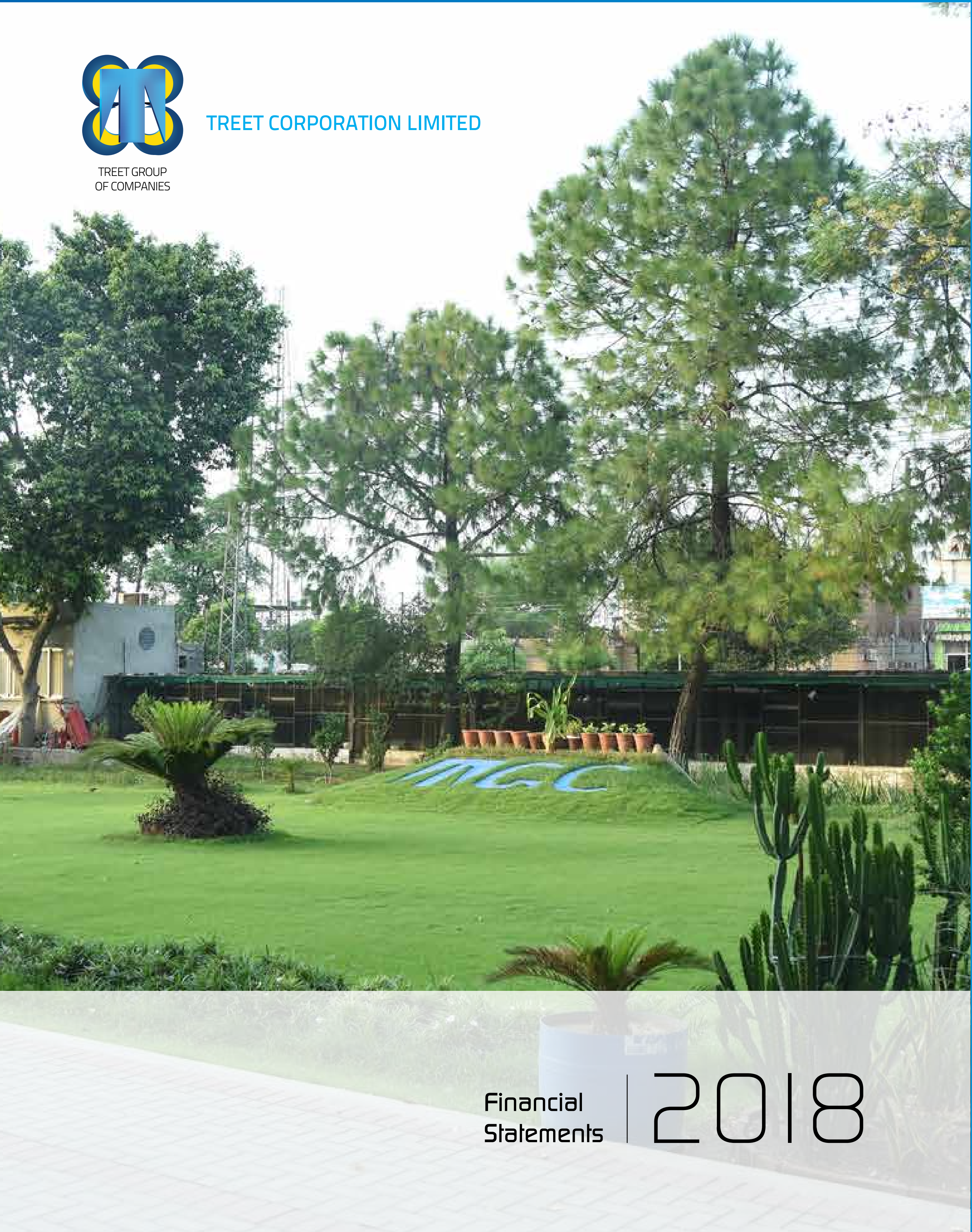
TREET GROUP
OF COMPANIES

# TREET CORPORATION LIMITED




# Financial Statements 2018

# CONTENTS

## CONSOLIDATED FINANCIAL STATEMENTS



## UNCONSOLIDATED FINANCIAL STATEMENTS



## SOCIETY FOR CULTURAL EDUCATION



## INVESTORS' INFORMATION

# INDEPENDENT AUDITORS' REPORT

**To the members of Treet Corporation Limited**

**Report on the Audit of the Consolidated Financial Statements**

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

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

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the Key audit matter(s):

| S.No | Key audit matter(s) | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Sales**<br><br>Refer to notes 5.18 and 35 to the consolidated financial statements.<br><br>The Group recognized revenue of Rs. 9,410 million from sale of goods to domestic as well as export customers during the year ended 30 June 2018.<br><br>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:<br><br>▪ Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls;<br><br>▪ assessing the appropriateness of the Group's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards;<br><br>▪ comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents.;<br><br>▪ comparing a 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; |

# INDEPENDENT AUDITORS' REPORT

| S.No | Key audit matter(s) | How the matter was addressed in our audit |
|---|---|---|
| | | ▪ inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period ; and<br><br>▪ 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 | **Impairment assessment of Goodwill**<br><br>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.<br><br>The testing is subject to estimates and judgements made by the management of the Group with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.<br><br>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:<br><br>▪ discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model;<br><br>▪ involving our internal valuation specialists to assist us in evaluating the assumptions and judgements adopted by the Group's management relating to growth rate, terminal values and the discount rate used to derive the recoverable amount of Goodwill;<br><br>▪ comparing the recoverable amount with the goodwill recognized to identify impairment, if any; and<br><br>▪ assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting standards. |
| 3 | **Capitalization of Property, Plant and Equipment**<br><br>Refer notes 5.4 and 6 to the consolidated financial statements.<br><br>The Group has made significant capital expenditure on expansion of manufacturing facilities.<br><br>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year. | ▪ obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over authorization of capital expenditure and accuracy of its recording in the system;<br><br>▪ testing, on sample basis, the costs incurred on projects with supporting documentation and contracts;<br><br>▪ assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and<br><br>▪ inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation. |

| S.No | Key audit matter(s) | How the matter was addressed in our audit |
|---|---|---|
| 4 | **Valuation of Stock-in-trade and related provisions**<br><br>Refer to notes 5.11 and 14 to the consolidated financial statements.<br><br>As at 30 June 2018, the Group's gross carrying amount of stock in trade amounts to Rs. 2,120 million against which net realizable value adjustment of Rs. 169 million has been recorded.<br><br>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:<br><br>▪ Obtaining an understanding of internal controls over valuation of stock in trade and testing their design, implementation and operating effectiveness;<br><br>▪ assessing the appropriateness of the Group's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards;<br><br>▪ 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<br><br>▪ comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy. |

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Lahore

KPMG Taseer Hadi & Co.

Date:
October 04, 2018

KPMG Taseer Hadi & Co.
Chartered Accountants

# CONSOLIDATED BALANCE SHEET

As at 30 June 2018

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

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

| | | | |
|---|---|---|---|
| LAHORE | **Syed Sheharyar Ali** | **Amir Zia** | **Muhammad Shafique Anjum** |
| October 04, 2018 | Executive Director | Chief Financial Officer | Executive Director |

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2018

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

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

| | | | |
|---|---|---|---|
| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

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

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

LAHORE
October 04, 2018

**Syed Sheharyar Ali**
Executive Director

**Amir Zia**
Chief Financial Officer

**Muhammad Shafique Anjum**
Executive Director

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2018

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

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

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

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

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

LAHORE
October 04, 2018

**Syed Sheharyar Ali**
Executive Director

**Amir Zia**
Chief Financial Officer

**Muhammad Shafique Anjum**
Executive Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 1 STATUS AND NATURE OF THE BUSINESS

**The Group comprises of :**

Holding Company

- **Treet Corporation Limited**

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

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

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

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

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

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

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

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

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

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

- The accounting policy for surplus on revaluation of freehold land and building on freehold land changed during the year as detailed in note 5.1 to these consolidated financial statements.

- The Battery manufacturing unit commenced commercial production on 22 March 2018, which will significantly affect the business volume and profitability of the Group going forward. However during this interim period, (commercial production date to year end), the battery operations have suffered loss of Rs. 283.85 million, which affected the profitability of the Group. Refer to notes 6 and 48 for details of expenditure and loss incurred.

- The Institute for Arts and Culture which will operate under the umbrella of "Society for Cultural Education" has been granted approval by President of Pakistan on 22 May 2018 to conduct educational activities through Act No. XXXI of 2018 published in official gazette of Pakistan on 25 May 2018.

- Dilution of ownership in subsidiaries, by not subscribing to the right shares issued by subsidiaries and through sale of certificate holding in First Treet Manufacturing Modaraba. Refer to note 34 for details.

- During the year, Group has incurred loss of Rs. 186.43 million on trading operations of battery on account of discount and warranty claims, which affected the profitability of the Group.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

- For a detailed discussion about the Group's performance please refer to the Director's report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 1.2 Basis of consolidation and equity accounting

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

### 1.2.1 Subsidiaries

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

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

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

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

#### Non-controlling interest

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

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

**Loss of control**

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

### 1.2.2 Associates

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

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

The Group's share of its associates post acquisition profits or losses is recognized in the statement of consolidated profit or loss and its share in post acquisition movements in the other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The Group's share of its associates post acquisition changes in net 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

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

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentational currency

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

## 3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

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

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

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

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Group's consolidated financial statements.

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

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

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

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

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

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

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

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

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

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

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Change in accounting policy

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

### 5.2 Employee benefits

**Defined contribution plans**

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

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

# **NOTES TO THE CONSOLIDATED FINANCIAL** STATEMENTS

For the year ended 30 June 2018

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

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

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

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

***Defined benefit plans***

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

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

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

***Employee Stock Option Scheme***

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

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

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

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

### 5.3 Taxation

*Current*

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

*Deferred*

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 5.4 Property, plant and equipment

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

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

**Capitalization threshold**

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

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

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

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

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

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

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

**Capital work-in-progress**

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

**5.5 Investment property**

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

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

**5.6 Intangible assets**

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

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

**5.7 Non-current assets held for sale**

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

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

**5.8 Investments**

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

**Investments at fair value through profit or loss**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

**Held to maturity investments**

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

**Investments available for sale**

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

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

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

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

**5.9 Impairment**

**Financial assets**

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

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

**Non-financial assets**

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

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

**5.10 Stores and spares**

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

**5.11 Stock-in-trade**

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

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

**5.12 Trade debts**

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

**5.13 Cash and cash equivalents**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 5.14 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for 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 Pak Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss account. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing at the date of transaction or at the date when the fair value was determined.

### 5.18 Revenue recognition

(i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods. Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

(ii) Dividend income is recognized when the right to receive is established.

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

### 5.19 Borrowing costs

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

### 5.20 Financial instruments

(i) Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

(ii) Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset.

(iii) Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired.

(iv) Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss for the year.

(v) Financial instruments carried on the statement of financial position includes investments, long term loan, long term deposits, trade debts, cash and bank balances, borrowings, trade and other payables and accrued markup. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

(vi) Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

(vii) Derivative financial instruments are initially recognized at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in profit or loss account.

### 5.21 Research and development costs

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

### 5.22 Dividends

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

### 5.23 Contingent liabilities

A contingent liability is disclosed when:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

### 5.24 Segment reporting

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

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

## 6 PROPERTY, PLANT AND EQUIPMENT

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 6.1 Property, plant and equipment

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

| Location | Usage of immovable property | Total area (acres) | Covered Area (Square Feet) |
|---|---|---|---|
| Main Hali / Link Road Hyderabad | Manufacturing facility | 5.49 | 98,696 |
| 72-B, Main Peco Road, Kot Lakhpat Lahore | Head Office and Manufacturing facility | 14.06 | 231,440 |
| Warehouse land, 14 Km Multan Road, Lahore | Warehouse | 1.5 | 10,752 |
| Hadbast Mouza Pandu, Tehsil Model Town, Lahore | Warehouse | 1 | N/A |
| 09-KM Thokar Niaz Baig, Lahore | Education campus | 15.17 | 348,480 |
| Raiwind Road, Lahore | Proposed expansion project | 2.31 | N/A |
| Faisalabad Industrial Estate, Sahianwala Faisalabad | Manufacturing facility - Battery | 49.1 | 3.67,184 |
| 05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore | Manufacturing facility and warehouse | 13.19 | 142,403 |

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

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

| | 2018 | 2017 |
|---|---|---|
| Land | 1,385,126 | 1,385,126 |
| Buildings | 3,702,378 | 277,910 |
| | 5,087,504 | 1,663,036 |

6.1.4 The following assets were disposed off during the year:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

## 7 INVESTMENT PROPERTY

| | 2018 | 2017 |
|---|---|---|
| Cost as at 01 July | 19,384 | 19,384 |
| Additions during the year | - | - |
| Disposals | - | - |
| Cost as at 30 June | 19,384 | 19,384 |

These represent the following pieces of land:

- 14 kanals and 5 marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 9.26 million.

- 11 kanals and 1 marla located at 34 km Ferozepur Road, Lahore, having a fair value of Rs. 12.35 million.

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

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

**8.1 Oracle computer software and implementation**

Intangible asset represents computer software (ERP system).

| | 2018 | 2017 |
|---|---|---|
| **Cost** | | |
| As at 01 July | 41,110 | - |
| Addition during the year | 772 | 41,110 |
| **Accumulated amortisation** | | |
| As at 01 July | (3,426) | - |
| Amortisation for the year | (8,376) | (3,426) |
| **Balance at end of the year** | 30,080 | 37,684 |
| Rate of amortisation | 20% | 20% |

**8.2 Goodwill acquired on acquisition**

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

The recoverable amount of goodwill has been tested for impairment as at 30 June 2018 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a growth rate of 3%. The cash flows are discounted using a discount rate of 13.73% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 9 | LONG TERM INVESTMENTS | | | |
| | Available for sale - at cost | 9.1 | 1,555 | 1,555 |
| | Investment in associate - Loads Limited | 9.2 | 456,148 | 425,070 |
| | | | 457,703 | 426,625 |
| 9.1 | **Available for sale - at cost** | | | |
| | **Techlogix International Limited - unquoted** | | | |
| | 748,879 (2017: 748,879) fully paid ordinary shares of par value of USD 0.00015. | 9.1.2 | 8,593 | 8,593 |
| | Equity held: 0.71 % (2017: 0.71 %) | | | |
| | Less: Provision for impairment | | (7,038) | (7,038) |
| | | | 1,555 | 1,555 |

**9.1.1** Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Group intends to hold this investment of USD 112 (2017: USD 112) over the long term and realise its returns. During the year, the Group received a return amounting to Rs. 0.12 milion (2017: Rs. 0.18 million) as disclosed in note 41.3.

**9.1.2** The breakup value per share as per latest available audited financial statements for the year ended 31 December 2016 of Techlogix International Limited is Rs. 6.38 (2017: Rs. 6.38 ) per share. The shares have par value of USD 0.00015.

**9.2 Investment in associate - Loads Limited**

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | **Loads Limited- quoted** | | | |
| | 18,895,057 (2017: 17,177,325 ) fully paid ordinary shares of Rs. 10 each | | | |
| | Equity held: 12.49% (2017: 12.49%) | 9.2.1 | 456,148 | 425,070 |
| | Chief Executive Officer - Munir K. Bana | | | |
| 9.2.1 | **In equity instrument of associate** | | | |
| | Cost | | 162,529 | 162,529 |
| | Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss | | 262,541 | 133,326 |
| | | | 425,070 | 295,855 |
| | Share of profit for the year | | 30,618 | 47,189 |
| | - before taxation | | (10,436) | (8,908) |
| | - provision for taxation | | 20,182 | 38,281 |
| | Share of other comprehensive (loss) / income | | (3,845) | 5,087 |
| | Dividend received during the year | | (17,177) | (15,616) |
| | Gain on dilution of share in equity interest | | - | 101,463 |
| | Group's share of post acquisition change in net assets of associate | | 31,918 | - |
| | Balance as at 30 June | | 456,148 | 425,070 |

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

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

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

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

## 10 LONG TERM LOANS AND ADVANCES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Loans to employees - secured, considered good | 10.1 | 12,941 | 17,548 |
| Long term advance - unsecured, considered good | 10.4 | 14,025 | 19,673 |
| Less: Current portion | | | |
| Loan to employees - secured, considered good | 17 | (12,318) | (13,679) |
| Long term advance - unsecured, considered good | 17 | (11,801) | (8,226) |
| | | (24,119) | (21,905) |
| | | 2,847 | 15,316 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

## 11 LONG TERM DEPOSITS

| | 2018 | 2017 |
|---|---|---|
| Utility deposits | 27,151 | 23,698 |
| Others | 16,454 | 14,401 |
| | 43,605 | 38,099 |

## 12 DEFERRED TAXATION

| | Note | 2018 | 2017 |
|---|---|---|---|
| Deferred tax asset | 12.1 | (12,015) | 25,109 |

**12.1** Deferred tax liability arising in respect of the following items:

| | 2018 | 2017 |
|---|---|---|
| Taxable temporary differences on: | | |
| - Accelerated tax depreciation | (59,074) | (57,146) |
| - Surplus on revaluation of buildings | (20,477) | (23,231) |
| - Post acquisition profits of associates | (44,043) | (32,818) |
| | (123,594) | (113,195) |
| Deductible temporary differences on: | | |
| - Unused tax losses | 58,013 | 90,587 |
| - Capital loss on short term investments | 5,588 | 11,489 |
| - Employee retirement benefits | 47,722 | 36,005 |
| - Provision for doubtful debts | 256 | 223 |
| | 111,579 | 138,304 |
| | (12,015) | 25,109 |

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 12.1.2 | Movement in deferred tax asset / (liability) is as follows: | | | |
| | Balance as at 01 July | | 25,109 | 24,269 |
| | Recognized in statement of profit or loss: | | | |
| | - Accelerated tax depreciation | | (1,928) | 3,431 |
| | - Surplus on revaluation of buildings | | 1,836 | - |
| | - Capital loss on short term investments | | (5,901) | 4,799 |
| | - Unused tax losses | | (32,574) | (6,969) |
| | - Post acquisition reserves of associates | | (6,437) | (9,738) |
| | - Provision for doubtful debts | | 32 | 4 |
| | | | (44,972) | (8,473) |
| | Recognized in other comprehensive income/equity: | | | |
| | - Net off against re-measurement of employee retirement benefits recognized | | 11,717 | 9,313 |
| | - Effect of change in tax rate on account of surplus on revaluation of buildings | | 919 | - |
| | - Group's share of post acquisition change in net assets of associate | | (4,788) | - |
| | Balance as at 30 June | | (12,015) | 25,109 |

## 13 STORES AND SPARES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Stores | | 112,601 | 79,086 |
| Spares | | 154,457 | 189,621 |
| | 13.1 & 13.2 | 267,058 | 268,707 |

**13.1** It includes provision for obsolete store items amounting to Rs. 5.52 million (2017: Rs. 5.52 million).

**13.2** It includes stores and spares in transit amounting to Rs. 17.15 million (2017: Rs.36.35 million).

## 14 STOCK-IN-TRADE

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Blades, razors and other trading operations** | | | |
| Raw and packing material | 14.1 | 395,318 | 518,058 |
| Work in process | 36.1 | 65,068 | 61,311 |
| Finished goods | 14.2 | 145,619 | 234,914 |
| | | 606,005 | 814,283 |
| **Battery** | | | |
| Raw and packing materials | 14.1 | 513,851 | 145,445 |
| Work in process | 36.5 | 242,745 | - |
| Finished goods | | 147,817 | - |
| | | 904,413 | 145,445 |
| **Soaps** | | | |
| Raw and packing materials | 14.1 | 45,665 | 58,230 |
| Work in process | 36.2 | 547 | 1,438 |
| Finished goods | | 42,980 | 22,544 |
| | | 89,192 | 82,212 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Packaging solutions-corrugated boxes** | | | |
| Raw and packing materials | 14.1 | 220,011 | 159,397 |
| Work in process | 36.3 | 10,723 | 35,353 |
| Finished goods | | 34,444 | 32,711 |
| | | 265,178 | 227,461 |
| **Bike** | | | |
| Raw and packing materials | 14.1 | 42,439 | 44,372 |
| Work in process | 36.4 | - | 9,228 |
| Finished goods | | 5,680 | 1,979 |
| | | 48,119 | 55,579 |
| **Pharmaceutical products** | | | |
| Raw and packing materials | 14.1 | 31,788 | 19,874 |
| Work in process | 36.6 | 675 | 675 |
| Finished goods | | 5,300 | 4,898 |
| | | 37,763 | 25,447 |
| | | 1,950,670 | 1,350,427 |

**14.1** It includes raw material in transit as follows:

| | 2018 | 2017 |
|---|---|---|
| Blades | 38,643 | 51,230 |
| Battery | 256,147 | - |
| Soaps | 22 | - |
| Packaging solutions- corrugated boxes | 21 | 8,990 |
| Bike | 7,537 | - |
| Pharmaceutical products | 12,028 | 7,920 |
| | 314,398 | 68,140 |

**14.2** The amount charged to profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 169.12 million (2017: Nil). It also includes finished goods-batteries in transit amounting to Nil (2017: Rs. 188.41 million).

## 15 TRADE DEBTS

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Foreign debtors** | | | |
| - secured, considered good | | 64,406 | 36,267 |
| - unsecured, considered good | | 150,736 | 69,095 |
| | 15.1 | 215,142 | 105,362 |
| **Local debtors** | | | |
| - unsecured - considered good | 15.2 | 820,756 | 782,982 |
| | | 1,035,898 | 888,344 |
| Considered doubtful | | 34,937 | 25,918 |
| | | 1,070,835 | 914,262 |
| Provision for doubtful debts | 15.3 | (34,937) | (25,918) |
| | | 1,035,898 | 888,344 |

**15.1 It includes receivable from following related parties:**

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

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

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

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| **15.3 The movement in provision for doubtful debts for the year is as follows:** | | | |
| Balance as at 01 July | | 25,918 | 50,173 |
| Provision for the year | 38 | 9,019 | 585 |
| Written off against provision | | - | (22,417) |
| Reversal of excess provision for doubtful debts | 41 | - | (2,423) |
| Balance as at 30 June | | 34,937 | 25,918 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

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

**17.1** These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 7.76 million (2017: Rs. 2.91 million) receivable from executives of the Group. No amount is advances to CEO or directors of the Group.

**17.2** These are interest free in the normal course of business.

**17.3** Prepayments includes amount paid to IGI General Insurance Limited (related party) of Rs. 18.48 million (2017: 7.60 million ).

**17.4** These represent amounts receivable from related parties for reimbursement of expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

## 18 CASH AND BANK BALANCES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Cash in hand | | 138,059 | 71,478 |
| Cash at bank - local currency | | | |
| Current accounts | | 340,257 | 452,509 |
| Saving accounts | 18.1 | 639,894 | 478,226 |
| | | 980,151 | 930,735 |
| | | 1,118,210 | 1,002,213 |

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

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

## 19 ASSETS HELD FOR SALE

| | 2018 | 2017 |
|---|---|---|
| | 44,240 | 44,240 |

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

## 20 CURRENT PORTION OF LONG TERM LIABILITIES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Current portion of redeemable capital | 26 | 179,417 | 179,417 |
| Retention money | 27 | 54,734 | 18,242 |
| Current maturity of liability against purchase of land | 25 | 56,426 | 56,423 |
| | | 290,577 | 254,082 |

## 21 SHORT TERM BORROWINGS

| | 2018 | 2017 |
|---|---|---|
| Short term running finance - secured | 6,970,283 | 3,956,552 |
| Export refinance - secured | 2,340,121 | 1,703,044 |
| Loan from Chief Executive - Interest free, unsecured | 390,000 | 390,000 |
| | 9,700,404 | 6,049,596 |

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

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

**21.4** 'This represents interest free loan obtained from Chief Executive Officer of the Group for working capital requirements and is repayable on demand.

