement of changes in equity.

The attached notes 1 to 10 form an integral part of this condensed interim financial statements.

LAHORE
February 24, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Condensed interim consolidated statement of changes in shareholders equity (Un-audited)

For the six-months period ended 31 December 2021

| | Share Capital | Advance against issue of share capital | Capital Reserve | Fair Value Reserve | Statutory Reserve | Surplus on revaluation of land buildings - net of tax | Employee stock option compensation reserve | General Reserve | Unappropriated Profit | Total |
|---|---------------|--|-----------------|--------------------|-------------------|---|--|-----------------|-----------------------|------------|
| ------(Rupees in thousand)----- | | | | | | | | | | |
| Balance as on June 30, 2020 | 1,698,313 | - | 4,818,590 | 20,394 | 511,941 | 4,893,916 | 734 | 266,400 | (4,318,826) | 7,891,462 |
| Issuance of shares under employee share option scheme (ESOS) | 9,829 | - | 5,613 | - | - | - | - | - | - | 15,442 |
| Recognition of fair value charge of shares under employee share option scheme (ESOS) | - | - | - | - | - | - | 60,547 | - | - | 60,547 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | (336,966) | (336,966) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment | - | - | - | - | - | (25,511) | - | - | 25,511 | - |
| Balance as on December 31, 2020 | 1,708,142 | - | 4,824,203 | 20,394 | 511,941 | 4,868,405 | 61,281 | 266,400 | (4,630,281) | 7,630,485 |
| Balance as on June 30, 2021 | 1,748,343 | - | 5,061,603 | - | 511,941 | 6,775,227 | - | 266,400 | (4,567,281) | 9,796,233 |
| Proceeds for issue of shares under Employee Share Option Scheme (ESOS) | - | 67,285 | - | - | - | - | - | - | - | 67,285 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | 340,989 | 340,989 |
| Transferred from surplus on revaluation of property, plant and equipment due to sale | - | - | - | - | - | (144,951) | - | - | 144,951 | - |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment | - | - | - | - | - | (31,295) | - | - | 31,295 | - |
| Final dividend for the year ended June 30, 2021 | - | - | - | - | - | - | - | - | (174,833) | (174,833) |
| Balance as on December 31, 2021 | 1,748,343 | 67,285 | 5,061,603 | - | 511,941 | 6,598,981 | - | 266,400 | (4,224,879) | 10,029,674 |

The attached notes 1 to 10 form an integral part of this condensed interim financial statements.

LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

Condensed interim consolidated statement of cash flows (Un-audited)

For the six-months period ended 31 December 2021

| | July to December 2021 | July to December 2020 |
|---|-----------------------------|-----------------------------|
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before taxation | 509,300 | (217,509) |
| Adjustments for non-cash items : | | |
| Financial charges for the period | 457,681 | 537,700 |
| Depreciation on property, plant and equipment | 347,554 | 416,622 |
| Provision for gratuity | 33,068 | 38,738 |
| Provision for superannuation fund scheme | 26,227 | 31,593 |
| Profit on bank deposits | (9,792) | (9,651) |
| Profit on disposal of investment held for trading | 1,336 | (39,540) |
| Profit on disposal of available for sale investment | 1,853 | - |
| Share of profit from associated company | (19,129) | (8,951) |
| Employees share option scheme (ESOS) | - | 60,547 |
| Dividend income | (1,566) | (103) |
| Provision for WPPF and WWF | 37,738 | 34,965 |
| (Gain)/Loss on sale of fixed assets | (217,658) | (4,989) |
| | 657,312 | 1,056,931 |
| Operating profit / (loss) before working capital changes | 1,166,612 | 839,422 |
| (Increase) / decrease in operating assets : | | |
| Stores and spares | (55,053) | 10,223 |
| Stock-in-trade | 36,577 | 491,546 |
| Trade debts | (449,789) | (27,245) |
| Short term investments | 326,813 | 3,183 |
| Loans, advances, deposits, prepayments and other receivables | (776,356) | (41,060) |
| | (917,808) | 436,647 |
| Increase / (decrease) in operating liabilities | | |
| Trade and other payables | (554,975) | 704,658 |
| Cash generated from / (used in) from operations | (306,171) | 1,980,727 |
| Financial charges paid | (455,014) | (738,222) |
| Taxes paid | 315,513 | (25,328) |
| WPPF and WWF | (19,608) | (4,194) |
| Payment to gratuity fund | (113,811) | (66,788) |
| Payment to superannuation fund | (114,898) | (53,930) |
| | (387,818) | (888,462) |
| Net cash inflow/(outflow) from operating activities | (693,989) | 1,092,265 |