**21.5** The facilities for opening letters of credits and guarantees availed by the Holding Company as at 30 June 2018 amounts to Rs. 3,707 million (2017: Rs. 3,007 million) of which unutilized amount as at year end amounted to Rs. 2,784 million (2017: 2,266 million). Non- fund based facilities aggregating to Rs. 1,890 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Holding Company.

**21.6** As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.

**21.7** The Group has entered into an interest rate swap to cover the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the Group pays 7.38% per annum on quarterly basis on the notional amount of Rs. 100 million to the arranging bank and receives 3 month KIBOR on same notional amount from the arranging bank. The Group has designated this swap as derivative. The fair value of this swap as at 30 June 2018 is Rs. 0.003 million (2017: 0.01 million).

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 22.1 | **Related parties** | | | |
| | Packages Limited | | - | 967 |
| | IGI General Insurance Limited | | 41 | 2,558 |
| | | | 41 | 3,525 |
| | These are interest free in the normal course of business. | | | |
| 22.2 | **Related party** | | | |
| | Packages Limited | | 2,696 | 4,357 |
| 22.3 | **Workers' welfare fund** | | | |
| | Balance as at 01 July | | 1,513 | - |
| | Add: Charge for the year | 40 | 1,017 | 1,513 |
| | Less: paid during the year | | (1,511) | - |
| | Balance as at 30 June | | 1,019 | 1,513 |

**22.4** It includes an amount received from dealer by virtue of contract and is repayble at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Holding Company.

**22.5** This includes Rs. Nil (2017: Rs. 98.91 million) received from shareholders of subsidiary for issuance of shares.

**22.6** The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 32.61 million (2017: Rs. 24.36 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2018 amount to Rs. 436.91 million (2017: Rs. 418 million). The fair value of investments of provident fund was Rs. 215.44 million (2017: Rs. 377.57 million) and the cost of the investment was Rs. 253.85 million (2017: Rs. 366.18 million). The Group is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

## 24 LONG TERM DEPOSITS

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| **25 LONG TERM LIABILITY AGAINST PURCHASE OF LAND** | | | |
| Long term liability | | 112,849 | 169,272 |
| Less: Payment made during the year | | (56,423) | (56,423) |
| | | 56,426 | 112,849 |
| Less: Current maturity of liability | 20 | (56,426) | (56,423) |
| | | - | 56,426 |

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

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

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

**Terms of redemption**

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

**Profit payment**

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

The following table shows the redemption of PTC:

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

**Securities**

The PTCs are secured by the following:

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

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

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

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

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

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **28** | **DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS** | | | |
| | Gratuity fund | | 160,769 | 122,823 |
| | Superannuation fund | | 164,929 | 129,116 |
| | | 28.1 | 325,698 | 251,939 |

### 28.1 Net retirement benefit obligation

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

### 28.2 Movement in net obligation

| | Gratuity 2018 | Gratuity 2017 | Superannuation 2018 | Superannuation 2017 |
|---|---|---|---|---|
| Net liability as at 01 July | 122,822 | 115,417 | 129,117 | 101,464 |
| Charge to profit and loss account | | | | |
| Treet Corporation Limited | 30,232 | 25,030 | 27,587 | 21,426 |
| Treet HR Management (Private) Limited | 1,820 | 1,507 | 868 | 674 |
| | 32,052 | 26,537 | 28,455 | 22,100 |
| Re-measurements chargeable in other comprehensive income | | | | |
| Treet Corporation Limited | 39,239 | 11,476 | 31,322 | 38,162 |
| Treet HR Management (Private) Limited | 2,065 | 604 | 1,649 | 2,008 |
| | 41,304 | 12,080 | 32,971 | 40,170 |
| Contribution made by the Group | (35,410) | (31,212) | (25,613) | (34,617) |
| **Net retirement benefit obligation** | 160,768 | 122,822 | 164,930 | 129,117 |

### 28.3 Movement in the liability for funded defined benefit obligations

| | Gratuity 2018 | Gratuity 2017 | Superannuation 2018 | Superannuation 2017 |
|---|---|---|---|---|
| Liability for defined benefit obligations as at 01 July | 311,121 | 262,883 | 296,556 | 251,409 |
| Benefits paid by the plan | (36,928) | (31,212) | (27,088) | (34,617) |
| Current service costs | 23,905 | 19,301 | 19,442 | 15,999 |
| Interest cost | 22,681 | 17,928 | 21,934 | 16,972 |
| Re-measurements on obligation: | | | | |
| Actuarial losses on present value | | | | |
| - Changes in demographic assumptions | - | - | - | - |
| - Changes in financial assumptions | 365 | 124 | 472 | 123 |
| - Experience adjustments | 28,136 | 42,097 | 19,074 | 46,670 |
| | 28,501 | 42,221 | 19,546 | 46,793 |
| Present value of defined benefit obligations as at 30 June | 349,280 | 311,121 | 330,390 | 296,556 |

### 28.4 Movement in fair value of plan assets

| | Gratuity 2018 | Gratuity 2017 | Superannuation 2018 | Superannuation 2017 |
|---|---|---|---|---|
| Fair value of plan assets as at 01 July | 188,298 | 147,466 | 167,440 | 149,945 |
| Contributions into the plan | 35,410 | 31,212 | 25,613 | 34,617 |
| Benefits paid by the plan | (36,928) | (31,212) | (27,088) | (34,617) |
| Interest income on plan assets | 14,534 | 10,691 | 12,921 | 10,871 |
| Return on plan assets excluding interest income | (12,807) | 30,141 | (13,425) | 6,624 |
| Fair value of plan assets as at 30 June | 188,507 | 188,298 | 165,461 | 167,440 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

| | | Gratuity 2018 | Gratuity 2017 | Superannuation 2018 | Superannuation 2017 |
|---|---|---|---|---|---|
| **28.6** | **Consolidated statement of Profit or loss includes the following in respect of retirement benefits:** | | | | |
| | Interest cost | **22,681** | 17,928 | **21,934** | 16,972 |
| | Current service cost | **23,905** | 19,301 | **19,442** | 15,999 |
| | Interest income on plan assets | **(14,534)** | (10,691) | **(12,921)** | (10,871) |
| | Total, included in salaries and wages | **32,052** | 26,538 | **28,455** | 22,100 |
| **28.7** | **Actual return on plan assets** | **1,727** | 40,832 | **(504)** | 17,495 |
| **28.8** | **Actuarial losses recognized directly in other comprehensive income** | | | | |
| | Cumulative amount at 01 July | **(106,849)** | (94,769) | **(122,815)** | (82,645) |
| | Losses recognized during the year | **(41,304)** | (12,080) | **(32,971)** | (40,170) |
| | Cumulative amount at 30 June | **(148,153)** | (106,849) | **(155,786)** | (122,815) |

**28.9 Historical Information for Gratuity fund**

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

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

**28.10 Historical Information for Superannuation fund**

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Present value of defined benefit obligation | 330,390 | 296,556 | 251,409 | 209,784 | 172,551 |
| Fair value of plan assets | (165,461) | (167,440) | (149,945) | (137,612) | (115,991) |
| Deficit in the plan | 164,929 | 129,116 | 101,464 | 72,172 | 56,560 |
| Experience adjustments arising on plan liabilities | 19,074 | 46,670 | 31,806 | 13,052 | 17,918 |
| Experience adjustments arising on plan assets | (13,425) | 6,624 | (1,084) | 6,252 | 8,177 |

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

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

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

***Mortality rate***

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

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

**28.13 Actuarial assumptions sensitivity analysis**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

## 29 EMPLOYEE STOCK OPTION SCHEME

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

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

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

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

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

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

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

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

## 30 CONTINGENCIES AND COMMITMENTS

### 30.1 Contingencies

**Contingencies - The Holding Company**

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revnue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.24 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brough forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

- In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

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

**Contingencies - First Treet Manufacturing Modaraba**

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

- For the tax year 2017, the Inland Revenue Officer (IRO), E & C Unit-VII, Range-II, Zone-VI, CRTO, Lahore, passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 arbitrarily creating a tax demand of Rs. 1.81 million. The Modaraba filed appeals against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication.

- For the tax period July 2011 to June 2013, the Additional Commissioner Inland Revenue (ACIR) passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 9.53 million along with penalty of Rs. 0.51 million mainly on the issue of inadmissibility of input sales tax. The Modaraba filed appeals against the order passed by ACIR before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication.

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

**Contingencies - Treet Holdings Limited**

- A tax demand amounting to Rs. 43.26 million had been created by Additional Commissioner Inland Revenue (ACIR) through the order passed under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue Lahore.

- A tax demand amounting to Rs. 26.60 million had been raised by Commissioner Inland Revenue - Appeals - 1, through the order passed under section 221 of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore being unlawful and illegal demand created by the department.

- For the tax year 2009, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 161/205 of Income Tax Ordinance, 2001 and created a tax demand of Rs. 34.65 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals - 1, who deleted tax demand of Rs. 32.36 million. The Company has filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount, which is in process.

- For the tax year 2012, the Assistant Commissioner Inland Revenue (ACIR) passed an order under section 161/205 of the Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 1.10 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore.

- For the tax year 2012, the Additional Commissioner Inland Revenue (ACIR) had passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on different issues i.e. allocation of expenses between normal income and presumptive income, under section 34(3) read with section 20, under section 29, of the Income Tax Ordinance, 2001, bad debts, exchange loss, payment of WWF & dividend income and created a tax demand of Rs. 1.30 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication at this point in time.

- For the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) had passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on different issues i.e. under section 34(3) read with section 20, under section 29 of the Income Tax Ordinance, 2001, bad debts, capital gains on securities, exchange loss & sale / transfer of stock and created a tax demand of Rs. 17.28 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

- For the tax year 2014, the Deputy Commissioner Inland Revenue (DCIR) had passed an order under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 on different issues i.e disallowing expenses on account of trade discount, under section 111(1)(a), provision for doubtful debts, under section 20(1), 21(C), 21(h), 21(l), 21(m) and 111(1)(b) of the Income Tax Ordinance, 2001 amounting to Rs. 17.30 million. The Company filed an appeal before the Commissioner Inland Revenue Appeals-II, Lahore.

- A sales tax demand of Rs. 161.52 million was created by Deputy Commissioner Inland Revenue (DCIR), Audit-03, Zone-1, LTU, Lahore for the tax period July 2010 to June 2011, after conducting audit under section 72(b) of the Sales Tax Act, 1990. The Appellate Tribunal Inland Revenue deleted the tax demand of Rs. 161.01 million. As a result, tax department filed second appeal before the Appellate Tribunal Inland Revenue, Lahore for remanding the case back on the issue of violation of section-73 of Sales Tax Act, 1990.

- The Deputy Commissioner Inland Revenue (DCIR) issued an order to recover Rs. 12.51 as inadmissible input sales tax which was adjusted in the electronic sales tax return, as previously sales tax returns were being filed manually on the directions of Honorable Lahore High Court in response to the company's writ petition challenging the amendments made in the Sales Tax Special Procedure Withholding rules, 2007 wide SRO 505(1)-2013. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals 1), Lahore which is pending adjudication.

- For the tax period 2011 and 2012, a sales tax demand of Rs. 13.88 million and Rs. 1.8 million respectively was created by Deputy Commissioner Inland Revenue (DCIR) for alleged default of compliance u/s 8(1)(ca) of Sales Tax Act, 1990. The Company filed an appeal before the Commissioner Inland Revenue - Appeals, Zone-1, Lahore where the relief was given to the extent of Rs. 12.92 million and Rs. 1.3 million respectively. The Company filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount, as the Honorable Lahore High Court, Lahore has declared the provision of sec-8(1)(ca) ultra vires.

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

**30.2 Commitments**

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 1,175.43 million (2017: Rs. 946.11 million).

- Outstanding guarantees amounting to Rs. Nil (2017: 22.43 million) have been issued and unutilized limit of said guarantees amounts to Rs. Nil (2017: Rs. 212.57 million).

**30.2.1 Operating leases**

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

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

## 31 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 31.1 | **Reconciliation of number of shares** | | | |
| | At 01 July | | 1,421,436 | 1,378,043 |
| | Issued on conversion of PTCs | 31.3 | 29,275 | 29,275 |
| | Issued against bonus shares | | 142,870 | - |
| | Issued against employee share option scheme | 31.5 | 7,265 | 14,118 |
| | At 30 June | | 1,600,846 | 1,421,436 |

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 32 | RESERVES | | | |
| | Capital reserves | 32.1 | 5,006,518 | 4,834,850 |
| | General reserves | | 266,400 | 266,400 |
| | | | 5,272,918 | 5,101,250 |
| 32.1 | Capital reserves | | | |
| | Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited | | 629 | 629 |
| | Fair value reserves | | 1,654 | 4,213 |
| | Share premium | 32.1.1 | 4,492,294 | 4,318,067 |
| | Statutory reserves | 32.1.2 | 511,941 | 511,941 |
| | | | 5,006,518 | 4,834,850 |

**32.1.1** This reserve can be utilized by the Group only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2017: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 31.3 and 31.5 respectively.

**32.1.2** This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and is not available for distribution.

| | | 2018 | 2017 |
|---|---|---|---|
| 33 | SURPLUS ON REVALUATION OF LAND AND BUILDINGS -NET OF TAX | | |
| | Surplus attributed to: | | |
| | Land and buildings | 1,297,207 | 1,307,071 |
| | Land classified as held for sale | 4,575 | 4,575 |
| | | 1,301,782 | 1,311,646 |
| | Surplus on revaluation of property, plant and equipment as at 01 July | 1,339,884 | 1,350,113 |
| | Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax | (10,783) | (8,582) |
| | - Related deferred tax liability | (2,130) | (1,647) |
| | | (12,913) | (10,229) |
| | Revaluation surplus as at 30 June | 1,326,971 | 1,339,884 |
| | Related deferred tax liability: | | |
| | - On revaluation as at 01 July | (28,238) | (29,885) |
| | - on account of incremental depreciation charged during the year | 2,130 | 1,647 |
| | - tax rate adjustment | 919 | - |
| | | (25,189) | (28,238) |
| | Surplus on revaluation of property, plant and equipment as at 30 June | 1,301,782 | 1,311,646 |

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

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

## 34 NON-CONTROLLING INTEREST

### 34.1 Group entities

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

**34.2 Acquisition by NCI without change in control**

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

| | 30 June 2018 | | | | | |
|---|---|---|---|---|---|---|
| | First Treet Manufacturing Modaraba | Renacon Pharma Limited | Treet Holding Limited | Global Arts Limited | Treet Human Resource Management | |
| NCI percentage | 2.35% | 2.56% | 0.36% | 2.53% | 0.36% | |
| Carrying amount of NCI acquired | 107,540 | 13,481 | 2,461 | 43,394 | 170 | 167,046 |
| Consideration received from NCI | | | | | | 242,112 |
| Gain on sale of shares to NCI | | | | | | 75,066 |

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 35.3 | **Corrugated boxes** | | | |
| | Local Sales | | 1,938,792 | 1,985,562 |
| | Less: Sales tax | | (275,339) | (283,169) |
| | Trade discount | | (731) | (456) |
| | | | (276,070) | (283,625) |
| | | | 1,662,722 | 1,701,937 |
| 35.4 | **Bikes** | | | |
| | Local Sales | | 385,067 | 388,175 |
| | Less: Sales tax | | (62,612) | (61,868) |
| | Trade discount | | (1,979) | (4,030) |
| | | | (64,591) | (65,898) |
| | | | 320,476 | 322,277 |
| 35.5 | **Battery** | | | |
| | Local sales | | 403,166 | - |
| | Less: Sales tax | | (59,944) | - |
| | Trade discount | | (21,033) | - |
| | | | (80,977) | - |
| | | | 322,189 | - |
| 35.6 | **Hemodialysis concentrates (Pharmaceutical products)** | | | |
| | Export sales | | 30,563 | 2,986 |
| | Local sales | | 290,959 | 143,221 |
| | Less: Sales tax | | - | - |
| | Less: Trade discount | | (2,081) | (1,002) |
| | | | 288,878 | 142,219 |
| | | | 319,441 | 145,205 |

## 36 COST OF GOODS SOLD

| | Note | 2018 | 2017 |
|---|---|---|---|
| Blades and trading operations | 36.1 | 4,455,747 | 3,684,283 |
| Soaps | 36.2 | 566,281 | 723,140 |
| Corrugated boxes | 36.3 | 1,527,453 | 1,503,479 |
| Bikes | 36.4 | 327,368 | 376,099 |
| Battery | 36.5 | 522,839 | - |
| Hemodialysis concentrates (Pharmaceutical products) | 36.6 | 253,208 | 116,303 |
| | | 7,652,896 | 6,403,304 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2018

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

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **36.2** | **Soaps** | | | |
| | Raw and packing material consumed | | 500,686 | 639,747 |
| | Stores and spares consumed | | 4,265 | 2,986 |
| | Salaries, wages and other benefits | 36.2.1 | 48,816 | 36,896 |
| | Fuel and power | | 7,479 | 6,218 |
| | Travelling and conveyance | | 632 | 645 |
| | Repair and maintenance | | 1,463 | 667 |
| | Plant rental | | 11,779 | 9,796 |
| | Insurance | | 2,860 | 1,063 |
| | Depreciation on property, plant and equipment | 6.1.3 | 2,773 | 2,992 |
| | Rent, rates and taxes | | 177 | 184 |
| | Manufacturing charges | | 4,896 | 4,885 |
| | | | 585,826 | 706,079 |
| | Opening stock of work-in-process | | 1,438 | 3,432 |
| | Closing stock of work-in-process | 14 | (547) | (1,438) |
| | Cost of goods manufactured | | 586,717 | 708,073 |

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

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

**36.3 Corrugated boxes**

| | Note | 2018 | 2017 |
|---|---|---|---|
| Raw and packing material consumed | | 1,116,401 | 1,134,476 |
| Stores and spares consumed | | 70,290 | 57,411 |
| Salaries, wages and other benefits | 36.3.1 | 196,466 | 200,146 |
| Fuel and power | | 72,208 | 52,971 |
| Repair and maintenance | | 16,846 | 14,294 |
| Rent rates and taxes | | 441 | 5,217 |
| Insurance | | 4,231 | 1,509 |
| Travelling and conveyance | | 2,986 | 2,674 |
| Depreciation on property, plant and equipment | 6.1.3 | 18,937 | 25,495 |
| Other expenses | | 5,750 | 12,727 |
| | | 1,504,556 | 1,506,920 |
| Opening stock of work in process | | 35,353 | 36,865 |
| Closing stock of work in process | 14 | (10,723) | (35,353) |
| Cost of goods manufactured | | 1,529,186 | 1,508,432 |
| Opening stock of finished goods | | 32,711 | 27,758 |
| Closing stock of finished goods | | (34,444) | (32,711) |
| | | 1,527,453 | 1,503,479 |

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

**36.4 Bike**

| | Note | 2018 | 2017 |
|---|---|---|---|
| Raw and packing material consumed | 36.4.1 | 300,453 | 309,341 |
| Carriage inward | | 725 | 2,247 |
| Salaries, wages and other benefits | 36.4.2 | 15,802 | 14,138 |
| Repair and maintenance | | 815 | 1,007 |
| Printing and stationery | | 516 | 119 |
| Travelling and conveyance | | 235 | 268 |
| Depreciation on property, plant and equipment | 6.1.3 | 2,044 | 2,044 |
| Other expenses | | 1,251 | 387 |
| | | 321,841 | 329,551 |
| Opening stock of work-in-process | | 9,228 | 57,205 |
| Closing stock of work-in-process | 14 | - | (9,228) |
| Cost of goods manufactured | | 331,069 | 377,528 |
| Opening stock of finished goods | | 1,979 | 550 |
| Closing stock of finished goods | | (5,680) | (1,979) |
| | | 327,368 | 376,099 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **36.6** | **Hemodialysis concentrates (Pharmaceutical products)** | | | |
| | Raw material and packing material consumed | | 179,500 | 99,770 |
| | Salaries wages and other benefits | | 44,990 | 18,366 |
| | Repair and maintenance | | 3,721 | 41 |
| | Fuel and power | | 2,228 | 912 |
| | Rent, Rates and taxes | | 1,215 | 851 |
| | Printing and stationery | | 785 | - |
| | Postage & telephone | | 489 | 12 |
| | Legal and professional | | 560 | - |
| | Entertainment | | 103 | - |
| | Travelling | | 4,444 | 535 |
| | Insurance | | 1,536 | - |
| | Depreciation on property, plant and equipment | 6.1.3 | 6,823 | 1,389 |
| | Other manufacturing expenses | | 7,216 | - |
| | | | 253,610 | 121,876 |
| | Opening stock of work in process | | 675 | - |
| | Closing stock of work in process | 14 | (675) | (675) |
| | Cost of goods manufactured | | 253,610 | 121,201 |
| | Opening stock of finished goods | | 4,898 | - |
| | Closing stock of finished goods | | (5,300) | (4,898) |
| | | | 253,208 | 116,303 |

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

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

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

| | 2018 | 2017 |
|---|---|---|
| Audit fees of holding company | 1,711 | 1,601 |
| Audit fees of subsidiary companies | 1,856 | 2,270 |
| Half yearly reviews | 670 | 655 |
| Out of pocket expenses | 306 | 320 |
| Other services | 2,515 | 2,997 |
| | 7,058 | 7,843 |

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| Gulab Devi Chest Hospital (GDCH)<br>Ferozepur Road, Lahore.<br>(Syed Shahid Ali, CEO is also Chairman of GDCH) | | 4,822 | 573 |
| Institute of Islamic Culture (IIC)<br>158- Shah Jamal, Lahore.<br>(Syed Shahid Ali, CEO is also Chairman of IIC) | | - | 700 |
| Society for Cultural Education | 37.3.1 | 108,723 | 48,171 |
| | | 113,545 | 49,444 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

**37.4** Donations to following organizations exceeds Rs. 0.5 million:

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

## 38 DISTRIBUTION COST

| | Note | 2018 | 2017 |
|---|---|---|---|
| Salaries, wages and other benefits | 38.1 | 375,425 | 271,979 |
| Repair and maintenance | | 60,561 | 29,989 |
| Freight, octroi and handling | | 290,189 | 225,545 |
| Electricity and gas | | 465 | 257 |
| Export commission | | 5,097 | 27,707 |
| Advertising | | 463,333 | 453,924 |
| Provision for doubtful debt | 15.3 | 9,019 | 585 |
| Rent, rates and taxes | | 55,781 | 36,832 |
| Traveling and conveyance | | 50,040 | 34,057 |
| Printing and stationery | | 1,099 | 833 |
| Postage and telephone | | 7,129 | 6,403 |
| Depreciation on property, plant and equipment | 6.1.3 | 15,724 | 12,090 |
| Legal and professional charges | | 1,041 | 1,895 |
| Other expenses | | 29,199 | 41,362 |
| | | 1,364,102 | 1,143,458 |