Condensed interim consolidated statement of cash flows (Un-audited)

For the six-months period ended 31 December 2021

| | July to December 2021 | July to December 2020 |
|---|-----------------------------|-----------------------------|
| (Rupees in thousand) | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure incurred | (154,055) | (41,265) |
| Proceeds from sale of fixed assets | 621,530 | 15,057 |
| Long term investments | 61,999 | (4,881) |
| Long term deposits | (2,708) | (11,491) |
| Profit received on bank deposits | 9,792 | 9,651 |
| Dividend received | 1,566 | 103 |
| Net cash inflow/(outflow) from investing activities | 538,124 | (32,826) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payment of lease obligation | (41,328) | (7,363) |
| Share capital | - | 9,829 |
| Share premium | - | 5,613 |
| Share deposit money | 67,285 | - |
| Long Term Loan | 681,805 | 92,476 |
| Long Term Deposits | 2,138 | 56,935 |
| Dividend paid | (174,839) | - |
| Net cash inflow/(outflow) from financing activities | 535,061 | 157,490 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 379,196 | 1,216,929 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | (9,475,134) | (12,557,317) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | (9,095,938) | (11,340,388) |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 664,169 | 1,418,862 |
| Finance under mark-up arrangements | (9,760,107) | (12,759,250) |
| | (9,095,938) | (11,340,388) |

The attached notes 1 to 10 form an integral part of this condensed interim financial statements.


LAHORE
February 24, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director

Notes to the consolidated condensed interim financial information (Un-audited)

For the six-months period ended 31 December 2021

1. STATUS AND NATURE OF THE BUSINESS

The Group comprises:

Holding Company

Treet Corporation Limited (TCL)

Subsidiary Companies / Undertakings

Treet Holdings Limited (THL)

First Treet Manufacturing Modaraba (FTMM)

Treet HR Management (Private) Limited (THRM)

Treet Power Limited (TPL)

Renacon Pharma Limited (RPL)

Treet Battery Limited (TBL)

- 1.1 Treet Corporation Limited (the holding Company) was incorporated in Pakistan on 22 January 1977 as a Public Limited Company under the Companies Act, 1913. Its shares are listed on Pakistan Stock Exchange Limited. The principal activity of the holding company is to manufacture and sell 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.
- 1.2 Treet Holdings Limited was incorporated in Pakistan on 21 October 2004 as a Private Limited Company under the Companies Ordinance, 1984. Global Econo Trade Limited commenced its commercial operations from 01 January 2005. The principal activity of the company is the business of manufacturing and sale of bikes. The company was converted into Public Limited Company (unlisted), and the name and objects of the company have also been changed from that of Global Econo Trade (Private) Limited to Treet Holdings Limited w.e.f June 03, 2015 after complying with the legal formalities. Its registered office is situated at 72 - B, Industrial Area Kot Lakhpat, Lahore.
- 1.3 First Treet Manufacturing Modaraba ("the Modaraba") is a multipurpose, perpetual and multi dimensional Modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there-under and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and batteries.
- 1.4 Treet HR Management (Private) Limited was incorporated in Pakistan on September 18, 2006 as a Private Limited Company under the Companies Ordinance, 1984. The company is engaged in the business of rendering professional & technical services and providing related workforce to the host companies / customers under service agreements. The name of the company has been changed from TCL Labor-Hire Company (Private) Limited to Treet HR Management (Private) Limited with effect from December 31, 2014 after complying with the legal formalities. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a wholly owned subsidiary of Treet Holdings Limited, which is also a wholly owned subsidiary of Treet Corporation Limited - an ultimate parent, a listed company.

Notes to the consolidated condensed interim financial information (Un-audited)

For the six-months period ended 31 December 2021

- 1.5 Treet Power Limited was incorporated on 20 November 2007 in Pakistan as an unquoted Public Limited Company under the Companies Ordinance, 1984. At present Treet Power Limited is planning to set up an electric power generation project for generating, distribution and selling of electric power. Its registered office is situated at 72-B, Industrial Area Kot Lakhpat, Lahore.
- 1.6 Renacon Pharma Limited (RPL) was incorporated on 07 July 2009 as a Private Limited Company under the Companies Ordinance, 1984. The company was converted into Public Limited Company (unlisted) on 27 January 2017 after complying with the legal formalities. The Company engaged in the business of manufacturing of all types of formulations of Hemodialysis Concentrate in powder and solution form for all brands of machines. Treet Corporaiton Limited has acquired 58.16% equity stake in the company on 18 January 2017. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.
- 1.7 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 cadmium 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.

2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and has been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. These condensed interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2021.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements for the year ended 30 June 2021.

4. ESTIMATES

The preparation of condensed Interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2021.

5. CONTINGENCIES AND COMMITMENTS

There is no material change in the position of contingent liabilities since the last audited published financial statements.

Notes to the consolidated condensed interim financial statements (Un-audited)

For the six-months period ended 31 December 2021

| | Six months period ended | | Three months period ended | |
|-------------------------|---|-----------------------------|--|--------------------------------|
| | July to December 2021 (Rupees in thousand) | July to December 2020 | October to December 2021 (Rupees in thousand) | October to December 2020 |
| 6. REVENUE - Net | | | | |
| Blades | 3,887,160 | 3,916,562 | 1,978,414 | 2,068,342 |
| Soaps | 255,621 | 499,630 | 100,570 | 203,588 |
| Packaging products | 1,051,564 | 737,693 | 502,688 | 411,364 |
| Batteries | 2,212,872 | 1,703,960 | 965,541 | 769,742 |
| Motor bike project | 31,599 | 10,671 | 20,202 | 5,608 |
| Trading operation | 17,855 | 43,608 | 1,203 | 24,934 |
| Pharmaceutical products | 300,567 | 267,034 | 156,519 | 141,511 |
| | 7,757,238 | 7,179,158 | 3,725,137 | 3,625,089 |

7. COST OF REVENUE

| | | | | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| Blades | (2,612,495) | (2,599,908) | (1,311,412) | (1,405,044) |
| Soaps | (231,503) | (485,803) | (99,774) | (202,231) |
| Packaging products | (1,004,188) | (774,657) | (497,174) | (423,887) |
| Batteries | (2,108,685) | (1,767,796) | (868,883) | (718,757) |
| Motor bike project | (37,860) | (17,214) | (23,397) | (9,093) |
| Trading operation | (12,495) | (33,771) | 357 | (18,033) |
| Pharmaceutical products | (246,492) | (225,762) | (130,423) | (118,772) |
| | (6,253,718) | (5,904,911) | (2,930,706) | (2,895,817) |

8. TRANSACTIONS WITH RELATED PARTIES

The Company enters into transactions with related parties in the normal course of business on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.


| | Six Months ended | |
|----------------------------------|---|-----------------------------|
| | July to December 2021 (Rupees in thousand) | July to December 2020 |
| Purchases and services received | 468,367 | 102,070 |
| Goods sold and services rendered | 30,334 | 328,634 |

9. These unaudited condensed interim financial statements were authorized for issue by the board of directors on February 24, 2022.

10. GENERAL

10.1 Amounts have been rounded off to thousand rupees.

LAHORE
February 24, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director



treetgroup.com



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