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

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

## 39 FINANCE COST

| | 2018 | 2017 |
|---|---|---|
| Markup on short term borrowings | 291,703 | 82,389 |
| Markup on participation term certificates | 173,144 | 289,153 |
| Bank charges | 21,067 | 19,306 |
| | 485,914 | 390,848 |

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 40 | OTHER OPERATING EXPENSES | | | |
| | Realized exchange loss | 40.1 | 18,245 | 1,033 |
| | Workers' profit participation fund | 17.5 | 2,017 | 6,952 |
| | Interest on Workers' profit participation fund | 22.3 | 224 | 467 |
| | Workers' welfare fund | | 1,017 | 1,513 |
| | Unrealized loss on short term investments at fair value through profit or loss | | 38,188 | 76,653 |
| | | | 59,691 | 86,618 |

**40.1** This represents loss incurred due to actual currency fluctuations.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 41 | OTHER INCOME | | | |
| | *Income from financial assets* | | | |
| | Profit on bank deposits | 41.1 | 23,540 | 22,066 |
| | Realized gain on short term investments at fair value through profit or loss | | 5,697 | 14,557 |
| | Dividend income | 41.2 | 4,587 | 4,539 |
| | | | 33,824 | 41,162 |
| | *Income from non-financial assets* | | | |
| | Profit on disposal of property, plant and equipment | | 20,348 | 16,926 |
| | Scrap sale | | 34,924 | 16,939 |
| | Export rebate | | 33,247 | 19,680 |
| | Liabilities no longer payable written back | | - | 23,219 |
| | Reversal of provision for doubtful debts | | 2,825 | 2,423 |
| | Others | | 4,341 | 1,042 |
| | | | 95,685 | 80,229 |
| | | | 129,509 | 121,391 |

**41.1** The income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 4.18 million (2017: Rs. 6.56 million).

**41.2 Dividend income is received from the following:**

| | 2018 | 2017 |
|---|---|---|
| Shahtaj Textile Limited | 4,342 | 3,876 |
| Sunrays Textile Mills Limited | 123 | 305 |
| Indus Dying and Manufacturing Limited | - | 1 |
| Techlogix International Limited | 122 | 184 |
| HBL Mustahekum Sarmaya Fund | - | 173 |
| | 4,587 | 4,539 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **42 TAXATION** | | | |
| Current | | | |
| - For the year | | 88,519 | 72,470 |
| - For prior years | | 7,750 | (1,185) |
| Deferred | | | |
| - For the year | 12.1.2 | 44,972 | 8,473 |
| | | 141,241 | 79,758 |
| Associate | 9.2.1 | 10,436 | 8,908 |
| | 42.1 | 151,677 | 88,666 |

**42.1 Tax charge reconciliation**

Numerical reconciliation between tax expense and accounting profit

| | 2018 | 2017 |
|---|---|---|
| (Loss) / profit before taxation | (478,835) | 304,576 |
| Tax at 30% (2017: 31%) | (143,651) | 94,419 |
| Tax effect of: | | |
| - Income under Final Tax Regime | 128,912 | 26,530 |
| - Income on bonus shares | 20,636 | - |
| - Tax credits | (4,281) | (15,106) |
| - Impact of tax related to associate | 10,436 | 8,908 |
| - Prior year tax | 7,750 | (1,185) |
| - Tax rate adjustment | (5,432) | - |
| - Permanent difference | 141,797 | (15,048) |
| - Not adjustable for tax purposes | (4,490) | (9,852) |
| | 151,677 | 88,666 |

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

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

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

## 45 NUMBER OF EMPLOYEES

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

| | **2018** | **2017** |
|---|---|---|
| | (Number of persons) | |
| - As at 30 June | 2,898 | 2,621 |
| -Head Office | 251 | 246 |
| -Hyderabad Factory | 431 | 413 |
| -Lahore Factory | 2,000 | 1,962 |
| -Faisalabad Factory | 216 | - |
| Average number of employees: | 2,760 | 2496 |
| -Head Office | 249 | 234 |
| -Hyderabad Factory | 422 | 396 |
| -Lahore Factory | 1,981 | 1,866 |
| -Faisalabad Factory | 108 | - |

## 46 TRANSACTIONS WITH RELATED PARTIES

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

## 47 FINANCIAL RISK MANAGEMENT

### 47.1 Financial risk factors

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

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

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

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

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

### 47.2 Credit risk

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

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

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

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The management believes that it is not exposed to major concentration of credit risk.

**(i) Exposure to credit risk**

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

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

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

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

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

The aging of trade debts at the reporting date is:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

**(ii) Credit quality of major financial assets**

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

| Banks | Rating | | Rating | 2018 | 2017 |
|---|---|---|---|---|---|
| | Short term | Long term | Agency | (Rupees in thousand) | |
| MCIB Bank Limited | A | A1 | PACRA | 4 | - |
| NIB Bank Limited | A1+ | AA- | PACRA | 4,407 | 7,706 |
| Faysal Bank Limited | A-1+ | AA | JCR-VIS | 187,056 | 407,800 |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 5,583 | 10,004 |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 53,098 | 20,453 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 5,422 | 53,937 |
| National Bank of Pakistan | A-1+ | AAA | JCR-VIS | 56,876 | 58,252 |
| Bank of Punjab | A1+ | AA | PACRA | 3,458 | 897 |
| MCB Bank Limited | A1+ | AAA | PACRA | 34,892 | 25,256 |
| Silk Bank Limited | A-2 | A- | JCR-VIS | 3,985 | 978 |
| Samba Bank Limited | A-1 | AA | JCR-VIS | 1 | 6 |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | 255,408 | 22,437 |
| BankIslami Pakistan Limited | A1 | A+ | PACRA | 16,103 | 522 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 26,231 | 77,479 |
| Sindh Bank Limited | A-1+ | AA | JCR-VIS | 884 | 127 |
| Dubai Islamic Bank Limited | A-1 | A+ | JCR-VIS | 233,167 | 91,366 |
| Allied Bank Limited | A1+ | AA+ | PACRA | 81,523 | 150,920 |
| Albaraka Bank (Paki-stan) Limited | A-1 | A | JCR-VIS | 988 | 289 |
| JS Bank Limited | A-1+ | A+ | PACRA | 1,031 | 771 |
| Bank AlHabib Limited | A-1+ | AA+ | PACRA | 815 | - |
| Habib Metropolitan Bank Limited | A-1+ | AA+ | PACRA | 330 | - |
| Meezan Bank Limited | A-1+ | AA | JCR-VIS | 8,889 | 1,535 |
| | | | | 980,151 | 930,735 |

**47.3 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Contractual cash flows | Less than one year | One to five years | More than five years |
| | --------------------(Rupees in thousand)-------------------- | | | | |
| *Financial liabilities* | | | | | |
| Short term borrowings | 9,700,404 | 9,700,404 | 9,700,404 | - | - |
| Trade and other payables | 799,938 | 799,938 | 799,938 | - | - |
| Unclaimed dividend | 13,335 | 13,335 | 13,335 | - | - |
| Accrued mark-up | 298,001 | 298,001 | 298,001 | - | - |
| Long term deposits | 1,214 | 1,214 | - | 1,214 | - |
| Liability against purchase of land | 56,426 | 56,426 | 56,426 | - | - |
| Redeemable capital | 357,583 | 538,248 | 179,416 | 358,832 | - |
| Retention money | 54,734 | 54,734 | 54,734 | - | - |
| | 11,281,635 | 11,462,300 | 11,102,254 | 360,046 | - |

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Contractual cash flows | Less than one year | One to five years | More than five years |
| | --------------------(Rupees in thousand)-------------------- | | | | |
| *Financial liabilities* | | | | | |
| Short term borrowings | 6,049,596 | 6,049,596 | 6,049,596 | - | - |
| Trade and other payables | 930,921 | 930,921 | 930,921 | - | - |
| Unclaimed dividend | 18,643 | 18,643 | 18,643 | - | - |
| Accrued mark-up | 350,859 | 350,859 | 350,859 | - | - |
| Long term deposits | 1,214 | 1,214 | - | 1,214 | - |
| Liability against purchase of land | 112,849 | 112,849 | 56,423 | 56,426 | - |
| Redeemable capital | 537,000 | 1,181,700 | 295,425 | 886,275 | - |
| Retention money | 18,242 | 18,242 | 18,242 | - | - |
| | 8,019,324 | 8,664,024 | 7,720,109 | 943,915 | - |

### 47.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

### 47.4.1 Currency risk

The Group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars, GBP Pounds and Euros and on foreign currency bank accounts. The Group's exposure to foreign currency risk for US Dollars, GBP Pounds and Euros is as follows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Outstanding letters of credit and creditors (US dollars) | 740,904 | 539,010 |
| Outstanding letters of credit (Euros) | 84,398 | - |

The following significant exchange rate has been applied:

| | Average rate | | Reporting date rate | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Rupees per USD | 113.30 | 104.85 | 121.60 | 105.00 |
| Rupees per Euro | 130.86 | 118.23 | 141.57 | 120.14 |

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the above mentioned currencies with all other variables held constant, pre-tax loss would have been higher/ lower by Rs. 74.09 million (2017: Rs. 53.90 million) and Rs. 8.44 million (2017: Rs. Nil) respectively, mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Group.

**47.4.2 Interest rate risk**

At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments were as follows:

| | 2018 | 2017 | 2018 | 2017 |
|---|---|---|---|---|
| | Effective rate (Percentage) | | (Rupees in thousand) | |
| ***Financial assets*** | | | | |
| *Fixed rate instruments* | | | | |
| Bank balances - deposit accounts | 4 - 7 | 3.5 - 6 | 639,894 | 478,226 |
| ***Financial liabilities*** | | | | |
| *Floating rate instrument* | | | | |
| Short term borrowings | 2.4 -9.4 | 2.4 - 7.5 | 9,700,404 | 6,049,596 |

***Fair value sensitivity analysis for fixed rate instruments***

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

***Cash flow sensitivity analysis for variable rate instruments.***

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% with all the other variables held constant, pre-tax loss for the year would have been higher / lower by Rs. 49.44 million (2017: Rs 16.64 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

### 47.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have impacted the Group's profit in case of held for trading investments is as follows:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Effect on profit or loss | (46,248) | (57,169) |
| Effect on investments | (46,248) | (57,169) |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss, equity and assets of the Group.

### 47.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Carrying amount | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Available for sale | Fair value through profit loss | Loan and receivables | Cash and cash equivalents | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | Note | ------------------------------------------(Rupees in thousand)------------------------------------ | | | | | | | | | |
| 30-Jun-18 | | | | | | | | | | | |
| **Financial assets - measured at fair value** | | | | | | | | | | | |
| 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 | | - | - | - | - | 1,214 | 1,214 | - | - | - | - |
| Liability against purchase of land | 25 | - | - | - | - | 56,426 | 56,426 | - | - | - | - |
| Redeemable capital | 26 | - | - | - | - | 357,583 | 357,583 | - | - | - | - |
| Retention money | 27 | - | - | - | - | 54,734 | 54,734 | - | - | - | - |
| | | - | - | - | - | 11,281,635 | 11,281,635 | - | - | - | - |

| | | Carrying amount | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Available for sale | Fair value through profit loss | Loan and receivables | Cash and cash equivalents | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | Note | -------------------------------(Rupees in thousand)------------------------------- | | | | | | | | | |
| 30-Jun-17 | | | | | | | | | | | |
| Financial assets - measured at fair value | | | | | | | | | | | |
| Long term available for sale investments | 9 | 1,555 | - | - | - | - | 1,555 | - | - | 1,555 | 1,555 |
| Short Term Investments | 16 | - | 571,687 | - | - | - | 571,687 | 571,687 | - | - | 571,687 |
| | | 1,555 | 571,687 | - | - | - | 573,242 | 571,687 | - | 1,555 | 573,242 |
| Financial assets - not measured at fair value | | | | | | | | | | | |
| Long term deposits | 11 | - | - | 38,099 | - | - | 38,099 | - | - | - | - |
| Trade debts | 15 | - | - | 888,344 | - | - | 888,344 | - | - | - | - |
| Advances, prepayments and other receivables | 17 | - | - | 62,921 | - | - | 62,921 | - | - | - | - |
| Cash and bank balances | 18 | - | - | - | 1,002,213 | - | 1,002,213 | - | - | - | - |
| | | - | - | 989,364 | 1,002,213 | - | 1,991,577 | - | - | - | - |
| Financial liabilities - measured at fair value | | - | - | - | - | - | - | - | - | - | - |
| Financial liabilities - not measured at fair value | | | | | | | | | | | |
| Short term borrowings | 21 | - | - | - | - | 6,049,596 | 6,049,596 | - | - | - | - |
| Trade and other payables | 22 | - | - | - | - | 930,921 | 930,921 | - | - | - | - |
| Unclaimed dividend | | - | - | - | - | 18,643 | 18,643 | - | - | - | - |
| Accrued mark-up | 23 | - | - | - | - | 350,859 | 350,859 | - | - | - | - |
| Long term deposits | 24 | - | - | - | - | 1,214 | 1,214 | - | - | - | - |
| Liability against purchase of land | 25 | - | - | - | - | 112,849 | 112,849 | - | - | - | - |
| Redeemable capital | 26 | - | - | - | - | 537,000 | 537,000 | - | - | - | - |
| Retention money | 27 | - | - | - | - | 18,242 | 18,242 | - | - | - | - |
| | | - | - | - | - | 8,019,324 | 8,019,324 | - | - | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 47.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is effective

### 47.7 Capital risk management

The Group`s policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitor the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitor the level of profit attributed to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends attributed to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio of total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Total debt | 10,169,147 | 6,661,261 |
| Total equity and debt | 18,876,743 | 15,750,581 |
| Debt to equity ratio | 54% | 42% |

The Group is not subject to externally imposed capital requirements.

## 48 OPERATING SEGMENTS

### 48.1 Geographical Information

Significant sales are made by the Group in the following countries:

| | 2018 | 2017 |
|---|---|---|
| Pakistan | 7,322,577 | 6,540,998 |
| Saudi Arabia | 511,192 | 386,922 |
| United Arab Emirates | 306,847 | 275,747 |
| China | 255,900 | 225,502 |
| Bangladesh | 189,865 | 165,789 |
| Jordan | 27,417 | 66,483 |
| Singapore | 163,489 | 121,964 |
| Yemen | 56,045 | 54,415 |
| Brazil | 57,398 | 42,930 |
| Lebanon | 97,013 | 68,774 |
| Uzbekistan | 80,946 | 77,871 |
| Other countries | 341,587 | 390,793 |
| | 9,410,276 | 8,418,188 |

Sales are attributed to countries on the basis of the customers' location.

### 48.2 Business segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns, that are different from those of other business segments. As at 30 June 2018 the Group is engaged into following main business segments:

(i) Manufacture and sale of blades;
(ii) Manufacture and sale of soaps;
(iii) Manufacture and sale of corrugated boxes;
(iv) Assembling and sale of motor bikes;
(v) Manufacture and sale of battery;
(vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

48.3

| | Note | Blades 2018 | Blades 2017 | Battery 2018 | Battery 2017 | Soaps 2018 | Soaps 2017 | Corrugated Boxes 2018 | Corrugated Boxes 2017 | Bikes 2018 | Bikes 2017 | Pharmaceutical Products 2018 | Pharmaceutical Products 2017 | Total 2018 | Total 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in thousand) | | | | | | | | | | | | | |
| Sales | | | | | | | | | | | | | | | |
| - external customers | | 7,172,878 | 6,092,264 | 410,501 | - | 841,518 | 1,087,568 | 1,902,013 | 1,968,769 | 371,633 | 380,166 | 321,522 | 146,207 | 11,020,065 | 9,674,974 |
| - inter segment | | - | - | - | - | - | - | 36,779 | 16,793 | 13,434 | 8,009 | - | - | 50,213 | 24,802 |
| | | 7,172,878 | 6,092,264 | 410,501 | - | 841,518 | 1,087,568 | 1,938,792 | 1,985,562 | 385,067 | 388,175 | 321,522 | 146,207 | 11,070,278 | 9,699,776 |
| Less : Sales tax | | 779,700 | 648,727 | 59,944 | - | 148,462 | 191,134 | 275,339 | 283,169 | 62,612 | 61,868 | - | - | 1,326,057 | 1,184,898 |
| Trial run cost | | - | - | 7,335 | - | - | - | - | - | - | - | - | - | 7,335 | - |
| Trade discount | | 299,168 | 88,226 | 21,033 | - | 1,618 | 2,976 | 731 | 456 | 1,979 | 4,030 | 2,081 | 1,002 | 326,610 | 96,690 |
| | | 1,078,868 | 736,953 | 88,312 | - | 150,080 | 194,110 | 276,070 | 283,625 | 64,591 | 65,898 | 2,081 | 1,002 | 1,660,002 | 1,281,588 |
| | | 6,094,010 | 5,355,311 | 322,189 | - | 691,438 | 893,458 | 1,662,722 | 1,701,937 | 320,476 | 322,277 | 319,441 | 145,205 | 9,410,276 | 8,418,188 |
| **Net sales** | | 6,094,010 | 5,355,311 | 322,189 | - | 691,438 | 893,458 | 1,662,722 | 1,701,937 | 320,476 | 322,277 | 319,441 | 145,205 | 9,410,276 | 8,418,188 |
| Cost of sales | | 4,455,747 | 3,684,283 | 522,839 | - | 566,281 | 723,140 | 1,527,453 | 1,503,479 | 327,368 | 376,099 | 253,208 | 116,303 | 7,652,896 | 6,403,304 |
| **Gross profit / (loss)** | | 1,638,263 | 1,671,028 | (200,650) | - | 125,157 | 170,318 | 135,269 | 198,458 | (6,892) | (53,822) | 66,233 | 28,902 | 1,757,380 | 2,014,884 |
| **Inter company / inter segment - net sales** | | - | - | - | - | - | - | 73,608 | 43,133 | 13,434 | 8,009 | - | - | 87,042 | 51,142 |
| **Inter company / inter segment - purchases** | | (25,946) | (24,597) | - | - | (36,779) | (16,793) | - | - | (13,434) | (8,009) | (10,883) | (1,743) | (87,042) | (51,142) |
| **Gross profit / (loss) - segment wise** | | 1,612,317 | 1,646,431 | (200,650) | - | 88,378 | 153,525 | 208,877 | 241,591 | (6,892) | (53,822) | 55,350 | 27,159 | 1,757,380 | 2,014,884 |
| Administrative expenses | 37 | | | | | | | | | | | | | | |
| Allocated | | 404,100 | 306,448 | 30,089 | - | 3,359 | 13,833 | 25,977 | 11,359 | 6,274 | 2,710 | 10,054 | 21,267 | 479,853 | 355,617 |
| Unallocated | | | | | | | | | | | | | | 6,782 | 3,721 |
| Distribution cost | 38 | 1,092,838 | 1,011,076 | 53,118 | - | 19,579 | 8,977 | 140,694 | 94,955 | 28,649 | 16,419 | 29,224 | 12,120 | 1,364,102 | 1,143,547 |
| **Segment results - Operating profit / (loss)** | | 115,379 | 328,907 | (283,857) | - | 65,440 | 130,715 | 42,206 | 135,277 | (41,815) | (72,951) | 16,072 | (6,228) | (93,357) | 511,999 |
| Finance cost | 39 | | | | | | | | | | | | | (485,914) | (390,848) |
| Other operating expenses | 40 | | | | | | | | | | | | | (59,691) | (86,618) |
| Other income | 41 | | | | | | | | | | | | | 129,509 | 121,391 |
| | | | | | | | | | | | | | | (509,453) | 155,924 |
| Share of profit of associate including dilution gain | | | | | | | | | | | | | | 30,618 | 148,652 |
| **(Loss) / Profit before taxation** | | | | | | | | | | | | | | (478,835) | 304,576 |
| Taxation | | | | | | | | | | | | | | (151,677) | (88,666) |
| **(Loss) / Profit after taxation** | | | | | | | | | | | | | | (630,512) | 215,910 |

| | | | Blades 2018 | Blades 2017 | Battery 2018 | Battery 2017 | Soaps 2018 | Soaps 2017 | Corrugated Boxes 2018 | Corrugated Boxes 2017 | Bikes 2018 | Bikes 2017 | Pharmaceutical Products 2018 | Pharmaceutical Products 2017 | Total 2018 | Total 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Rupees in thousand | | | | | | | | | | | | | |
| **48.3.1** | Segment assets | 48.3.2.1 | 1,015,238 | 1,149,980 | 9,332,033 | 6,569,623 | 187,354 | 320,890 | 2,464,654 | 1,739,513 | 145,534 | 107,336 | 136,116 | 113,890 | 13,280,929 | 10,001,232 |
| | Unallocated assets | | | | | | | | | | | | | | 7,716,154 | 7,776,403 |
| | Total Assets | | | | | | | | | | | | | | 20,997,083 | 17,777,635 |
| **48.3.2** | Segment liabilities | 48.3.2.2 | 8,791,134 | 6,737,591 | 175,112 | 300,000 | 455,324 | 116,903 | 1,559,812 | 266,636 | 17,565 | 23,888 | 77,023 | 141,763 | 11,075,970 | 7,586,781 |
| | Unallocated liabilities | | | | | | | | | | | | | | 855,719 | 909,321 |
| | | | | | | | | | | | | | | | 11,931,689 | 8,496,102 |

**48.3.2.1** Unallocated assets includes property, plant and equipment, investment property, long term investment, loans, advances, deposits, prepayments and other receivables, deferred taxation, short term investments, cash and bank, long term loans and advances and long term deposits. All non current assets of the Group as at the reporting date are located in Pakistan.

**48.3.2.2** Unallocated liabilities include deferred liabilities, redeemable capital, unclaimed dividend and long term deposits.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 49 | CASH (USED IN) / GENERATED FROM OPERATIONS | | | |
| | Profit before taxation | | (478,835) | 304,576 |
| | *Adjustments for non cash items:* | | | |
| | Finance cost | | 485,914 | 390,848 |
| | Depreciation on property, plant and equipment | 6.1.1 | 345,523 | 222,683 |
| | Unrealized exchange loss | | 5,128 | - |
| | Amortization on intangible asset | 8 | 8,376 | 3,426 |
| | Provision for gratuity | | 32,052 | 26,537 |
| | Provision for superannuation | | 28,455 | 22,100 |
| | Profit on bank deposits | | (23,540) | (22,066) |
| | Provision for doubtful debt | | 9,019 | 585 |
| | Profit on sale of property, plant and equipment | | (20,348) | (16,926) |
| | Reversal of provision for doubtful debt | | (2,825) | (2,423) |
| | Liabilities no longer payable written back | | - | (23,219) |
| | Provision for WPPF and WWF | | 3,034 | 8,932 |
| | Unrealized loss on investment at fair value profit or loss profit and loss account | | 38,188 | 76,653 |
| | Gain on dilution of equity interest in associate | | - | (101,463) |
| | Share of profit from associate | | (30,618) | (47,189) |
| | Dividend income | | (4,587) | (4,539) |
| | | | 873,771 | 533,939 |
| | **Operating profit before working capital changes** | | 394,936 | 838,515 |
| | *(Increase) / decrease in current assets:* | | | |
| | Stores and spares | | 1,649 | 5,130 |
| | Stock in trade | | (600,243) | (232,090) |
| | Trade debtors | | (153,748) | (195,247) |
| | Short term investment | | 71,015 | (150,331) |
| | Loans, advances, deposits, prepayments and other receivables | | (491,518) | (352,216) |
| | | | (1,172,845) | (924,754) |
| | *(Decrease) / increase in current liabilities:* | | | |
| | Trade and other payables | | (7,080) | 307,842 |
| | | | (784,989) | 221,603 |
| 50 | CASH AND CASH EQUIVALENT | | | |
| | Cash and bank balances | 18 | 1,118,210 | 1,002,213 |
| | Short term running finance - secured | 21 | (6,970,283) | (3,956,552) |
| | | | (5,852,073) | (2,954,339) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2018

51 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | Liabilities | | | | | | Equity | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Redeem-able capital | Short term bor-rowings | Loan from Chief Executive | Un-claimed Dividend Payable | Accrued markup | Long term deposits | Share capital/ premium | Non Con-trolling Interest | Reserves | Unappro-priated profit | Total |
| | -----(Rupees in thousand)----- | | | | | | | | | | |
| As at 30 June 2017 | 537,000 | 1,703,044 | 390,000 | 18,643 | 350,859 | 1,214 | 5,739,503 | 192,213 | 778,970 | 1,255,027 | 10,966,473 |
| Changes from financing cash flows | | | | | | | | | | | |
| Proceeds from issue of shares under employee stock option scheme | - | - | - | - | - | - | 37,623 | | - | - | 37,623 |
| Proceeds from borrowing | - | 1,717,842 | - | - | - | - | - | - | - | - | 1,717,842 |
| Repayment of borrowings | - | (1,080,765) | - | - | - | - | - | - | - | - | (1,080,765) |
| Redemption of redeemable capital | (6,273) | - | - | - | - | - | - | - | - | - | (6,273) |
| Dividend paid | - | - | - | (5,308) | - | - | - | (152) | - | - | (5,460) |
| Cash received from Non Controlling Interest | - | - | - | - | - | - | - | 242,112 | - | - | 242,112 |
| Total changes from financing cash flows | (6,273) | 637,077 | - | (5,308) | - | - | 37,623 | 241,960 | - | - | 905,079 |
| Other changes including non- cash | | | | | | | | | | | |
| Conversion of PTCs into ordinary shares @ 0.07 share per PTC | (173,144) | - | - | - | - | - | 173,144 | - | - | - | - |
| Issue of ordinary shares as bonus @ 10% | - | - | - | - | - | - | 142,870 | - | - | (142,870) | - |
| Group's share of post acquisition change in net assets of associate | - | - | - | - | - | - | - | - | - | 27,130 | 27,130 |
| Changes in borrowings | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | - | - | - | - | (1,373) | - | (682,232) | (683,607) |
| Acquisition by NCI without change in control | - | - | - | - | - | - | - | (75,066) | - | 75,066 | - |
| Finance cost paid | - | - | - | - | (538,772) | - | - | - | - | - | (538,772) |
| Finance cost | - | - | - | - | 485,914 | - | - | - | - | - | 485,914 |
| Total liability related other changes | (173,144) | - | - | - | (52,858) | - | 316,014 | (76,439) | - | (722,908) | (709,335) |
| **As at 30 June 2018** | 357,583 | 2,340,121 | 390,000 | 13,335 | 298,001 | 1,214 | 6,093,140 | 357,734 | 778,970 | 532,119 | 11,162,217 |

| | Production capacity | | Actual production | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **52 PLANT CAPACITY AND PRODUCTION** | | | | |
| Blades - units in millions | 2,110 | 2,093 | 2,033 | 1,911 |
| Corrugated boxes - in metric tones | 30,000 | 30,000 | 26,327 | 25,824 |
| Bikes - in units | 18,000 | 18,000 | 10,172 | 10,466 |
| Soap - in metric tones | 5,000 | 5,000 | 3,359 | 4,556 |
| Batteries - numbers | 1,200,000 | - | 87,140 | - |
| Hemodialysis concentrates - in thousand session | 2,124 | 1,560 | 1,560 | 1,076 |

Actual production was sufficient to meet the market demand. The variance of actual production from capacity also related to production mix.

## 53 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Holding Company.

## 54 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 04, 2018 have proposed a final cash dividend for the year ended 30 June 2018 of Rs. Nil (2017: Rs. 1) per share, amounting to Rs. Nil (2017: Rs. 142.87 million).

## 55 GENERAL

Corresponding figures have been re- arranged and reclassified wherever necessary, for the purposes of comparison.

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

# FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

# INDEPENDENT AUDITOR'S REPORT

**To the members of Treet Corporation Limited**

**Report on the Audit of the Unconsolidated Financial Statements**

We have audited the annexed unconsolidated financial statements of Treet Corporation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the Key audit matter(s):

| S.No | Key audit matter(s) | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Sales**<br><br>Refer to notes 5.18 and 31 to the unconsolidated financial statements<br><br>The Company recognized revenue of Rs. 6,095 million from sale of goods to domestic as well as export customers during the year ended 30 June 2018.<br><br>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:<br><br>▪ Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls;<br><br>▪ assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting standards;<br><br>▪ comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents.; |

# INDEPENDENT AUDITOR'S REPORT

| S.No | Key audit matter(s) | How the matter was addressed in our audit |
|---|---|---|
| | | ▪ comparing a 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;<br><br>▪ 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<br><br>▪ 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**<br><br>Refer to notes 5.11 and 14 to the unconsolidated financial statements.<br><br>As at 30 June 2018, the Company's carrying amount of stock in trade amounts to Rs. 606 million.<br><br>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:<br><br>▪ Obtaining an understanding of internal controls over valuation of stock in trade and testing, their design, implementation and operating effectiveness;<br><br>▪ assessing the appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards;<br><br>▪ 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<br><br>▪ 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**<br><br>Refer notes 5.8, and 9.1 to the unconsolidated financial statements.<br><br>Investment in subsidiaries includes investment of Rs. 611 million in Treet Holdings Limited, an unquoted subsidiary.<br><br>As at 30 June 2018, management conducted impairment test to assess the recoverability of the carrying value of the investment in subsidiary. This was performed using discounted cash flow model.<br><br>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:<br><br>discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model;<br><br>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<br><br>comparing the recoverable amount with the cost of the investment to identify impairment, if any. |

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

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

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

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

**Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company

# INDEPENDENT AUDITOR'S REPORT

to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore

KPMG Taseer Hadi & Co.

Date:
October 04, 2018

KPMG Taseer Hadi & Co.
Chartered Accountants

# BALANCE SHEET

As at 30 June 2018

| | Note | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **Assets** | | | (Restated) | (Restated) |
| **Non-current assets** | | | | |
| Property, plant and equipment | 6 | 3,058,815 | 2,816,446 | 2,760,894 |
| Investment property | 7 | 19,384 | 19,384 | 19,384 |
| Intangible asset | 8 | 30,080 | 37,684 | - |
| Long term investments | 9 | 5,248,094 | 6,302,578 | 5,692,872 |
| Long term loans | 10 | 623 | 3,869 | 1,805 |
| Long term security deposits | 11 | 19,757 | 16,304 | 16,323 |
| Deferred taxation | 12 | 32,530 | 58,633 | 48,013 |
| | | 8,409,283 | 9,254,898 | 8,539,291 |
| **Current assets** | | | | |
| Stores and spares | 13 | 189,401 | 203,164 | 206,946 |
| Stock in trade | 14 | 606,005 | 814,283 | 672,600 |
| Trade debts | 15 | 267,764 | 132,533 | 166,050 |
| Short term investments | 16 | 458,506 | 566,773 | 465,415 |
| Loans, advances, deposits, prepayments and other receivables | 17 | 6,751,453 | 4,366,459 | 1,149,885 |
| Cash and bank balances | 18 | 151,549 | 347,967 | 198,174 |
| | | 8,424,678 | 6,431,179 | 2,859,070 |
| Assets held for sale | 9.1.2 | 964,054 | - | - |
| | | 9,388,732 | 6,431,179 | 2,859,070 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Current portion of redeemable capital | | 179,417 | 179,417 | 179,417 |
| Short term borrowings | 19 | 7,753,403 | 5,749,596 | 1,557,993 |
| Trade and other payables | 20 | 681,761 | 481,156 | 443,664 |
| Unclaimed dividend | | 13,301 | 18,629 | 12,800 |
| Accrued mark-up | 21 | 277,666 | 348,639 | 297,720 |
| Provision for taxation | | 65,003 | 41,622 | 26,769 |
| | | 8,970,551 | 6,819,059 | 2,518,363 |
| **Net current assets / (liabilities)** | | 418,181 | (387,880) | 340,707 |
| **Non-current liabilities** | | | | |
| Long term deposits | 22 | 1,214 | 1,214 | 1,037 |
| Redeemable capital | 23 | 178,166 | 357,583 | 537,000 |
| Deferred liabilities - Employee retirement benefits | 24 | 325,698 | 251,939 | 216,881 |
| | | 505,078 | 610,736 | 754,918 |
| Contingencies and commitments | 26 | | | |
| | | 8,322,386 | 8,256,282 | 8,125,080 |
| **Represented by:** | | | | |
| Authorised capital | | | | |
| 250,000,000 (2017: 250,000,000) ordinary shares of Rs. 10 each | | 2,500,000 | 2,500,000 | 2,500,000 |
| 150,000,000 (2017: 150,000,000) preference shares of Rs. 10 each | | 1,500,000 | 1,500,000 | 1,500,000 |
| | | 4,000,000 | 4,000,000 | 4,000,000 |
| Issued, subscribed and paid up capital | 27 | 1,600,846 | 1,421,436 | 1,378,043 |
| Reserves | 28 | 4,760,228 | 4,586,001 | 4,383,132 |
| Unappropriated profit | | 695,265 | 974,863 | 1,083,270 |
| Surplus on revaluation of land and buildings - net of tax | 29 | 1,266,047 | 1,273,982 | 1,280,635 |
| | | 8,322,386 | 8,256,282 | 8,125,080 |

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

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

# STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Sales - net | 30 | 6,094,956 | 5,355,311 |
| Cost of sales | 31 | 4,496,693 | 3,723,880 |
| **Gross profit** | | 1,598,263 | 1,631,431 |
| Administrative expenses | 32 | 404,100 | 306,448 |
| Distribution cost | 33 | 1,092,838 | 1,010,987 |
| | | 1,496,938 | 1,317,435 |
| **Operating profit** | | 101,325 | 313,996 |
| Finance cost | 34 | 577,503 | 478,349 |
| Other operating expenses | 35 | 41,370 | 82,438 |
| | | 618,873 | 560,787 |
| Other income | 36 | 531,218 | 351,568 |
| **Profit before taxation** | | 13,670 | 104,777 |
| Taxation | 37 | (96,694) | (39,096) |
| **(Loss) / profit after taxation** | | (83,024) | 65,681 |
| | | | restated |
| (Loss) / earnings per share - basic and diluted (Rupees) | 38 | (0.52) | 0.43 |

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

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| **(Loss) / profit after taxation** | (83,024) | 65,681 |
| ***Other comprehensive income*** | | |
| *Items that will never be reclassified to profit or loss account:* | | |
| Re-measurement of employee retirement benefits - net of tax | (62,558) | (42,937) |
| **Total comprehensive (loss) / income for the year** | (145,582) | 22,744 |

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

LAHORE
October 04, 2018

**Syed Sheharyar Ali**
Executive Director

**Amir Zia**
Chief Financial Officer

**Muhammad Shafique Anjum**
Executive Director

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Cash used in operations** | 39 | (1,299,282) | (2,489,722) |
| Taxes paid | | (123,620) | (74,160) |
| Finance cost paid | | (648,476) | (427,430) |
| WPPF (paid) / refund | | (10,983) | 1,891 |
| Payment to gratuity fund | | (25,613) | (31,212) |
| Payment to superannuation fund | | (35,410) | (34,617) |
| Long term loans and deposits - net | | (207) | (2,045) |
| | | (844,309) | (567,573) |
| **Net cash used in operating activities** | | (2,143,591) | (3,057,295) |
| | | | |
| **Cash flows from investing activities** | | | |
| Fixed capital expenditure | | (458,349) | (313,429) |
| Proceeds from disposal of property, plant and equipment | | 36,827 | 46,747 |
| Proceeds from disposal of long term investments in subsidiary | | 137,336 | - |
| Investment in equity instruments of subsidiaries | | - | (609,706) |
| Short term investments - net | | 71,017 | (177,952) |
| Profit received on bank deposits | | 3,587 | 4,604 |
| Dividend received | | 126,926 | 130,175 |
| **Net cash used in investing activities** | | (82,656) | (919,561) |
| | | | |
| **Cash flows from financing activities** | | | |
| Long term deposits | | - | 177 |
| Proceeds from issue of share capital under ESOS | | 37,623 | 73,117 |
| Short term borrowings - net | | 637,077 | 682,545 |
| Loan from Chief Executive Officer - interest free, unsecured | | - | 390,000 |
| Redemption of participation term certificates | | (6,273) | (6,273) |
| Dividend paid | | (5,328) | (131,975) |
| **Net cash generated from financing activities** | | 663,099 | 1,007,591 |
| **Net decrease in cash and cash equivalents** | | (1,563,148) | (2,969,265) |
| | | | |
| **Cash and cash equivalents at beginning of year** | | (3,308,585) | (339,320) |
| **Cash and cash equivalents at end of year** | 40 | (4,871,733) | (3,308,585) |

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

| | | | |
|---|---|---|---|
| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

| | Share Capital | Share Premium | Capital Reserves: Capital Reserve | Capital Reserves: Surplus on revaluation of land and buildings - net of tax | Revenue Reserves: General Reserve | Revenue Reserves: Un-appropriated Profit | Total |
|---|---|---|---|---|---|---|---|
| | -------------- | -------------- | -------------- | (Rupees in thousand) | -------------- | -------------- | -------------- |
| **Balance as at 30 June 2016 - as previously reported** | 1,378,043 | 4,116,103 | 629 | - | 266,400 | 1,083,270 | 6,844,445 |
| **Effect of restatement as explained in note 5.1.1** | - | - | - | 1,280,635 | - | - | 1,280,635 |
| Balance as at 30 June 2016 - restated | 1,378,043 | 4,116,103 | 629 | 1,280,635 | 266,400 | 1,083,270 | 8,125,080 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | - | - | 65,681 | 65,681 |
| Other comprehensive loss | - | - | - | - | - | (42,937) | (42,937) |
| | - | - | - | - | - | 22,744 | 22,744 |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | (6,653) | - | 6,653 | - |
| **Transactions with owners of the Company, Contributions and distributions** | | | | | | | |
| Conversion of PTCs into ordinary shares @ 0.07 share per PTC | 29,275 | 143,869 | - | - | - | - | 173,144 |
| Issuance of shares under employee stock option scheme | 14,118 | 59,000 | - | - | - | - | 73,118 |
| Final cash dividend @ 10% for the year ended 30 June 2016 | - | - | - | - | - | (137,804) | (137,804) |
| | 43,393 | 202,869 | - | - | - | (137,804) | 108,458 |
| **Balance as at 30 June 2017 - restated** | **1,421,436** | **4,318,972** | **629** | **1,273,982** | **266,400** | **974,863** | **8,256,282** |
| **Total comprehensive loss for the year** | | | | | | | |
| Loss for the year | - | - | - | - | - | (83,024) | (83,024) |
| Other comprehensive loss | - | - | - | - | - | (62,558) | (62,558) |
| | - | - | - | - | - | (145,582) | (145,582) |
| Incremental depreciation relating to surplus on revaluation of buildings - net of tax | - | - | - | (8,854) | - | 8,854 | - |
| Effect of change in tax rate on account of surplus on revaluation of buildings | - | - | - | 919 | - | - | 919 |
| **Transactions with owners of the Company, Contributions and distributions** | | | | | | | |
| Conversion of PTCs into ordinary shares @ 0.07 share per PTC | 29,275 | 143,869 | - | - | - | - | 173,144 |
| Issuance of shares as fully paid bonus share @10% | 142,870 | - | - | - | - | (142,870) | - |
| Issuance of shares under employee stock option scheme | 7,265 | 30,358 | - | - | - | - | 37,623 |
| | 179,410 | 174,227 | - | - | - | (142,870) | 210,767 |
| **Balance as at 30 June 2018** | 1,600,846 | 4,493,199 | 629 | 1,266,047 | 266,400 | 695,265 | 8,322,386 |

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

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 1 STATUS AND NATURE OF THE BUSINESS

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

### 1.2 Summary of significant events and transactions in the current reporting period

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

- The accounting policy for surplus on revaluation of freehold land and building on freehold land changed during the year as detailed in note 5.1 to these unconsolidated financial statements.

- The Company has incurred capital expenditure amounting to Rs. 165 million on plant and machinery for the expansion and modernization of its current manufacturing facility.

- During the year, Company has incurred loss of Rs. 186.43 million on trading operations of battery on account of discount and warranty claims, which affected the profitability of the Company.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

- For a detailed discussion about the Company's performance please refer to the Director's report.

## 2 BASIS OF PREPARATION

### 2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following long term investments:

| Name of Company | 2018 | 2017 |
|---|---|---|
| | (Direct holding percentage) | |
| **Subsidiaries** | | |
| - Treet Holdings Limited | 85.93 | 85.93 |
| - First Treet Manufacturing Modaraba | 87.54 | 89.85 |
| - Global Arts Limited | 88.76 | 94.08 |
| - Renacon Pharma Limited | 45.45 | 58.16 |
| **Associate** | | |
| - Loads Limited | 12.49 | 12.49 |

### 2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Act, 2017

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

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

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

### 2.3 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, investment in listed securities and financial instruments that are stated at their fair values and recognition of employee retirement benefits that are stated at present value. The methods used to measure fair values are discussed further in their respective policy notes.

### 2.4 Functional and presentation currency

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

## 3 USE OF ESTIMATES AND JUDGMENTS

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.

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

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

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

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

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Changes in accounting policies

Upto 30 June 2017, surplus on revaluation of land and building was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation of land and building account. With effect from 1 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly, the management has changed the accounting policy to bring accounting of revaluation surplus on land and building in accordance with IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of land and building - net of tax to equity by restating the corresponding figures which resulted in increase in equity by Rs. 1,274 million and Rs. 1,281 million as at 30 June 2017 and 30 June 2016 respectively.

**5.2 Employee benefits**

**Defined contribution plans**

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

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

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

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

iv) A unrecognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation Fund - II" is in operation for the benefit of employees if the employee opts for it. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 12% of the basic salary.

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

***Defined benefit plans***

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit or loss account. The main features of defined benefit schemes are mentioned in note 24.

**Employee Stock Option Scheme**

The Company operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The Compensation Committee ("Committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 25.

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

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

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

**5.3 Taxation**

***Current***

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

*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 profit or loss account, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

**5.4 Property, plant and equipment**

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

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

*Capitalization threshold*

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

| Particulars | Rupees |
|---|---|
| Building on freehold land | 50,000 |
| Plant and machinery | 10,000 |
| Office equipments | 8,000 |
| Furniture and fixture | 10,000 |
| Others | 10,000 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

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

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

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

**Capital work-in-progress**

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

**5.5 Investment property**

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

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

**5.6 Intangible assets**

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

All intangibles are amortized over the period of five years on a straight line basis as referred in note 8 so as to write off the cost of an asset over its estimated useful life. Amortization on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

### 5.7 Non-current assets held for sale

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

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

### 5.8 Investments

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

***Investment in subsidiaries and associates***

Investments in subsidiaries and associates where the Company has significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss account. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognised in the profit or loss account on investments in subsidiaries and associates are reversed through the profit or loss account.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

***Investments at fair value through profit or loss***

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

***Held-to-maturity investments***

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

# **NOTES TO THE FINANCIAL** STATEMENTS

For the year ended 30 June 2018

***Investments available for sale***

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

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

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

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

### 5.9 Impairment

***Financial assets***

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

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

***Non-financial assets***

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

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

### 5.10 Stores and spares

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

### 5.11 Stock-in-trade

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

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

### 5.12 Trade debts

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

### 5.13 Cash and cash equivalents

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

### 5.14 Borrowings

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for 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 Company.

**5.16 Provisions**

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

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

**5.17 Foreign currency translation**

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

**5.18 Revenue recognition**

(i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods. Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

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

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

**5.19 Borrowing costs**

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

### 5.20 Financial instruments

(i) Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

(ii) Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset.

(iii) Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired.

(iv) Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss account for the year.

(v) Financial instruments carried on the balance sheet includes investments, long term loan, long term deposits, trade debts, cash and bank balances, borrowings, trade and other payables and accrued markup. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

(vi) Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

(vii) Derivative financial instruments are initially recognized at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in profit or loss account.

### 5.21 Research and development costs

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

### 5.22 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

### 5.23 Contingent liabilities

A contingent liability is disclosed when:

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

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

### 5.24 Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 6 | PROPERTY, PLANT AND EQUIPMENT | | | |
| | Operating fixed assets | 6.1 | 2,539,328 | 2,465,457 |
| | Capital work-in-progress | 6.2 | 519,487 | 350,989 |
| | | | 3,058,815 | 2,816,446 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

6.1 Property, plant and equipment

| | Annual rate of depreciation | Cost/ revalued amount as at 01 July 2017 | Additions/ (Deletions) | Cost as at 30 June 2018 | Accumulated depreciation as at 01 July 2017 | 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 - note 6.1.1 | - | 1,227,805 | - | 1,227,805 | - | - | - | 1,227,805 |
| Buildings on free hold land | 5 | 495,758 | - | 495,758 | 93,642 | 32,947 | 126,589 | 369,169 |
| Plant & machinery | 10 | 1,521,966 | 164,996 | 1,684,339 | 868,060 | 105,320 | 970,757 | 713,582 |
| | | | (2,623) | | | (2,623) | | |
| Furniture and equipment | 10 - 25 | 92,998 | 17,069 | 108,889 | 54,092 | 9,770 | 62,908 | 45,981 |
| | | | (1,178) | | | (954) | | |
| Vehicles | 20 | 280,763 | 107,015 | 333,021 | 138,039 | 50,692 | 150,230 | 182,791 |
| | | | (54,757) | | | (38,501) | | |
| **2018** | | 3,619,290 | 289,080 | 3,849,812 | 1,153,833 | 198,729 | 1,310,484 | 2,539,328 |
| | | | (58,558) | | | (42,078) | | |

| | Annual rate of depreciation | Cost/ revalued amount as at 01 July 2016 | Additions/ Adjustments/ (Deletions) | Cost as at 30 June 2017 | Accumulated depreciation as at 01 July 2016 | Depreciation charge/ (deletions) for the year | Accumulated depreciation as at 30 June 2017 | Book value as at 30 June 2017 |
|---|---|---|---|---|---|---|---|---|
| | % | ----- | ----- | ----- | (Rupees in thousand) | ----- | ----- | ----- |
| **Owned** | | | | | | | | |
| Freehold land | - | 1,227,805 | - | 1,227,805 | - | - | - | 1,227,805 |
| Buildings on free hold land | 5 | 469,933 | 25,825 | 495,758 | 62,006 | 31,636 | 93,642 | 402,116 |
| Plant & machinery | 10 | 1,373,223 | 151,071 | 1,521,966 | 772,212 | 98,176 | 868,060 | 653,906 |
| | | | (2,328) | | | (2,328) | | |
| Furniture and equipment | 10 - 25 | 76,085 | 17,737 | 92,998 | 46,089 | 8,408 | 54,092 | 38,906 |
| | | | (824) | | | (405) | | |
| Vehicles | 20 | 235,941 | 108,459 | 280,763 | 123,548 | 48,716 | 138,039 | 142,724 |
| | | | (63,637) | | | (34,225) | | |
| **2017** | | 3,382,987 | 303,092 | 3,619,290 | 1,003,855 | 186,936 | 1,153,833 | 2,465,457 |
| | | | (66,789) | | | (36,958) | | |

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

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

| Location | Usage of Immovable Property | Total area (acres) | Covered Area (Square Feet) |
|---|---|---|---|
| Main Hali/ Link Road Hyderabad | Manufacturing facility | 5.49 | 98,696 |
| 72-B Main Peco Road, Kot Lakhpat Lahore | Head Office & Manufacturing facility | 14.06 | 231,440 |
| Warehouse land, 14 Km Multan Road, Lahore | Warehouse | 1.5 | 10,752 |
| 05 Km off Ferozepur Road, Gajju Matta, Kacha Road, Lahore | Warehouse | 10.76 | 82,913 |

| | Note | 2018 (Rupees in thousand) | 2017 |
|---|---|---|---|
| **6.1.2** Depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | 31 | 156,432 | 142,885 |
| Administrative expenses | 32 | 27,109 | 32,395 |
| Distribution cost | 33 | 15,188 | 11,656 |
| | | 198,729 | 186,936 |

**6.1.3** Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

| | 2018 | 2017 |
|---|---|---|
| Land | 111,933 | 111,933 |
| Buildings | 198,518 | 220,774 |
| | 310,451 | 332,707 |

**6.1.4** **The following assets were disposed off during the year:**

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

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Profit / (Loss) | Mode of disposal | Relationship with the Company | Particulars of purchaser |
|---|---|---|---|---|---|---|---|---|
| | ------------------ | (Rupees in thousand) | ------------------ | | | | | |
| Laptop | 55 | 55 | - | 18 | 18 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 55 | 55 | - | 18 | 18 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 53 | 52 | - | 17 | 17 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 47 | 47 | - | 15 | 15 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 47 | 47 | - | 15 | 15 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 47 | 47 | - | 15 | 15 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 47 | 47 | - | 15 | 15 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 64 | 64 | - | 21 | 21 | Company Scheme | Employee | Azam Tariq Ghori |
| Laptop | 57 | 57 | - | 18 | 18 | Donation | Related Party | Ghulab Devi Hospital & Trust |
| Laptop | 95 | 68 | 27 | 42 | 15 | Company Scheme | Employee | Tariq Aziz |
| **Sub-total** | **1,178** | **954** | **224** | **374** | **150** | | | |
| **Vehicles** | | | | | | | | |
| Honda Civic Vti Oriel | 2,578 | 145 | 2,432 | 2,475 | 43 | Company Scheme | Employee | Mr. Shahid Mehmood |
| Honda Civic Vti | 2,112 | 2,110 | 2 | 700 | 698 | Company Scheme | Employee | Mr. Javeed Aslam |
| Corolla Altis | 1,860 | 1,858 | 1 | 895 | 894 | Company Scheme | Employee | Mr. Arshad Latif |
| Corolla GLI | 1,706 | 1,706 | 0 | 566 | 566 | Company Scheme | Employee | Mr. Rashid Ali Rizvi |
| Honda City | 1,542 | 1,541 | 2 | 842 | 841 | Company Scheme | Employee | Mr. Sajjad Fakhri |
| Honda City | 1,491 | 1,479 | 12 | 489 | 477 | Company Scheme | Employee | Mr. Akhlaq Ahmad |
| Toyota Corolla XLI | 1,478 | 1,477 | - | 552 | 552 | Company Scheme | Employee | Mr. Imran Khan |
| Toyota Corolla XLI | 1,477 | 1,477 | - | 490 | 490 | Company Scheme | Employee | Mr. Ahmad Husnain |
| Honda City | 1,392 | 1,392 | - | 488 | 488 | Company Scheme | Employee | Mr. Muhammad Azeem |
| Suzuki Swift | 1,366 | 1,296 | 70 | 1,175 | 1,105 | Negotiation | Third Party Sale | Diamond Paints (Pvt.) Limited |
| Honda City | 1,354 | 1,354 | - | 450 | 449 | Company Scheme | Employee | Mr. Hammad Mehmood |
| Suzuki Cultus | 1,171 | 1,015 | 156 | 551 | 395 | Company Scheme | Employee | Mr. Sajjad Haider Khan |
| Honda City | 1,125 | 19 | 1,106 | 1,043 | (63) | Company Scheme | Employee | Mr. Zahid Anwar |
| Daihatsu Coure | 1,125 | 19 | 1,106 | 1,043 | (63) | Company Scheme | Employee | Mr. Asghar Ali Bhatti |
| Suzuki Cultus | 1,042 | 1,042 | - | 343 | 343 | Company Scheme | Employee | Mr. Akbar Khan |
| Suzuki Cultus | 1,038 | 1,038 | - | 341 | 341 | Company Scheme | Employee | Mr. Amir Saeed |
| Suzuki Cultus | 1,038 | 1,038 | - | 341 | 341 | Company Scheme | Employee | Mr. Amir Haseeb |
| Suzuki Cultus | 1,016 | 1,015 | 1 | 334 | 334 | Company Scheme | Employee | Mr. Imran Ahmad |
| Suzuki Cultus | 1,014 | 1,014 | - | 336 | 336 | Company Scheme | Employee | Mr. Shakeel Ahmad |
| Suzuki Cultus | 1,014 | 1,014 | - | 538 | 538 | Company Scheme | Employee | Mr. Rashid Ali Rana |
| Suzuki Cultus | 990 | 967 | 23 | 349 | 325 | Company Scheme | Employee | Mr. Imran Nazir |
| Suzuki Wagon R | 974 | 235 | 739 | 815 | 76 | Company Scheme | Employee | Mr. Awais Sultan |
| Suzuki Cultus | 970 | 970 | - | 321 | 321 | Company Scheme | Employee | Mr. Shoaib Ishaq |
| Suzuki Cultus | 950 | 950 | - | 313 | 313 | Company Scheme | Employee | Mr. Rehan Tariq Ghouri |
| Honda City | 875 | 284 | 591 | 671 | 80 | Company Scheme | Employee | Mr. Muhammad Jahanger |
| Honda City | 780 | 608 | 172 | 436 | 264 | Company Scheme | Employee | Mr. Muhammad Jahanger |
| Suzuki Bolan | 640 | 640 | - | 325 | 325 | Company Scheme | Employee | Mr. Tallat Maqsood |
| Suzuki Mehran | 625 | 328 | 297 | 625 | 328 | Company Scheme | Employee | Mr. Abbas Ahmed |
| Suzuki Mehran | 625 | 99 | 526 | 625 | 99 | Company Scheme | Employee | Mr. Safwan Mushtaq |
| Suzuki Mehran | 605 | 605 | - | 201 | 201 | Company Scheme | Employee | Mr. Ijaz ud Din |
| Suzuki Mehran | 580 | 565 | 15 | 580 | 565 | Company Scheme | Employee | Mr. Ijaz ud Din |
| Suzuki Mehran | 577 | 577 | - | 190 | 190 | Company Scheme | Employee | Mr. Salman Asif |
| Suzuki Bolan | 559 | 559 | - | 420 | 420 | Negotiation | Third Party Sale | Suzuki Township |
| Suzuki Mehran | 500 | 239 | 261 | 500 | 239 | Company Scheme | Employee | Mr. Muhammad Ali Jibran |
| Honda City LRX | 500 | 263 | 237 | 500 | 263 | Company Scheme | Employee | Mr. Ali Raza |
| Suzuki Mehran | 455 | 440 | 15 | 455 | 440 | Company Scheme | Employee | Mr. Tariq Mahmood |
| Suzuki Mehran | 455 | 440 | 15 | 455 | 440 | Company Scheme | Employee | Mr. Amer Ahmad Khan |
| Suzuki Mehran | 455 | 348 | 107 | 455 | 348 | Company Scheme | Employee | Mr. Nisar |
| Suzuki Mehran | 455 | 348 | 107 | 455 | 348 | Company Scheme | Employee | Mr. Muhammad Ali |
| Suzuki Mehran | 455 | 326 | 129 | 455 | 326 | Company Scheme | Employee | Mr. Arslan Javed |
| Suzuki Cultus | 438 | 231 | 207 | 437 | 231 | Company Scheme | Employee | Mr. Hammad |
| Hyundai Santro | 438 | 209 | 228 | 438 | 209 | Company Scheme | Employee | Mr. Zubair Hassan |
| Honda 125 | 105 | 35 | 70 | 47 | (23) | Company Scheme | Employee | Mr. Muhammad Yousaf Saeed |
| Honda 125 | 103 | 42 | 62 | 103 | 42 | Company Scheme | Employee | Mr. Zafar Ali |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Profit / (Loss) | Mode of disposal | Relationship with the Company | Particulars of purchaser |
|---|---|---|---|---|---|---|---|---|
| | ------------------ (Rupees in thousand) | | | | ------------------ | | | |
| Honda 125 | 103 | 60 | 43 | 51 | 8 | Company Scheme | Employee | Mr. Imran Khan |
| Honda 125 | 98 | 98 | 0 | 44 | 44 | Company Scheme | Employee | Mr. Azam Hassan Khan |
| Honda 125 | 97 | 96 | 0 | 44 | 43 | Company Scheme | Employee | Mr. Hafiz Nadeem |
| Honda 125 | 91 | 91 | 0 | 91 | 91 | Company Scheme | Employee | Mr. M. Jabbar |
| Honda 125 | 90 | 90 | 0 | 90 | 90 | Company Scheme | Employee | Mr. Mohammad Aslam |
| Yamaha 100 | 79 | 79 | 0 | 30 | 30 | Company Scheme | Employee | Mr. Sufwan Malik |
| Get-Bike | 76 | 7 | 69 | 76 | 7 | Company Scheme | Employee | Mr. Zahid Nadeem |
| Honda Cd 70 | 70 | 47 | 23 | 35 | 12 | Company Scheme | Employee | Mr. Ibrar Hassan |
| Suzuki Sprinte | 69 | 69 | 0 | 62 | 62 | Company Scheme | Employee | Mr. Shahbaz Ali |
| Honda Cd 70 | 68 | 68 | 0 | 30 | 30 | Company Scheme | Employee | Ms. Noor |
| Honda Cd 70 | 68 | 68 | 0 | 15 | 15 | Company Scheme | Employee | Mr. Waseem Dar |
| Honda Cd-70 | 68 | 66 | 2 | 15 | 13 | Company Scheme | Employee | Mr. Samad Jafri |
| Honda Cd-70 | 68 | 66 | 2 | 15 | 13 | Company Scheme | Employee | Mr. Nawaz Khokhar |
| Honda 125 | 68 | 67 | 0 | 47 | 47 | Company Scheme | Employee | Mr. Zia ul Haq |
| Yamaha 100 | 64 | 63 | 0 | 64 | 63 | Company Scheme | Employee | Mr. Abrar ul Haq |
| Yamaha 100 | 64 | 63 | 0 | 64 | 63 | Company Scheme | Employee | Mr. Muhammad Munir |
| Honda Cd 70 | 64 | 12 | 51 | 57 | 6 | Company Scheme | Employee | Mr. Muhammad Raju |
| Yamaha 100 | 60 | 60 | 0 | 60 | 60 | Company Scheme | Employee | Mr. Muhammad Zaman |
| Get-Bike | 59 | 34 | 25 | 59 | 34 | Company Scheme | Employee | Mr. Said Ahmed Khan |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Zaheer Abbas |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Fazal Khaliq |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Mohsin Abbas |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Muhammad Razzaq |
| Get-Bike | 59 | 34 | 25 | 59 | 34 | Company Scheme | Employee | Mr. Niaz Ahmed |
| Get-Bike | 59 | 34 | 25 | 59 | 34 | Company Scheme | Employee | Muhammad Kamran |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Allah Bux |
| Get-Bike | 59 | 35 | 24 | 59 | 35 | Company Scheme | Employee | Mr. Ali Ahmed |
| Get-Bike | 59 | 34 | 24 | 59 | 34 | Company Scheme | Employee | Mr. Khawaja Amer |
| Get-Bike | 52 | 25 | 27 | 52 | 25 | Company Scheme | Employee | Mr. Mohammad Mohsen |
| Get-Bike | 51 | 30 | 21 | 51 | 30 | Company Scheme | Employee | Mr. Muhammad Wali ud Din |
| Get-Bike | 51 | 30 | 21 | 51 | 30 | Company Scheme | Employee | Mr. Syed Waseem Tahir |
| Get-Bike | 51 | 15 | 37 | 51 | 15 | Company Scheme | Employee | Mr. Emman Ullah |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Hussain Khan |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Sher Muhammad Khan |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Muhammad Jaffar |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Mohammad Salman |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Khurram Behzad Ali |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Hasham Qureshi |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Zahid Ashraf Khan |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Amir Hussain Chohan |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Salman Ahmad |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Arshad Khan |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Abdul Rashid |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Mohammad Naveed |
| Get-Bike | 50 | 28 | 22 | 50 | 28 | Company Scheme | Employee | Mr. Wahid Hussain Qureshi |
| Get-Bike | 50 | 28 | 21 | 50 | 28 | Company Scheme | Employee | Mr. Muhammad Arshad Khan |
| Get-Bike | 50 | 28 | 21 | 50 | 28 | Company Scheme | Employee | Mr. Liaquat Ali |
| Get-Bike | 50 | 28 | 21 | 50 | 28 | Company Scheme | Employee | Mr. Imran |
| Get-Bike | 50 | 28 | 21 | 50 | 28 | Company Scheme | Employee | Mr. Abdul Basit |
| Get-Bike | 50 | 28 | 21 | 50 | 28 | Company Scheme | Employee | Mr. Muhammad Aslam |
| Get-Bike | 50 | 29 | 21 | 50 | 29 | Company Scheme | Employee | Mr. Akhtar Niazi |
| Get-Bike | 50 | 29 | 20 | 50 | 29 | Company Scheme | Employee | Mr. Najmul Hassan |
| Get-Bike | 47 | 26 | 20 | 47 | 26 | Company Scheme | Employee | Mr. Mohammad Nadim Farooqi |
| Get-Bike | 47 | 26 | 20 | 47 | 26 | Company Scheme | Employee | Mr. Mohammad Iqbal |
| Get-Bike | 47 | 26 | 20 | 47 | 26 | Company Scheme | Employee | Mr. Shehzad Muhammad |
| Get-Bike | 47 | 26 | 20 | 47 | 26 | Company Scheme | Employee | Mr. Mohammad Aslam |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Profit / (Loss) | Mode of disposal | Relationship with the Company | Particulars of purchaser |
|---|---|---|---|---|---|---|---|---|
| | ------------------ (Rupees in thousand) | | | | ------------------ | | | |
| Get-Bike | 47 | 27 | 20 | 47 | 27 | Company Scheme | Employee | Mr. Nasir Bashir |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Mohammad Akhtar |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Muhammad Jabbar |
| Get-Bike | 47 | 23 | 24 | 47 | 23 | Company Scheme | Employee | Mr. Muhammad Javed Khan |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Muhammad Bilal |
| Get-Bike | 47 | 24 | 23 | 47 | 24 | Company Scheme | Employee | Mr. Asghar Ali |
| Get-Bike | 47 | 22 | 25 | 47 | 22 | Company Scheme | Employee | Mr. Malik Nisar Ahmad |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Muhammad Mazhar |
| Get-Bike | 47 | 24 | 22 | 47 | 24 | Company Scheme | Employee | Mr. Shakeel Ahmed |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Rashid Ali Rana |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Muhammd Islam |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Saud Ahmad |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Muhammad Razzaq |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Qasim Ali |
| Get-Bike | 47 | 27 | 19 | 47 | 27 | Company Scheme | Employee | Mr. Shahid Ali |
| Get-Bike | 47 | 27 | 20 | 47 | 27 | Company Scheme | Employee | Mr. S.Ali Zulqarnain |
| Get-Bike | 47 | 27 | 20 | 47 | 27 | Company Scheme | Employee | Mr. Malik Sadaquat |
| Get-Bike | 47 | 26 | 20 | 47 | 26 | Company Scheme | Employee | Mr. Tanviir Ali |
| Get-Bike | 47 | 20 | 26 | 47 | 20 | Company Scheme | Employee | Mr. Amjid Ali |
| Get-Bike | 47 | 24 | 23 | 47 | 24 | Company Scheme | Employee | Mr. Syed Ali Raza Gardezi |
| Get-Bike | 47 | 22 | 24 | 47 | 22 | Company Scheme | Employee | Mr. Liaquat Ali |
| Get-Bike | 47 | 20 | 27 | 47 | 20 | Company Scheme | Employee | Mr. Mohammad Asif |
| Get-Bike | 47 | 21 | 26 | 47 | 21 | Company Scheme | Employee | Mr. Muhammad Akmal |
| Get-Bike | 47 | 17 | 30 | 47 | 17 | Company Scheme | Employee | Mr. Khalid Hussain |
| Get-Bike | 47 | 15 | 31 | 47 | 15 | Company Scheme | Employee | Mr. Muhammad Younes |
| Get-Bike | 47 | 13 | 33 | 47 | 13 | Company Scheme | Employee | Mr. Abid Mushtaq |
| Get-Bike | 47 | 18 | 29 | 47 | 18 | Company Scheme | Employee | Mr. Zubair Hassan |
| Get-Bike | 47 | 18 | 29 | 45 | 16 | Company Scheme | Employee | Mr. Muhammad Sher |
| Get-Bike | 47 | 15 | 32 | 47 | 15 | Company Scheme | Employee | Mr. Muhammad Irshad Khan |
| Get-Bike | 47 | 13 | 33 | 47 | 13 | Company Scheme | Employee | Mr. Tariq Hameed Khan |
| Get-Bike | 47 | 13 | 34 | 47 | 13 | Company Scheme | Employee | Mr. Mubashar Mehmood |
| Get-Bike | 47 | 9 | 37 | 47 | 9 | Company Scheme | Employee | Mr. Anser Ali |
| Get-Bike | 47 | 7 | 40 | 47 | 7 | Company Scheme | Employee | Mr. Khalid Hussain |
| Get-Bike | 44 | 42 | 1 | 30 | 29 | Company Scheme | Employee | Mr. Fayaz Ahmed |
| Get-Bike | 43 | 42 | 0 | 43 | 42 | Company Scheme | Employee | Mr. Habib Nawaz |
| Get-Bike | 43 | 42 | 0 | 43 | 42 | Company Scheme | Employee | Mr. Muhamamd Sardar |
| Get-Bike | 43 | 42 | 0 | 39 | 39 | Company Scheme | Employee | Mr. M. Akbar |
| Get-Bike | 38 | 14 | 24 | 38 | 14 | Company Scheme | Employee | Mr. Syed Mehboob Alam |
| Get-Bike | 38 | 14 | 23 | 38 | 14 | Company Scheme | Employee | Mr. Zulqarnain Afzal Baloch |
| Get-Bike | 38 | 8 | 30 | 30 | 0 | Company Scheme | Employee | Mr. Naveed Qaiser |
| Get-Bike | 37 | 7 | 31 | 38 | 7 | Company Scheme | Employee | Mr. Mohd Aziz |
| Get-Bike | 37 | 8 | 29 | 37 | 8 | Company Scheme | Employee | Mr. Liaqat Ali |
| Get-Bike | 37 | 8 | 29 | 37 | 8 | Company Scheme | Employee | Mr. Liaqat Ali |
| Get-Bike | 47 | 6 | 41 | 47 | 6 | Company Scheme | Employee | Mr. Waqar Ahmad Rana |
| Honda Civic | 2,524 | 339 | 2,185 | 2,185 | 0 | Company Scheme | Employee | Mr. Shahid Mehmood |
| Get-Bike | 67 | 12 | 55 | 67 | 12 | Company Scheme | Employee | Mr. Saleem Fazal |
| Get-Bike | 47 | 2 | 45 | 47 | 2 | Company Scheme | Employee | Mr. Faisal Nazir |
| Get-Bike | 47 | 6 | 41 | 47 | 6 | Company Scheme | Employee | Mr. Maqsood Ahmad |
| Get-Bike | 76 | 9 | 67 | 76 | 9 | Company Scheme | Employee | Mr. Hafeez Khan |
| Honda 125 | 107 | 10 | 97 | 107 | 10 | Company Scheme | Employee | Mr. Tallat Mehmood |
| Suzuki Mehran | 500 | 25 | 475 | 500 | 25 | Company Scheme | Employee | Mr. Umar Farooq |
| Suzuki Swift | 1,375 | 29 | 1,346 | 1,360 | 13 | Company Scheme | Employee | Mr. Salman Asif |
| Get-Bike | 48 | 0 | 48 | 48 | 0 | Company Scheme | Employee | Mr. Muhammad Nadeem |
| **Sub-total** | **54,757** | **38,501** | **16,256** | **36,023** | **19,767** | | | |
| **2018** | 58,558 | 42,078 | 16,480 | 36,827 | 20,348 | | | |
| 2017 | 66,789 | 36,958 | 29,831 | 46,747 | 16,916 | | | |

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **6.2** | **Capital work-in-progress** | | | |
| | Civil works | | 20,606 | 6,768 |
| | Plant and machinery | 6.2.1 | 433,039 | 285,899 |
| | Advances for capital expenditure - considered good | 6.2.2 | 65,842 | 58,322 |
| | | | 519,487 | 350,989 |

**6.2.1** These represents plant and machinery and equipment in the course of development and installation.

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

## 7 INVESTMENT PROPERTY

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

These represent the following pieces of land:

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

The value of investment property was determined by approved external, independent property valuer i.e. M/S Zafar Iqbal and company (Pakistan Banks Association approved valuer). The most significant input into this valuation is market value. The valuation is considered to be Level 3 in the fair value hierarchy due to non-observable inputs used in valuation. The different levels have been mentioned in note 44.5.

## 8 INTANGIBLE ASSET

Intangible asset represents computer software (ERP system)

**8.1 Oracle computer software and implementation**

| | Note | 2018 | 2017 |
|---|---|---|---|
| **Cost** | | | |
| As at 01 July | | 41,110 | - |
| Addition during the year | | 772 | 41,110 |
| **Accumulated amortisation** | | | |
| As at 01 July | | (3,426) | - |
| Amortisation for the year | 32 | (8,376) | (3,426) |
| Balance as at 30 June | | 30,080 | 37,684 |
| Rate of amortisation | | 20% | 20% |

## 9 LONG TERM INVESTMENTS

| | Note | 2018 | 2017 |
|---|---|---|---|
| In equity instruments of subsidiaries - at cost | 9.1 | 6,048,064 | 6,138,494 |
| In equity instruments of associate - at cost | 9.2 | 162,529 | 162,529 |
| Available for sale - at cost | 9.3 | 1,555 | 1,555 |
| | | 6,212,148 | 6,302,578 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| | Less: Assets held for sale | 9.1.2 | (964,054) | - |
| | | | 5,248,094 | 6,302,578 |
| 9.1 | **In equity instruments of subsidiaries - at cost** | | | |
| | **Treet Holdings Limited - unquoted** | | | |
| | 61,101,712 (2017: 61,101,712) fully paid ordinary shares of Rs. 10 each | 9.1.1 | 611,017 | 611,017 |
| | Equity held: 85.93 % (2017: 85.93 %) | | | |
| | Chief Executive Officer - Syed Shahid Ali | | | |
| | **First Treet Manufacturing Modaraba - quoted** | | | |
| | 171,224,700 (2017: 175,745,700) fully paid certificates of Rs. 10 each | 9.1.2 | 3,424,902 | 3,515,332 |
| | Equity held: 87.54% (2017: 89.85%) | | | |
| | Chief Executive Officer - Syed Shahid Ali | | | |
| | **Global Arts Limited - unquoted** | | | |
| | 160,540,320 (2017: 160,540,320) fully paid ordinary shares of Rs. 10 each | 9.1.3 | 1,605,403 | 1,605,403 |
| | Equity held: 88.76% (2017: 94.08%) | | | |
| | Chief Executive Officer - Syed Shahid Ali | | | |
| | **Renacon Pharma Limited - unquoted** | | | |
| | 28,342,800 (2017: 834,000) fully paid ordinary shares of Rs. 10 each | 9.1.4 | 406,742 | 406,742 |
| | Equity held: 45.45% (2017: 58.16%) | | | |
| | Chief Executive Officer - Dr. Salman Shakoh | | | |
| | | | 6,048,064 | 6,138,494 |
| | **Assets held for sale** | | | |
| | **First Treet Manufacturing Modaraba - quoted** | | | |
| | 48,202,710 fully paid ordinary shares of Rs. 10 each (cost Rs. 20 per share) | 9.1.2 | (964,054) | - |
| | | | 5,084,010 | 6,138,494 |

**9.1.1** The Company directly owns 85.93% (2017: 85.93%) equity interest in Treet Holdings Limited (THL) while the remaining 14.07% (2017: 14.07%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited .

**9.1.2** The Company directly owns 87.54% (2017: 89.85%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 10.02% (2017: 10.02%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Treet Holdings Limited. The decrease in equity interest is due to the sale of 4.52 million certificates during the year at an average rate of Rs. 30.38 per certificate.

The Board of Directors of the Company in their meeting held on 27 February 2018 resolved to reduce the Company's certificate holding in FTMM up-to 59.85% (dilution of 30% in certificate holding from 89.85%) either through selling of modaraba certificates in the market (or otherwise) and/or not to subscribe fully the further issue of capital (if any) of FTMM. The management is committed to the sale of modaraba certificates (up-to 30%) constituting 48,202,710 number of certificates and expects this sale to be completed within the next twelve months after the reporting date and consequently this expected dilution of investment in FTMM has been classified as 'Assets held for sale' in accordance with the requirements of IFRS 5 'Non- Current Assets Held for Sale and Discontinued Operations'.

**9.1.3** The Company directly owns 88.76% (2017: 94.08%) equity interest in Global Arts Limited ("GAL") while the remaining 11.24% (2017: 5.92%) equity interest is indirectly owned through the Company's subsidiaries, Treet Holdings Limited (wholly owned) and Renacon Pharma Limited ("RPL"). During the current year, GAL made right issue in the month of July which was not subscribed by the Company and instead was renounced in favour of RPL which was fully subscribed by RPL. This resulted in decrease of equity interest of the Company in GAL.

**9.1.4** Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 45.45% (2017: 58.16%) equity interest in RPL and 10.39% (2017: NIL) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited ("GAL"). During the year, RPL made right issue in the month of July which was not subscribed by the Company and instead was renounced in favour of GAL, resulting in decrease of equity interest of the Company. After the right issue, RPL issued 3,300% bonus shares that has resulted in increase in number of shares held.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **9.2** | **In equity instruments of associate - at cost** | | | |
| | <u>Loads Limited - quoted</u> | | | |
| | 18,895,057 (2017: 17,177,325 ) fully paid ordinary shares of Rs. 10 each | 9.2.1 | 162,529 | 162,529 |
| | Equity held: 12.49% (2017: 12.49%) | | | |
| | Chief Executive Officer - Munir K. Bana | | | |
| | | | 162,529 | 162,529 |

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **9.3** | **Available for sale - at cost** | | | |
| | **<u>Techlogix International Limited - unquoted</u>** | | | |
| | 748,879 (2017: 748,879) fully paid ordinary shares of par value of USD 0.00015. | | 8,593 | 8,593 |
| | Equity held: 0.71% (2017: 0.71%) | | | |
| | Less: Provision for impairment | | (7,038) | (7,038) |
| | | **9.3.1** | 1,555 | 1,555 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

**9.3.1** Techlogix International Limited ("Techlogix") is a Bermuda registered company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Company intends to hold this investment of USD 112 (2017: USD 112) over the long term and realise its returns. During the year, the company received a return amounting to Rs. 0.12 milion (2017: Rs. 0.18 million) as disclosed in note 36.2.

**9.3.2** The breakup value per share as per latest available audited financial statements for the year ended 31 December 2016 of Techlogix International Limited is Rs. 6.38 (2017: Rs. 6.38 ) per share. The shares have par value of USD 0.00015.

**9.4** These investments were made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied with at the time of investment.

| | | Note | 2018 (Rupees in thousand) | 2017 |
|---|---|---|---|---|
| **10** | **LONG TERM LOANS** | | | |
| | Loans to employees - secured, considered good | 10.1 | 12,941 | 17,548 |
| | Less : current portion of | | | |
| | Loan to employees - secured, considered good | 17 | (12,318) | (13,679) |
| | | | 623 | 3,869 |

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

**10.2** **Reconciliation of the carrying amount of loans to executives:**

| | 2018 | 2017 |
|---|---|---|
| Balance as at 01 July | 15,933 | 8,037 |
| Disbursements during the year | 15,064 | 20,161 |
| Repayments during the year | (18,714) | (12,265) |
| Balance as at 30 June | 12,283 | 15,933 |

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **11** | **LONG TERM SECURITY DEPOSITS** | | | |
| | Long term security deposits | 11.1 | 19,757 | 16,304 |

**11.1** This represents deposits against utilities.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **12** | **DEFERRED TAXATION** | | | |
| | **Deferred tax asset** | 12.1 | 32,530 | 58,633 |

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **12.1** | **Deferred tax asset arises in respect of following temporary differences:** | | | |
| | **Taxable temporary differences on:** | | | |
| | - Accelerated tax depreciation | | (58,572) | (56,440) |
| | - Surplus on revaluation of buildings | | (20,477) | (23,231) |
| | | | (79,049) | (79,671) |
| | **Deductible temporary differences on:** | | | |
| | - Unused tax losses | | 58,013 | 90,587 |
| | - Capital loss on short term investments | | 5,588 | 11,489 |
| | - Employee retirement benefits | | 47,722 | 36,005 |
| | - Provision for doubtful debts | | 256 | 223 |
| | | | 111,579 | 138,304 |
| | | | 32,530 | 58,633 |

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

| | | 2018 | 2017 |
|---|---|---|---|
| **12.1.2** | **Movement in deferred tax asset is as follows:** | | |
| | Balance as at 01 July | 58,633 | 48,013 |
| | **Recognized in statement of profit or loss:** | | |
| | - Accelerated tax depreciation | (2,132) | 2,120 |
| | - Surplus on revaluation of buildings | 1,836 | 1,353 |
| | - Capital loss on short term investments | (5,901) | 4,799 |
| | - Unused tax losses | (32,574) | (6,969) |
| | - Provision for doubtful debts | 32 | 4 |
| | | (38,739) | 1,307 |
| | **Recognized in other comprehensive income:** | | |
| | - Net off against re-measurement of employee retirement benefits recognized | 11,717 | 9,313 |
| | - Effect on deferred tax due to change in tax rate and proportion of local and export sales | 919 | - |
| | **Balance as at 30 June** | 32,530 | 58,633 |

## 13 STORES AND SPARES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Stores | | 59,928 | 46,234 |
| Spares | | 129,473 | 156,930 |
| | 13.1 | 189,401 | 203,164 |

**13.1** It includes stores and spares in transit amounting to Rs. 17.15 million (2017: Rs. 36.35 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 14 | STOCK-IN-TRADE | | | |
| | Raw and packing material | 14.1 | 395,318 | 518,058 |
| | Work-in-process | | 65,068 | 61,311 |
| | Finished goods | 14.2 | 145,619 | 234,914 |
| | | | 606,005 | 814,283 |

**14.1** It includes raw material in transit amounting to Rs. 38.55 million (2017: Rs. 51.23 million).

**14.2** The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 2.76 million (2017: Nil). It also includes finished goods-batteries in transit amounting to Nil (2017: Rs. 188.41 million).

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 15 | TRADE DEBTS | | | |
| | **Foreign debtors** | | | |
| | - secured - considered good | | 64,406 | 36,267 |
| | - unsecured - considered good | | 150,736 | 69,095 |
| | | 15.1 | 215,142 | 105,362 |
| | **Local debtors** | | | |
| | - unsecured - considered good | 15.2 | 52,622 | 27,171 |
| | | | 267,764 | 132,533 |
| | Considered doubtful | 15.3 | 1,785 | 1,785 |
| | | | 269,549 | 134,318 |
| | Less: Provision for doubtful debts | | (1,785) | (1,785) |
| | | | 267,764 | 132,533 |

**15.1** Detail of trade debts on account of export sales:

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

15.2 This includes Rs 0.30 million (2017: Nil) receivable from a related party, Elite Brands Limited, in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 4.74 million.

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **15.3** The movement in provision for doubtful debts for the year is as follows: | | | |
| Balance as at 01 July | | 1,785 | 1,320 |
| Charge for the year | 33 | - | 465 |
| Balance as at 30 June | | 1,785 | 1,785 |

## 16 SHORT TERM INVESTMENTS

| | Note | 2018 | 2017 |
|---|---|---|---|
| Investments at fair value through profit or loss | | | |
| Listed equity securities | 16.1 | 458,506 | 566,773 |

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

| | | Share / certificates | | Market value | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | Number | Number | (Rupees in thousand) | |
| | **Sector /Companies** | | | | |
| a) | **Banks** | | | | |
| | Silk Bank Limited | 252,572,500 | 244,676,000 | 343,499 | 411,055 |
| c) | **Textile** | | | | |
| | Sunrays Textile Mills Limited | 30,600 | 30,600 | 5,216 | 6,044 |
| | Shahtaj Textile Limited | 868,400 | 868,400 | 69,463 | 115,002 |
| | Maqbool Textile Mills Limited | 894,500 | 648,500 | 37,828 | 19,942 |
| | Kohinoor Spinning Mills Limited | 856,000 | 3,000,000 | 2,500 | 14,730 |
| d) | **Miscellaneous** | | | | |
| | Transmission Engineering Industries Limited | 133,000 | 133,000 | - | - |
| | | | | 458,506 | 566,773 |

16.2 Investments (shares of Silk Bank Limited and Shahtaj Textile Limited) to the extent of Rs. 210.18 million (cost of Rs. 242.48 million) are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 23.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 17 | **LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | | |
| | Current portion of loan to employees - secured, considered good | 10 | 12,318 | 13,679 |
| | Advances to employees - secured, considered good | 17.1 | 76,140 | 68,177 |
| | Advances to suppliers - unsecured, considered good | | 51,365 | 67,271 |
| | Margin deposits against letters of credits | | 3,785 | 3,785 |
| | Prepayments | 17.2 | 11,564 | 13,581 |
| | Advances to related parties - unsecured, considered good: | | | |
| | Loads Limited | | 70 | - |
| | IGI General Insurance Limited | | 127 | 3,496 |
| | | 17.3 | 197 | 3,496 |
| | Workers' profit participation fund | 17.4 | 7,793 | - |
| | Balances with statutory authorities: | | | |
| | Export rebate | | 61,950 | 54,392 |
| | Collector of customs - custom duty | | 18,707 | 76,771 |
| | Advance income tax | | 466,258 | 377,212 |
| | Sales tax receivable | | - | 8,316 |
| | | | 546,915 | 516,691 |
| | Receivable from broker against sale of investments | | 43,519 | 49,542 |
| | Receivable from subsidiary company - First Treet Manufacturing Modaraba , unsecured - considered good | 17.5 & 9.1.2 | 5,830,524 | 3,564,666 |
| | <u>Other receivable - unsecured, considered good</u> | | | |
| | Related parties: | | | |
| | Treet Holdings Limited | | 107,441 | 36,638 |
| | Global Arts Limited | | - | 1,749 |
| | Renacon Pharma Limited | | 124 | - |
| | Treet Power Limited | | 4,555 | 4,154 |
| | Superannuation Fund | | 1,161 | 1,159 |
| | Gratuity Fund | | 20,369 | 20,369 |
| | Employees Housing Fund | | 31,770 | 1,043 |
| | | 17.6 | 165,420 | 65,112 |
| | Others | | 1,913 | 459 |
| | | | 6,751,453 | 4,366,459 |

**17.1** These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 7.76 million (2017: Rs. 2.91 million) receivable from executives of the Company. No amount is advances to CEO or directors of the Company.

**17.2** Prepayments includes amount paid to IGI General Insurance Limited (associated undertaking) of Rs. 8.52 million (2017: Rs. 5.58 million ).

**17.3** These represent advances for purchase of goods or services under normal business trade as per the agreed terms and are interest free.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 17.4 | **Workers profit participation fund** | | | |
| | Balance as at 01 July | | (2,470) | 7,444 |
| | Charge for the year | | (720) | (5,553) |
| | | | (3,190) | 1,891 |
| | Payments during the year | | 10,983 | (4,361) |
| | Balance as at 30 June | 20 | 7,793 | (2,470) |

**17.5** It includes Rs. 5,197.81 million (2017: 3,104 million) advanced to First Treet Manufacturing Modaraba ("FTMM") for the on going Battery Project out of the short term running finance facilities availed by the Company. Markup is calculated at average borrowing rate of the Company. It also includes receivable on account of reimbursement of expenses, sharing of common expenses and purchase of goods under normal business trade as per the agreed terms and are interest free. After the approval by the Board of Directors ("Board") for dilution in the certificate holding of FTMM as explained in note 9.1.2, the Company's equity interest (direct and indirect) in FTMM gradually reduced from 99.99% to 97.56%. Consequently, the Company required approval from the shareholders in accordance with the provisions of section 199 of the Companies Act, 2017 for amount advanced to FTMM. The Company intends to take approval from the shareholders in the Annual General Meeting to be held on October 2018.

**17.6** These represent amounts receivable from related parties for reimbursement of expenses, sharing of common expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

| | | Less than 3 months | 3 to 6 months | Greater than 6 months | 2018 | 2017 |
|---|---|---|---|---|---|---|
| | | --------------(Rupees in Thousand)-------------- | | | | |
| 17.7 | **Ageing of balances** | | | | | |
| | First Treet Manufacturing Modaraba | 832,781 | 662,377 | 4,335,366 | 5,830,524 | 3,564,666 |
| | Treet Holdings Limited | 18,047 | 5,159 | 84,235 | 107,441 | 36,638 |
| | Treet Power Limited | - | - | 4,555 | 4,555 | 4,154 |
| | Global Arts Limited | - | - | - | - | 1,749 |

| | | In the month of | In the month of | 2018 | 2017 |
|---|---|---|---|---|---|
| | | | | (Rupees in Thousand) | |
| 17.8 | **Maximum outstanding balance with reference to month end balances:** | | | | |
| | First Treet Manufacturing Modaraba | Jun-18 | Jun-17 | 5,830,524 | 3,564,666 |
| | Treet Holding Limited | Jun-18 | Aug-16 | 107,441 | 48,557 |
| | Treet Power Limited | Jul-17 | Jul-16 | 4,555 | 22,855 |
| | Global Arts Limited | N/A | Oct-16 | - | 50,000 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in Thousand) | |
| 18 | CASH AND BANK BALANCES | | | |
| | Cash in hand | | 50,537 | 58,417 |
| | Cash at bank - local currency | | | |
| | Current accounts | 18.1 | 46,250 | 53,455 |
| | Saving accounts | 18.2 | 54,762 | 236,095 |
| | | | 101,012 | 289,550 |
| | | | 151,549 | 347,967 |

**18.1** These include bank accounts of Rs. 1.10 million (2017: Rs. 0.53 million) maintained under Shariah compliant arrangements.

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

These deposits include Nil (2017: Rs. 3.82 million) under Shariah compliant arrangements, which carries profit rate ranging from 3.5% to 5.5% per annum (2017: 2.5% to 5.4% per annum).

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 19 | SHORT TERM BORROWINGS | | | |
| | Short term running finance - secured | 19.2 | 5,023,282 | 3,656,552 |
| | Export refinance - secured | 19.2 | 2,340,121 | 1,703,044 |
| | Loan from Chief Executive - Interest free, unsecured | 19.3 | 390,000 | 390,000 |
| | | 19.4 | 7,753,403 | 5,749,596 |

**19.1 Particulars of borrowings**

| | 2018 | 2017 |
|---|---|---|
| Interest / markup based financing | 6,121,089 | 4,527,719 |
| Islamic mode of financing | 1,242,314 | 831,877 |
| Interest free | 390,000 | 390,000 |
| | 7,753,403 | 5,749,596 |

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

**19.3** This represents interest free loan obtained from Chief Executive Officer of the Company for working capital requirements and is repayable on demand.

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

19.5 The facilities for opening letters of credits and guarantees as at 30 June 2018 amounts to Rs. 3,707 million (2017: Rs. 3,007 million) of which unutilized amount as at year end amounted to Rs. 2,784 million. Non-fund based facilities aggregating to Rs. 1,890 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modaraba, through cross corporate guarantee of the Company.

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

19.7 The Company has entered into an interest rate swap to cover the possible adverse movements in interest rates. Under the terms of the interest rate swap arrangement, the Company pays 7.38% per annum on quarterly basis on the notional amount of Rs. 100 million to the arranging bank and receives 3 month KIBOR on same notional amount from the arranging bank. The Company has designated this swap as derivative. The fair value of this swap as at 30 June 2018 is Rs. 0.003 million (2017: 0.01 million).

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **20 TRADE AND OTHER PAYABLES** | | | |
| *Trade creditors:* | | | |
| Related parties | 20.1 | 41 | 4,410 |
| Others | | 4,652 | 9,527 |
| | | 4,693 | 13,937 |
| *Other creditors:* | | | |
| Related parties | 20.2 | 2,972 | 4,438 |
| Others | | 38,058 | 50,946 |
| | | 41,030 | 55,384 |
| Accrued liabilities | | 421,965 | 267,330 |
| Advances from customers | | 38,390 | 40,909 |
| Advance against sale of land-unsecured | | 6,593 | 6,593 |
| Employees deposits-secured | | 63,199 | 49,239 |
| Withholding sales tax payable | | 1,116 | 3,285 |
| Workers profit participation fund | 17.4 | - | 2,470 |
| Security deposit | 20.3 | 15,000 | 15,000 |
| Sales tax payable | | 26,986 | - |
| Other payables | | 28,949 | 14,833 |
| *Payable to employee retirement benefit funds:* | | | |
| - Service fund | | 2,044 | 3,086 |
| - Employees Benevolent Fund | | 2,065 | 885 |
| - Superannuation Fund (SF-II) | | 4,764 | 1,020 |
| - Employees Provident Fund | 20.4 | 24,967 | 7,185 |
| | | 33,840 | 12,176 |
| | | 681,761 | 481,156 |

| | 2018 | 2017 |
|---|---|---|
| **20.1 Related parties** | | |
| *Associated Undertakings* | | |
| Packages Limited | - | 967 |
| IGI General Insurance Limited | 41 | 2,558 |
| *Subsidiary company* | | |
| Treet HR Management (Private) Limited | - | 885 |
| | 41 | 4,410 |

These are interest free in the normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 20.2 | **Related parties** | | | |
| | *Associated Undertakings* | | | |
| | Packages Limited | | 2,696 | 4,357 |
| | *Subsidiary company* | | | |
| | First Treet Manufacturing Modaraba | | 276 | 81 |
| | | | 2,972 | 4,438 |

These are interest free in the normal course of business.

**20.3** The amount has been received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Company.

**20.4** The Company has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 32.61 million (2017: Rs. 24.36 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2018 amount to Rs. 436.91 million (2017: Rs. 418 million). The fair value of investments of provident fund was Rs. 215.44 million (2017: Rs. 377.57 million) and the cost of the investment was Rs. 253.85 million (2017: Rs. 366.18 million). The Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| | | 2018 | 2017 | 2018 | 2017 |
|---|---|---|---|---|---|
| | | (Rupees in thousand) | | % | % |
| 20.4.1 | **The break-up of fair value of investments is:** | | | | |
| | National saving bonds / Special saving bonds | 16,300 | 46,300 | 8% | 12% |
| | Pakistan investment bonds | - | 10,000 | 0% | 3% |
| | National investment trust units | 17,280 | 21,583 | 8% | 6% |
| | NIT government treasury fund | 5,518 | 5,248 | 3% | 1% |
| | Mutual funds | 8,776 | 5,011 | 4% | 1% |
| | Listed securities | 63,928 | 53,459 | 30% | 14% |
| | Term finance certificates | 30,000 | 50,000 | 14% | 13% |
| | Term deposit certificates | - | 15,415 | 0% | 4% |
| | Participation term certificates | 10,290 | 13,157 | 5% | 3% |
| | Account with broker for investment | 19 | 81 | 0% | 1% |
| | | 152,111 | 220,254 | | |
| | Cash at bank | 63,334 | 157,319 | 29% | 42% |
| | | 215,445 | 377,573 | 100% | 100% |

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

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

| | | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| 21 | **ACCRUED MARK-UP** | | |
| | *Accrued markup / return on:* | | |
| | Participation term certificates | 173,144 | 289,153 |
| | Short term borrowings | 104,522 | 59,486 |
| | | 277,666 | 348,639 |

## 22 LONG TERM DEPOSITS

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

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| **23 REDEEMABLE CAPITAL** | | |
| Participation term certificates | 357,583 | 537,000 |
| Less: Current portion shown under current liabilities | (179,417) | (179,417) |
| | 178,166 | 357,583 |

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

### Terms of redemption

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

### Profit payment

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

**23.1 The following table shows the redemption of PTC:**

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

The Company will issue 2,927,557 ordinary shares of face value of Rs. 10 per share against Rs. 173.15 million.

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

**Securities**

The PTCs are secured by the following:

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

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

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

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

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **24 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS** | | | |
| Gratuity fund | | **160,769** | 122,823 |
| Superannuation fund | | **164,929** | 129,116 |
| | 24.1 | **325,698** | 251,939 |

**24.1 Net retirement benefit obligation**

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

**24.2 Movement in net obligation**

| | Gratuity | | Superannuation | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Net liability as at 01 July | 122,823 | 115,418 | 129,116 | 101,463 |
| Charge to profit and loss account | | | | |
| Treet Corporation Limited | 30,232 | 25,030 | 27,587 | 21,426 |
| Treet HR Management (Private) Limited | 1,820 | 1,507 | 868 | 674 |
| | 32,052 | 26,537 | 28,455 | 22,100 |
| Re-measurements chargeable in other comprehensive income | | | | |
| Treet Corporation Limited | 39,239 | 11,476 | 31,322 | 38,162 |
| Treet HR Management (Private) Limited | 2,065 | 604 | 1,649 | 2,008 |
| | 41,304 | 12,080 | 32,971 | 40,170 |
| Contribution made by the Company | (35,410) | (31,212) | (25,613) | (34,617) |
| **Net liability as at 30 June** | 160,769 | 122,823 | 164,929 | 129,116 |

**24.3 Movement in the liability for funded defined benefit obligations**

| | Gratuity | | Superannuation | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Liability for defined benefit obligations as at 01 July | 311,121 | 262,883 | 296,556 | 251,409 |
| Benefits paid by the plan | (36,928) | (31,212) | (27,088) | (34,617) |
| Current service costs | 23,903 | 19,301 | 19,443 | 15,999 |
| Interest cost | 22,681 | 17,928 | 21,934 | 16,972 |
| Re-measurements on obligation: | | | | |
| Actuarial losses on present value | | | | |
| - Changes in demographic assumptions | - | - | - | - |
| - Changes in financial assumptions | 363 | 124 | 471 | 123 |
| - Experience adjustments | 28,136 | 42,097 | 19,074 | 46,670 |
| | 28,499 | 42,221 | 19,545 | 46,793 |
| Present value of defined benefit obligations as at 30 June | 349,276 | 311,121 | 330,390 | 296,556 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Gratuity | | Superannuation | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | ---------(Rupees in thousand)--------- | | | |
| 24.4 | **Movement in fair value of plan assets** | | | | |
| | Fair value of plan assets as at 01 July | 188,298 | 147,466 | 167,440 | 149,945 |
| | Contributions into the plan | 35,410 | 31,212 | 25,613 | 34,617 |
| | Benefits paid by the plan | (36,928) | (31,212) | (27,088) | (34,617) |
| | Interest income on plan assets | 14,534 | 10,691 | 12,921 | 10,871 |
| | Return on plan assets excluding interest income | (12,807) | 30,141 | (13,425) | 6,624 |
| | Fair value of plan assets as at 30 June | 188,507 | 188,298 | 165,461 | 167,440 |
| 24.5 | **Plan assets** | | | | |
| | **Plan assets comprise:** | | | | |
| | Listed securities | 70,528 | 45,961 | 55,456 | 42,302 |
| | Deposits with banks | 59,484 | 56,511 | 70,121 | 49,012 |
| | Investment in mutual funds | 50,361 | 38,492 | 31,245 | 30,530 |
| | Government securities | 15,376 | 45,815 | 8,000 | 20,000 |
| | Commercial paper | - | - | - | 25,000 |
| | Others | (7,242) | 1,519 | 639 | 596 |
| | | 188,507 | 188,298 | 165,461 | 167,440 |

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

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

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

| | | Gratuity | | Superannuation | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | | ---------(Rupees in thousand)--------- | | | |
| **24.6** | **Profit and loss account includes the following in respect of retirement benefits:** | | | | |
| | Interest cost | 22,681 | 17,928 | 21,934 | 16,972 |
| | Current service cost | 23,905 | 19,300 | 19,442 | 15,999 |
| | Interest income on plan assets | (14,534) | (10,691) | (12,921) | (10,871) |
| | Total, included in salaries and wages | 32,052 | 26,537 | 28,455 | 22,100 |
| **24.7** | **Actual return on plan assets** | 1,727 | 40,832 | (504) | 17,495 |
| **24.8** | **Actuarial losses recognized directly in other comprehensive income** | | | | |
| | Cumulative amount at 01 July | (106,849) | (94,769) | (122,815) | (82,645) |
| | Losses recognized during the year | (41,304) | (12,080) | (32,971) | (40,170) |
| | Cumulative amount at 30 June | (148,153) | (106,849) | (155,786) | (122,815) |

**24.9 Historical Information for Gratuity fund**

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| | -----------------------(Rupees in thousand)--------------------- | | | | |
| Present value of defined benefit obligation | 349,276 | 311,121 | 262,883 | 221,828 | 188,515 |
| Fair value of the plan assets | (188,507) | (188,298) | (147,466) | (140,365) | (116,436) |
| Deficit | 160,769 | 122,823 | 115,417 | 81,463 | 72,079 |
| Experience adjustments arising on plan liabilities | 28,136 | 42,097 | 30,656 | 7,716 | 24,439 |
| Experience adjustments arising on plan assets | (12,807) | 30,141 | (6,585) | 8,501 | 1,227 |

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

**24.10 Historical Information for Superannuation fund**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

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

***Mortality rate***

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

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

**24.13 Actuarial assumptions sensitivity analysis**

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

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

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

## 25 EMPLOYEE STOCK OPTION SCHEME

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

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

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

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

| | Granted in year 2017 | Granted in year 2016 | Granted in year 2015 (*Modified October 2016) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Original grant date | 14 July 2017 | 16 July 2016 | 14 July 2015 |
| Modified grant date | N/A | N/A | 31 October 2016 |
| Options issued | 4,259 | 4,114 | 1,605 |
| Options no longer in issue | - | - | - |
| Options vested | N/A | 4,114 | 1,605 |
| Options exercised | N/A | 533 | 1,605 |
| Shares issued under the scheme | N/A | 533 | 1,605 |
| Original exercise price per share | 66.45 | 51.79 | 90.58 |
| Market value per share at grant date | 51.53 | 51.63 | 77.09 |
| Option discount per share at grant date | NIL | NIL | NIL |
| Modified exercise price per share | N/A | N/A | 51.79 |
| Market value per share at modified grant date | N/A | N/A | 47.08 |
| Option discount per share at modified grant date | N/A | N/A | NIL |
| Options issued to key management personnel | 2,003 | 3,224 | 1,367 |
| Options exercised by key management personnel | N/A | 426 | 1,367 |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 26 CONTINGENCIES AND COMMITMENTS

### 26.1 Contingencies

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revnue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million. The Company is expecting a favorable outcome as this issue was decided in the favor of the Company in past.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2011, the Deputy Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 0.58 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and obtained a relief of Rs. 0.24 million thereby reducing the overall demand to Rs. 0.37 million. The Company then filed a second appeal before the Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2014, the Deputy Commissioner Inland Revenue passed an order under section 121(1)/122(5) after conducting a tax audit under section 177 of the Income Tax Ordinance, 2001. The additions made through the above order resulted in reduction of the brought forward losses of the respective tax year. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

In the year 2015, the Company was selected for sales tax audit in respect of tax period July 2013 to June 2014 under section 72B of the Sales Tax Act, 1990. After the conclusion of audit proceedings, a sales tax demand of Rs. 8.65 million including penalty was created by Deputy Commissioner Inland Revenue mainly on account of admissibility of input sales tax under SRO 490(I)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

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

**26.2 Commitments**

- Outstanding letters of credit as at 30 June 2018 amounted to Rs. 730.34 million (2017: Rs. 510.79 million).

## 27 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

**27.1 Reconciliation of number of shares**

| | Note | 2018 | 2017 |
|---|---|---|---|
| At 01 July | | 1,421,436 | 1,378,043 |
| Issued on conversion of PTCs | 27.5 | 29,275 | 29,275 |
| Issued against bonus shares | | 142,870 | - |
| Issued against employee share option scheme | 27.6 | 7,265 | 14,118 |
| At 30 June | | 1,600,846 | 1,421,436 |

**27.2** Syed Shahid Ali (Chief Executive Officer) holds 45,385,542 (2017: 40,102,002) and Syed Sheharyar Ali (Executive Director) holds 12,026,428 (2017: 10,898,674) ordinary shares of Rs. 10 each representing 28.35% (2017: 28.21%) and 7.51% (2017: 7.67%) of the paid up capital of the Company respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

**27.4** Under the terms of conversion as referred in note 23, the Company, during the year, issued 2,927,557 (2017: 2,927,557) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs @ 0.07 shares per PTCs at a pre agreed price of Rs 59.14 per share resulting in premium of Rs. 143.87 million. (2017: Rs. 143.87 million).

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

**27.6** Under the terms of the scheme as referred in note 25, the Company, during the year, issued 726,451 fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 51.79 per share resulting in premium of Rs. 30.36 million.

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **28 RESERVES** | | | |
| Capital reserves | 28.1 | 4,493,828 | 4,319,601 |
| General reserves | | 266,400 | 266,400 |
| | | 4,760,228 | 4,586,001 |
| **28.1 Capital reserves** | | | |
| Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited | | 629 | 629 |
| Share premium | 28.1.1 | 4,493,199 | 4,318,972 |
| | | 4,493,828 | 4,319,601 |

**28.1.1** This reserve can be utilized by the Company only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2017: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 27.4 and 27.6 respectively.

## 29 SURPLUS ON REVALUATION OF LAND AND BUILDINGS - NET OF TAX

| | 2018 | 2017 |
|---|---|---|
| Revaluation surplus as at 01 July | 1,297,214 | 1,305,220 |
| - Transferred to unappropriated profit as a result of incremental depreciation charged - net of deferred tax | (8,854) | (6,653) |
| - related deferred tax liability | (1,836) | (1,353) |
| | (10,690) | (8,006) |
| Revaluation surplus as at 30 June | 1,286,524 | 1,297,214 |
| Less: Related deferred tax liability on revaluation surplus as at 01 July | (23,232) | (24,585) |
| - on account of incremental depreciation charged | 1,836 | 1,353 |
| - tax rate adjustment | 919 | - |
| | (20,477) | (23,232) |
| Revaluation surplus as at 30 June - net | 1,266,047 | 1,273,982 |

**29.1** Land and buildings were last revalued on 30 June 2014 by M/s Zafar Iqbal & Co (PBA approved valuators, inspectors and engineers) resulting in surplus of Rs. 595.95 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land and buildings on freehold land was Rs. 891.73 million and Rs. 452.56 million respectively.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 30 | SALES - NET | | | |
| | **Blades and Razors** | | | |
| | Export sales | | 2,057,136 | 1,874,204 |
| | Local sales - gross | | 4,555,991 | 3,839,329 |
| | Less: Sales tax | | (695,304) | (592,048) |
| | Less: Trade discount | | (141,405) | (69,461) |
| | | | 3,719,282 | 3,177,820 |
| | **Trading income - Batteries** | | | |
| | Sale of batteries - gross | | 516,364 | 378,731 |
| | Less: Sales tax | | (77,901) | (56,679) |
| | Less: Trade discount | | (157,663) | (18,765) |
| | | | 280,800 | 303,287 |
| | **Trading income - Chemicals** | | | |
| | Sale of Chemicals - gross | | 44,333 | - |
| | Less: Sales tax | | (6,495) | - |
| | Less: Trade discount | | (100) | - |
| | | | 37,738 | - |
| | | | 6,094,956 | 5,355,311 |
| 31 | COST OF GOODS SOLD | | | |
| | Raw and packing materials consumed | | 1,982,544 | 1,758,116 |
| | Stores and spares consumed | | 208,298 | 156,114 |
| | Salaries, wages and other benefits | | 1,179,526 | 938,272 |
| | Fuel and power | | 243,633 | 234,178 |
| | Repairs and maintenance | | 29,683 | 37,104 |
| | Rent, rates and taxes | | 5,400 | 7,636 |
| | Insurance | | 79,270 | 51,504 |
| | Travelling and conveyance | | 18,785 | 29,117 |
| | Printing and stationery | | 17,956 | 8,421 |
| | Postage and telephone | | 7,373 | 6,989 |
| | Legal and professional charges | | 332 | 5,631 |
| | Entertainment | | 1,896 | 702 |
| | Staff training | | 631 | 965 |
| | Subscriptions | | 787 | 2,083 |
| | Depreciation on property, plant and equipment | | 156,432 | 142,885 |
| | Other expenses | | 34,261 | 24,591 |
| | | | 3,966,807 | 3,404,308 |
| | Opening stock of work in process | | 61,311 | 53,071 |
| | Closing stock of work in process | 14 | (65,068) | (61,311) |
| | Cost of goods manufactured | | 3,963,050 | 3,396,068 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Opening stock of finished goods | | 234,914 | 201,245 |
| Purchase of batteries for trading | | 447,106 | 361,481 |
| Closing stock of finished goods | 14 | (148,377) | (234,914) |
| | | 4,496,693 | 3,723,880 |

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

## 32 ADMINISTRATIVE EXPENSES

| | Note | 2018 | 2017 |
|---|---|---|---|
| Salaries, wages and other benefits | 32.1 | 205,206 | 161,795 |
| Repairs and maintenance | | 2,415 | 948 |
| Rent, rates and taxes | | 887 | 1,613 |
| Travelling and conveyance | | 8,861 | 6,585 |
| Entertainment | | 955 | 1,121 |
| Postage and telephone | | 1,548 | 1,359 |
| Printing and stationery | | 2,050 | 5,614 |
| Legal and professional charges | 32.2 | 20,734 | 30,508 |
| Donations | 32.3 & 32.4 | 115,538 | 52,921 |
| Computer expenses | | 5,967 | 4,579 |
| Directors' fee | 41 | 409 | 350 |
| Subscription | | 599 | 459 |
| Depreciation on property, plant and equipment | 6.1.2 | 27,109 | 32,395 |
| Amortization on intangible asset | | 8,376 | 3,426 |
| Others | | 3,446 | 2,775 |
| | | 404,100 | 306,448 |

**32.1** Salaries and other benefits include Rs. 6.26 million (2017: Rs. 5.96 million) and Rs. 8.34 million (2017: Rs. 7.26 million) in respect of defined benefit schemes and defined contribution schemes respectively.

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

| | 2018 | 2017 |
|---|---|---|
| Statutory audit | 1,711 | 1,711 |
| Half yearly review | 420 | 420 |
| Certification charges | 184 | - |
| Out of pocket expenses | 150 | 150 |
| | 2,465 | 2,281 |

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 32.3 | Donations include the payment to following institution in which the director is interested: | | | |
| | Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH) | | 4,822 | 500 |
| | Institute of Islamic Culture (IIC) 158- Shah Jamal, Lahore. (Syed Shahid Ali, CEO is also Chairman of IIC) | | - | 700 |
| | Society for Cultural Education | 32.3.1 | 108,723 | 48,171 |
| | | | 113,545 | 49,371 |

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

| | | 2018 | 2017 |
|---|---|---|---|
| 32.4 | Donations to following organizations exceeds Rs. 0.5 million: | | |
| | Cancer Care Hospital and Research Centre | 1,000 | 2,500 |
| | Information Technology University | 500 | - |
| | The Helpcare society | - | 1,000 |
| | | 1,500 | 3,500 |

## 33 DISTRIBUTION COST

| | Note | 2018 | 2017 |
|---|---|---|---|
| Salaries, wages and other benefits | 33.1 | 314,183 | 248,462 |
| Repairs and maintenance | 33.2 | 57,858 | 28,459 |
| Advertising | | 442,796 | 452,666 |
| Freight, octroi and handling | | 178,117 | 155,149 |
| Export commission | | 5,097 | 27,707 |
| Rent, rates and taxes | | 19,730 | 16,933 |
| Travelling and conveyance | | 36,444 | 29,536 |
| Postage and telephone | | 5,659 | 5,050 |
| Depreciation on property, plant and equipment | 6.1.2 | 15,188 | 11,656 |
| Printing and stationery | | 973 | 668 |
| Legal and professional charges | | 396 | 1,771 |
| Others expenses | 33.3 | 16,397 | 32,930 |
| | | 1,092,838 | 1,010,987 |

**33.1** Salaries and other benefits include Rs. 6.12 million (2017: Rs. 5.04 million) and Rs. 12.77 million (2017: Rs. 11.15 million) in respect of defined benefit schemes and defined contribution schemes respectively.

**33.2** This includes Rs. 55.07 million (2017: Rs. 24.89 million) on account of claims against batteries sold.

**33.3** It includes Rs. 8.88 million (2017: Rs. 30.11 million) on account of expenses related to battery operations.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **34** | **FINANCE COST** | | | |
| | Markup on short term borrowings | | 384,999 | 170,912 |
| | Markup on participation term certificates | | 173,144 | 289,153 |
| | Bank charges | | 19,360 | 18,284 |
| | | | 577,503 | 478,349 |

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

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **35** | **OTHER OPERATING EXPENSES** | | | |
| | Exchange loss | 35.1 | 3,400 | 291 |
| | Unrealized loss on short term investments at fair value through profit or loss | | 37,250 | 76,594 |
| | Workers' profit participation fund | 17.4 | 720 | 5,553 |
| | | | 41,370 | 82,438 |

**35.1** This represents loss incurred due to actual currency fluctuations.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| **36** | **OTHER INCOME** | | | |
| | ***Income from financial assets*** | | | |
| | Profit on bank deposits | 36.1 | 3,587 | 4,604 |
| | Realized gain on short term investments at fair value through profit or loss | | 5,697 | 12,223 |
| | Dividend income | 36.2 | 126,926 | 130,175 |
| | Charges to Subsidiary company | 17.5 | 230,000 | 94,263 |
| | | | 366,210 | 241,265 |
| | ***Income from non financial assets*** | | | |
| | Profit on disposal of property, plant and equipment | | 20,348 | 16,916 |
| | Realized gain on disposal of long term investments - FTMM | 9.1.2 | 46,906 | - |
| | Scrap sale | | 26,039 | 14,236 |
| | Export rebate | | 33,247 | 19,680 |
| | Liabilities no longer payable written back | | - | 23,018 |
| | Rental income | | | |
| | - First Treet Manufacturing Modaraba | | 35,000 | 35,000 |
| | - Treet Holdings Limited | | 1,000 | 1,000 |
| | Others | | 2,468 | 453 |
| | | | 165,008 | 110,303 |
| | | | 531,218 | 351,568 |

**36.1** The income from savings bank accounts relating to deposits placed under shariah based arrangements amounting to Rs. 0.02 million (2017: Rs. 0.79 million).

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 36.2 | **Dividend income is received from the following:** | | | |
| | Related parties: | | | |
| | Loads Limited | | 17,177 | 15,616 |
| | First Treet Manufacturing Modaraba | | 105,162 | 110,193 |
| | | | 122,339 | 125,809 |
| | Others: | | | |
| | Shahtaj Textile Limited | | 4,342 | 3,876 |
| | Sunrays Textile | | 123 | 305 |
| | Indus Dyeing and Manufacturing Limited | | - | 1 |
| | Techlogix International Limited | | 122 | 184 |
| | | | 4,587 | 4,366 |
| | | | 126,926 | 130,175 |

## 37 TAXATION

| | Note | 2018 | 2017 |
|---|---|---|---|
| *Current* | | | |
| - For the year | | 65,003 | 41,622 |
| - For prior years | | (7,048) | (1,219) |
| *Deferred* | | | |
| - For the year | 12.1.2 | 38,739 | (1,307) |
| | 37.1 | 96,694 | 39,096 |

**37.1 Tax charge reconciliation**

Numerical reconciliation between tax expense and accounting profit

| | 2018 | 2017 |
|---|---|---|
| Profit before taxation | 13,670 | 104,777 |
| Tax at 30% (2017: 31%) | 4,101 | 32,481 |
| Tax effect of: | | |
| - Income under FTR | 74,799 | 26,530 |
| - Income on bonus shares | 17,492 | - |
| - Tax credits | (16,499) | (15,106) |
| - Prior year tax | (7,048) | (1,219) |
| - Tax rate adjustment | (5,432) | - |
| - Permanent difference - donations to unapproved institutions | 34,661 | 16,406 |
| - Not adjustable for tax purposes | (5,380) | (19,996) |
| | 96,694 | 39,096 |

**37.2** The Company's current tax provision has been computed based on final taxes paid under final tax regime, as adjusted by tax credits available under section 65-B of Income Tax Ordinance, 2001. For the purpose of current tax, tax losses available for carry forward amounts to Rs. 206.91 million (2017: Rs. 350.67 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

| Tax Years | Tax provision as per financial statements | Tax as per assessment / return |
|---|---|---|
| 2015 | 37,068 | 35,070 |
| 2016 | 26,769 | 55,430 |
| 2017 | 41,622 | 91,805 |

## 38 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

| | | 2018 | 2017 (restated) |
|---|---|---|---|
| ***i-(Loss) / profit attributable to ordinary share holders:*** | | | |
| (Loss) / profit for the year after taxation | Rupees in thousand | (83,024) | 65,681 |
| ***ii-Weighted-average number of ordinary shares:*** | | | |
| Weighted average number of shares | Number in thousand | 158,554 | 154,330 |
| **(Loss) / earnings per share** | Rupees | (0.52) | 0.43 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 39 | CASH USED IN OPERATIONS | | | |
| | Profit before taxation | | 13,670 | 104,777 |
| | *Adjustments for non cash items:* | | | |
| | Depreciation on property, plant and equipment | 6.1.2 | 198,729 | 186,936 |
| | Amortization on intangible asset | | 8,376 | 3,426 |
| | Provision for gratuity | | 30,232 | 25,030 |
| | Provision for superannuation | | 27,587 | 21,426 |
| | Profit on bank deposits | | (3,587) | (4,604) |
| | Gain on sale of property, plant and equipment | | (20,348) | (16,916) |
| | Gain on disposal of long term investment | | (46,906) | - |
| | Provision for Workers Profit Participation Fund (WPPF) | | 720 | 5,553 |
| | Unrealized loss on investment at fair value through profit or loss | | 37,250 | 76,594 |
| | Finance cost | | 577,503 | 478,349 |
| | Liabilities no longer payable written back | | - | (23,018) |
| | Charges to Subsidiary company | | (230,000) | (94,263) |
| | Dividend income | 36.2 | (126,926) | (130,175) |
| | | | 452,630 | 528,338 |
| | **Operating profit before working capital changes** | | 466,300 | 633,115 |
| | ***Effect on cashflow due to working capital changes*** | | | |
| | *Decrease / (increase) in current assets:* | | | |
| | Stores and spares | | 13,763 | 3,782 |
| | Stock-in-trade | | 208,278 | (141,683) |
| | Trade debtors | | (135,231) | 33,517 |
| | Loans, advances, deposits, prepayments and other receivables | | (2,055,467) | (3,078,964) |
| | | | (1,968,657) | (3,183,348) |
| | ***Increase in current liabilities:*** | | | |
| | Trade and other payables | | 203,075 | 60,511 |
| | | | (1,299,282) | (2,489,722) |

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 40 | CASH AND CASH EQUIVALENTS | | | |
| | Cash and bank balances | 18 | 151,549 | 347,967 |
| | Short term running finance - secured | 19 | (5,023,282) | (3,656,552) |
| | | | (4,871,733) | (3,308,585) |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | Chief Executive | | Executive Directors | | Non- Executive Directors | | Executives | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | ----------(Rupees in thousand)---------- | | | | | | | |
| Managerial remuneration | 34,909 | 34,909 | 19,911 | 24,457 | - | - | 146,276 | 195,632 |
| Provident fund | - | - | 1,308 | 1,058 | - | - | 6,663 | 9,487 |
| Service fund | - | - | 1,308 | 1,058 | - | - | 6,663 | 9,418 |
| Housing fund | - | - | - | - | - | - | 9,130 | 11,008 |
| Superannuation fund - II | - | - | - | - | - | - | 3,026 | 3,564 |
| Benevolent fund | - | - | - | - | - | - | 2,805 | 2,802 |
| Bonus | - | - | 13,809 | 7,155 | - | - | 71,794 | 73,563 |
| Utilities | - | - | 1,308 | 1,398 | - | - | 7,256 | 9,485 |
| Medical | 3,491 | 3,491 | 1,308 | 1,430 | - | - | 7,535 | 10,117 |
| Fees | - | - | - | - | 409 | 350 | - | - |
| | 38,400 | 38,400 | 38,952 | 36,556 | 409 | 350 | 261,148 | 325,076 |
| Number of persons | 1 | 1 | 2 | 2 | 5 | 5 | 33 | 90 |

41.1 The chief executive officer, directors and executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 25

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

## 42 NUMBER OF EMPLOYEES

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

| | **2018** | 2017 |
|---|---|---|
| | (Number of persons) | |
| As at 30 June | 2,224 | 2,129 |
| -Head Office | 103 | 99 |
| -Hyderabad Factory | 431 | 413 |
| -Lahore Factory | 1,690 | 1,617 |
| Average number of employees: | 2,177 | 2,046 |
| -Head Office | 101 | 94 |
| -Hyderabad Factory | 422 | 396 |
| -Lahore Factory | 1,654 | 1,554 |

## 43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 20 and remuneration of directors and key management personnel are disclosed in note 41. Other significant transactions with related parties are as follows:

| 43.1 | Transactions with related parties | Relationship | Nature of transactions | 2018 | 2017 |
|---|---|---|---|---|---|
| | | | | (Rupees in thousand) | |
| I | **Subsidiaries** | | | | |
| | Treet HR Management (Private) Limited | Subsidiary Co. (100% Equity held) | Purchase of services | 15,000 | 15,000 |
| | Treet Holdings Limited | Subsidiary Co. (85.93% Equity Held) | Expenses incurred | 8,474 | 118,196 |
| | | | Funds transferred - net | 61,329 | (125,250) |
| | | | Purchase of bikes | 13,396 | 8,009 |
| | | | Rental income | 1,000 | 1,000 |
| | First Treet Manufacturing Modaraba | Subsidiary Co. | Expenses incurred | 187,328 | 334,461 |
| | | (87.54% Equity Held) | Funds transferred - net | 2,068,519 | 3,104,916 |
| | | | Purchase of goods | 22,176 | 24,000 |
| | | | Sale of goods | 896 | - |
| | | | Dividend income | 105,162 | 110,193 |
| | | | Rental income | 35,000 | 35,000 |
| | | | Charges incurred | 230,000 | 94,263 |
| | Global Arts Limited | Subsidiary Co. (88.76% Equity Held) | Short term advance | - | (48,020) |
| | | | Expenses incurred | (1,749) | 1,749 |
| | Society for Cultural Education | Subsidiary-32.3.1 | Donation | 108,766 | 48,171 |
| | Renacon Pharma Limited | Subsidiary Co. | Funds transferred - net | (1,367) | - |
| | | (45.47% Direct Holding) | Sale of goods | 50 | - |
| | | (10.39% Indirect Holding) | Expenses incurred | 1,491 | - |
| II | **Related Parties** | | | | |
| | Packages Limited | Common directorship | Purchase of goods | 107,392 | 115,167 |
| | | | Sale of goods | 79 | 255 |
| | IGI General Insurance Limited | Common directorship | Purchase of services | 39,849 | 57,331 |
| | Cutting Edge (Private) Limited | Common directorship | Purchase of services | 2,574 | 2,789 |
| | Loads Limited | Common directorship | Finance cost paid - PTC | 7,582 | 12,462 |
| | | | Dividend paid | - | 7,621 |
| | | | Dividend income | 17,177 | 15,616 |
| | Elite Brands Limited | Common directorship | Sale of goods | 175,869 | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | Transactions with related parties | Relationship | Nature of transactions | 2018 | 2017 |
|---|---|---|---|---|---|
| | | | | (Rupees in thousand) | |
| III | Post employment benefit plans | | | | |
| | Superannuation fund | | Contribution | 35,410 | 34,617 |
| | Gratuity fund | | Contribution | 25,613 | 31,212 |
| | Provident fund | | Contribution | 24,967 | 24,355 |
| | Service fund | | Contribution | 2,044 | 12,996 |
| | Housing fund | | Contribution | 31,770 | 12,629 |
| | Benevolent fund | | Contribution | 2,065 | 3,150 |
| | Superannuation fund - II | | Contribution | 4,764 | 4,052 |

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

## 44 FINANCIAL RISK MANAGEMENT

### 44.1 Financial risk factors

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

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

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

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

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

### 44.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 6,889 million (2017: Rs. 4,726 million), the financial assets which are subject to credit risk amounted to Rs. 6,838 million (2017: Rs. 4,667 million).

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

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. As the Company is the major manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

**44.2.1 Exposure to credit risk**

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

| | **2018** | 2017 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Long term available for sale investments | 1,555 | 1,555 |
| Long term security deposits | 19,757 | 16,304 |
| Trade debts | 267,764 | 132,533 |
| Short term investments | 458,506 | 566,773 |
| Loans, advances and other receivables | 5,988,149 | 3,660,704 |
| Bank balances | 101,012 | 289,550 |
| | 6,836,743 | 4,667,419 |

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

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

| | | |
|---|---|---|
| - Local parties | 52,622 | 27,171 |
| - Foreign parties | 215,142 | 105,362 |
| | 267,764 | 132,533 |

The aging of trade debts at the reporting date is:

| | | |
|---|---|---|
| Less than 30 days | 218,864 | 116,512 |
| Past due 1 - 3 months | 48,838 | 14,752 |
| Above one year | 1,847 | 3,054 |
| Trade debts - gross | 269,549 | 134,318 |
| Less: Impairment of trade debts | (1,785) | (1,785) |
| Trade debts | 267,764 | 132,533 |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 44.2.2 Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

| Banks | Rating Short term | Rating Long term | Rating Agency | 30 June 2018 | 30 June 2017 |
|---|---|---|---|---|---|
| | | | | (Rupees in thousand) | |
| MCIB Bank Limited | A | A1 | PACRA | 4 | - |
| NIB Bank Limited | A1+ | AA- | PACRA | 3,913 | 7,210 |
| Faysal Bank Limited | A-1+ | AA | JCR-VIS | 2,887 | 120,683 |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 779 | - |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 52,020 | 16,786 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 47 | 25,067 |
| National Bank of Pakistan | A-1+ | AAA | JCR-VIS | 4,010 | 25,816 |
| Bank of Punjab | A1+ | AA | PACRA | 3,458 | 897 |
| MCB Bank Limited | A1+ | AAA | PACRA | 24,932 | 14,271 |
| Silk Bank Limited | A-2 | A- | JCR-VIS | 3,985 | 978 |
| Samba Bank Limited | A-1 | AA | JCR-VIS | 1 | 6 |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | - | 22,590 |
| Bank Islami Pakistan Limited | A1 | A+ | PACRA | 112 | 249 |
| Soneri Bank Limited | A1+ | AA- | PACRA | - | 30,729 |
| Sindh Bank Limited | A-1+ | AA | JCR-VIS | 884 | 127 |
| Dubai Islamic Bank Limited | A-1 | A+ | JCR-VIS | - | 3,803 |
| Allied Bank Limited | A1+ | AA+ | PACRA | 2,992 | 20,049 |
| Albaraka Bank (Pakistan) Limited | A-1 | A | JCR-VIS | 988 | 289 |
| | | | | 101,012 | 289,550 |

### 44.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Contrac-tual cash flows | Less than one year | One to five years | More than five years |
| | (Rupees in thousand) | | | | |
| *Financial liabilities* | | | | | |
| Trade and other payables | 509,938 | 509,938 | 509,938 | - | - |
| Long term deposits | 1,214 | 1,214 | - | 1,214 | - |
| Short term borrowings | 7,753,403 | 7,753,403 | 7,753,403 | - | - |
| Redeemable capital | 357,583 | 538,248 | 179,416 | 358,832 | - |
| Accrued mark-up | 277,666 | 277,666 | 277,666 | - | - |
| | 8,899,804 | 9,080,469 | 8,720,423 | 360,046 | - |

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Contrac-tual cash flows | Less than one year | One to five years | More than five years |
| | (Rupees in thousand) | | | | |
| *Financial liabilities* | | | | | |
| Trade and other payables | 370,113 | 370,113 | 370,113 | - | - |
| Long term deposits | 1,214 | 1,214 | - | 1,214 | - |
| Short term borrowings | 5,749,596 | 5,749,596 | 5,749,596 | - | - |
| Redeemable capital | 537,000 | 886,275 | 295,425 | 590,850 | - |
| Accrued mark-up | 348,639 | 348,639 | 348,639 | - | - |
| | 7,006,562 | 7,355,837 | 6,763,773 | 592,064 | - |

**44.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

**44.4.1 Currency risk**

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars and Euros and on foreign currency bank accounts. The Company's exposure to currency risk is as follows:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Outstanding letters of credit (US dollars) | 645,944 | 511,774 |
| Outstanding letters of credit (Euros) | 84,398 | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

The following significant exchange rate has been applied:

| | Average rate | | Reporting date rate | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Rupees per USD | **113.30** | 104.85 | **121.60** | 105.00 |
| Rupees per Euro | **130.86** | 118.23 | **141.57** | 120.14 |

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar and Euro with all other variables held constant, pre-tax profit would have been higher / lower by Rs. 64.59 million (2017: Rs. 51.17 million) and Rs. 8.44 million (2017: Rs. Nil) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss for the year and assets/ liabilities of the Company.

**44.4.2 Interest rate risk**

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

| | **2018** | 2017 | **2018** | 2017 |
|---|---|---|---|---|
| | Effective rate (Percentage) | | (Rupees in thousand) | |
| **Financial assets** | | | | |
| *Fixed rate instruments:* | | | | |
| Bank balances - deposit accounts | **4 - 7** | 3.5 - 6 | **54,762** | 236,095 |
| **Financial liabilities** | | | | |
| *Floating rate instruments:* | | | | |
| Short term borrowings | **2.4 -9.4** | 2.4 -7.5 | **7,753,403** | 5,749,596 |

***Fair value sensitivity analysis for fixed rate instruments***

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss.

***Cash flow sensitivity analysis for variable rate instruments***

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, pre-tax profit for the year would have been lower / higher by Rs 65.25 million (2017: Rs. 34.53 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

### 44.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have increased the Company's profit in case of held for trading investments as follows:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Effect on profit and loss | **(45,851)** | (56,677) |
| Effect on investments | **(45,851)** | (56,677) |

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss, equity and assets of the Company.

### 44.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

| | Note | Carrying amount | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Available for sale | Fair value through profit/loss | Trade and other receivables | Cash and cash equivalents | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| | | Rupees in thousands | | | | | | | | | |
| **30-Jun-18** | | | | | | | | | | | |
| **Financial assets - measured at fair value** | | | | | | | | | | | |
| Long term investments | 9 | 1,555 | - | - | - | - | 1,555 | - | - | 1,555 | **1,555** |
| Short term Investments | 16 | - | 458,506 | - | - | - | 458,506 | 458,506 | - | - | **458,506** |
| | | 1,555 | 458,506 | - | - | - | 460,061 | 458,506 | - | 1,555 | **460,061** |
| **Financial assets - not measured at fair value** | | | | | | | | | | | |
| Long term security deposits | 11 | - | - | 19,757 | - | - | 19,757 | - | - | - | - |
| Trade debts | 15 | - | - | 267,764 | - | - | 267,764 | - | - | - | - |
| Advances, prepayments and other receivables | 17 | - | - | 5,988,149 | - | - | 5,988,149 | - | - | - | - |
| Cash and bank balances | 18 | - | - | - | 151,549 | - | 151,549 | - | - | - | - |
| | | - | - | 6,275,670 | 151,549 | - | 6,427,219 | - | - | - | - |
| **Financial liabilities - measured at fair value** | | - | - | - | - | - | - | - | - | - | - |
| **Financial liabilities - not measured at fair value** | | | | | | | | | | | |
| Short term borrowings | 19 | - | - | - | - | 7,753,403 | 7,753,403 | - | - | - | - |
| Trade and other payables | 20 | - | - | - | - | 509,938 | 509,938 | - | - | - | - |
| Accrued mark-up | 21 | - | - | - | - | 277,666 | 277,666 | - | - | - | - |
| Long term deposits | 22 | - | - | - | - | 1,214 | 1,214 | - | - | - | - |
| Redeemable capital | 23 | - | - | - | - | 357,583 | 357,583 | - | - | - | - |
| | | - | - | - | - | 8,899,804 | 8,899,804 | - | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Carrying amount | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Available for sale | 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-17 | | | | | | | | | | | |
| Financial assets - measured at fair value | | | | | | | | | | | |
| Long term investments | 9 | 1,555 | - | - | - | - | 1,555 | - | - | 1,555 | **1,555** |
| Short Term Investments | 16 | - | 566,773 | - | - | - | 566,773 | 566,773 | - | - | **566,773** |
| | | 1,555 | 566,773 | - | - | - | 568,328 | 566,773 | - | 1,555 | **568,328** |
| Financial assets - not measured at fair value | | | | | | | | | | | |
| Long term security deposits | 11 | - | - | 16,304 | - | - | 16,304 | - | - | - | - |
| Trade debts | 15 | - | - | 132,533 | - | - | 132,533 | - | - | - | - |
| Advances, prepayments and other receivables | 17 | - | - | 3,660,704 | - | - | 3,660,704 | - | - | - | - |
| Cash and bank balances | 18 | - | - | - | 347,967 | - | 347,967 | - | - | - | - |
| | | - | - | 3,809,541 | 347,967 | - | 4,157,508 | - | - | - | - |
| Financial liabilities - measured at fair value | | - | - | - | - | - | - | - | - | - | - |
| Financial liabilities - not measured at fair value | | | | | | | | | | | |
| Short term borrowings | 19 | - | - | - | - | 5,749,596 | 5,749,596 | - | - | - | - |
| Trade and other payables | 20 | - | - | - | - | 370,113 | 370,113 | - | - | - | - |
| Accrued mark-up | 21 | - | - | - | - | 348,639 | 348,639 | - | - | - | - |
| Long term deposits | 22 | - | - | - | - | 1,214 | 1,214 | - | - | - | - |
| Redeemable capital | 23 | - | - | - | - | 537,000 | 537,000 | - | - | - | - |
| | | - | - | - | - | 7,006,562 | 7,006,562 | - | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

### 44.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

### 44.7 Capital risk management

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| Total debt | 8,110,986 | 6,286,596 |
| Total equity and debt | 16,433,372 | 14,542,878 |
| Debt to equity ratio | 49% | 43% |

The Company is not subject to externally imposed capital requirement

## 45 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | Liabilities | | | | | | Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Redeemable capital | Short term borrowings | Loan from Chief Executive | Unclaimed Dividend Payable | Accrued markup | Long term deposits | Share capital/ premium | Reserves | Unappropriated profit | Total |
| | ------- Rupees in thousands ------- | | | | | | | | | |
| As at 30 June 2017 | 537,000 | 1,703,044 | 390,000 | 18,629 | 348,639 | 1,214 | 5,740,408 | 267,029 | 974,863 | **9,980,826** |
| **Changes from financing cash flows** | | | | | | | | | | |
| Proceeds from issue of shares under employee stock option scheme | - | - | - | - | - | - | 37,623 | - | - | **37,623** |
| Proceeds from borrowing | - | 1,717,842 | - | - | - | - | - | - | - | **1,717,842** |
| Repayment of borrowings | - | (1,080,765) | - | - | - | - | - | - | - | **(1,080,765)** |
| Redemption of redeemable capital | (6,273) | - | - | - | - | - | - | - | - | **(6,273)** |
| Dividend paid | - | - | - | (5,328) | - | - | - | - | - | **(5,328)** |
| **Total changes from financing cash flows** | (6,273) | 637,077 | - | (5,328) | - | - | 37,623 | - | - | **663,099** |
| **Other changes including non- cash** | | | | | | | | | | |
| Conversion of PTCs into ordinary shares @ 0.07 share per PTC | (173,144) | - | - | - | - | - | 173,144 | - | - | - |
| Issue of ordinary shares as bonus @ 10% | - | - | - | - | - | - | 142,870 | - | (142,870) | - |
| Changes in borrowings | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | - | - | - | - | - | (136,728) | - |
| Finance cost paid | - | - | - | - | (648,476) | - | - | - | - | **(648,476)** |
| Finance cost | - | - | - | - | 577,503 | - | - | - | - | **577,503** |
| **Total liability related other changes** | (173,144) | - | - | - | (70,973) | - | 316,014 | - | (279,598) | **(70,973)** |
| **As at 30 June 2018** | 357,583 | 2,340,121 | 390,000 | 13,301 | 277,666 | 1,214 | 6,094,045 | 267,029 | 695,265 | **10,572,952** |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | Production capacity 2018 | Production capacity 2017 | Actual production 2018 | Actual production 2017 |
|---|---|---|---|---|
| | (Units in millions) | | (Units in millions) | |
| **46 PLANT CAPACITY AND PRODUCTION** | | | | |
| Hyderabad plant | 810 | 793 | 764 | 712 |
| Lahore plant | 1,300 | 1,300 | 1,269 | 1,199 |
| | 2,110 | 2,093 | 2,033 | 1,911 |

The variance of actual production from capacity is primarily on account of the product mix.

## 47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Company.

## 48 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 04, 2018 have proposed a final cash dividend for the year ended 30 June 2018 of Rs. Nil (2017: Rs. 1) per share, amounting to Rs. Nil (2017: Rs. 142.87 million).

## 49 GENERAL

Corresponding figures have been re-arranged or reclassified wherever necessary, for the purposes of comparison.

| LAHORE<br>October 04, 2018 | **Syed Sheharyar Ali**<br>Executive Director | **Amir Zia**<br>Chief Financial Officer | **Muhammad Shafique Anjum**<br>Executive Director |
|---|---|---|---|

SOCIETY FOR CULTURAL EDUCATION

# FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

# BALANCE SHEET
As at 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Consumeable stores | | 55 | - |
| Advances | 4 | 1,239 | 894 |
| Tax refund due from Government | 5 | 851 | 605 |
| Cash and bank balances | 6 | 18,580 | 9,695 |
| **TOTAL ASSETS** | | 20,725 | 11,194 |
| | | | |
| **FUNDS AND LIABILITIES** | | | |
| **ACCUMULATED FUNDS** | | | |
| General fund | | | |
| Opening balance | | 10,593 | 55,168 |
| Add: Deficit for the year | | (8,412) | (44,575) |
| | | 2,181 | 10,593 |
| Endowment fund | 7 | 15,000 | - |
| | | 17,181 | 10,593 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | 3,544 | 601 |
| **CONTINGENCIES AND COMMITMENTS** | 9 | - | - |
| **TOTAL FUND AND LIABILITIES** | | 20,725 | 11,194 |

The annexed notes 1 to 14 form an integral part of these financial statements.

**LAHORE**
October 04, 2018

**Syed Sheharyar Ali**
Member

**Amir Zia**
Secretary General

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

| | 2018 | 2017 |
|---|---|---|
| | (Rupees in thousand) | |
| **INCOME** | | |
| Donation by Treet Corporation Limited | 93,723 | 48,171 |
| Fee income | 60 | 60 |
| Profit on bank deposits | 826 | 2,136 |
| Donations / other income | 43 | 73 |
| | 94,652 | 50,440 |
| **EXPENDITURE** | | |
| Salaries, allowances and benefits | 84,895 | 77,491 |
| Stores consumed | 107 | - |
| Rent, rates and taxes | 390 | 3,549 |
| Repairs and maintenance | 2,826 | 5,213 |
| Printing and stationery | 4,030 | 863 |
| Travelling and conveyance | 3,009 | 822 |
| Legal and professional charges | 83 | 603 |
| Fuel and power | 5,825 | 4,142 |
| Telephone and postage | 612 | 722 |
| Entertainment expense | 116 | 150 |
| Advertisement | 47 | 293 |
| Computer expenses | 124 | 251 |
| Fee and subscription charges | - | 350 |
| Insurance | 666 | - |
| Audit fee | 63 | 55 |
| Other expenses | 269 | 511 |
| Bank charges | 2 | - |
| **Total Expenses** | (103,064) | (95,015) |
| **Deficit for the year** | (8,412) | (44,575) |
| Other comprehensive income | - | - |
| **TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR** | (8,412) | (44,575) |

The annexed notes 1 to 14 form an integral part of these financial statements.

LAHORE
October 04, 2018

Syed Sheharyar Ali
Member

Amir Zia
Secretary General

# STATEMENT OF CHANGES IN ACCUMULATED FUND

For the year ended 30 June 2018

| | Accumulated Fund | Endowment Fund | Total Fund |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Balance as at July 1, 2016** | 55,168 | - | 55,168 |
| Total comprehensive deficit for the year | (44,575) | - | (44,575) |
| Balance as at June 30, 2017 | 10,593 | - | 10,593 |
| Total comprehensive surplus for the year | (8,412) | - | (8,412) |
| Funds provided during the year | - | 15,000 | 15,000 |
| **Balance as at June 30, 2018** | **2,181** | **15,000** | **17,181** |

The annexed notes 1 to 14 form an integral part of these financial statements.

**LAHORE**
October 04, 2018

**Syed Sheharyar Ali**
Member

**Amir Zia**
Secretary General

# CASH FLOW STATEMENT

For the year ended 30 June 2018

| | Note | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Deficit for the year before working capital changes | | (8,412) | (44,575) |
| Net Changes in operating assets and liabilities: | | | |
| Consumeable stores | | (55) | - |
| Advances | | (345) | 1,249 |
| Trade and other payables | | 2,943 | 239 |
| | | 2,543 | 1,488 |
| **Cash outflow from operating activities** | | (5,869) | (43,087) |
| Income tax paid | | (246) | (533) |
| **Net cash outflow from operating activities** | | (6,115) | (43,620) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Net cash flow from investing activities | | - | - |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Endowment Fund | | 15,000 | - |
| Net cash inflow from financing activities | | 15,000 | - |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | 8,885 | (43,620) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | 9,695 | 53,315 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 6 | 18,580 | 9,695 |

The annexed notes 1 to 14 form an integral part of these financial statements.

**LAHORE**
October 04, 2018

**Syed Sheharyar Ali**
Member

**Amir Zia**
Secretary General

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

## 1 SOCIETY AND ITS OPERATIONS

The society for cultural education was registered in Pakistan on April 06, 2015 as a Society, under the Societies Registration Act, 1860. The Society was established, to construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centres and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge. The Society is principally engaged in providing culture and arts education. The registered office of the society is located at 72-B, Industrial Area, Kot-Lakhpat, Lahore and the principal place of carrying out commercial activities of the society is located at 7 KM , Thokar Niaz Baig , Main Raiwind , Lahore. The name of ultimate parent company of the Society is Messrs Treet Corporation Limited.

On May 24, 2018, an Act No. XXXI of 2018 was passed by the Majlis e Shoora (Parliament) of Pakistan to establish an “Institute for Art and Culture” under the administration of the Society to meet its aforesaid objectives.

## 2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE SOCIETY’S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Society’s statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium Sized-Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan.

### 3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking the effect of inflation and current values.

### 3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs. / Rupees) which is the Society’s functional currency.

### 3.4 Taxation

The income and donations of as well as contributions by members to the society is exempt from taxation under section 2(36) of the Income Tax Ordinance, 2001 being a charitable and non-profitable educational institution. The society is registered with the Federal Board of Revenue.

### 3.5 Consumeable stores

These are carried in the statement of financial position at the weighted average cost method.

### 3.6 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost for the purposes of cash flow statement. Cash equivalents comprise of cash in hand and bank balances in current accounts.

### 3.7 Advances / receivables

These are valued at cost which is the fair value of the consideration to be received in future less any estimate of balances doubtful of recovery based on review of outstanding balances at the financial position date. Balances considered bad are written off as and when identified.

### 3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

### 3.9 Provisions

A provision is recognized in the financial position when the Society has a legal and constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each financial position date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of resources will be required to settle the obligation, the provisions are reversed.

### 3.10 Commitments and contingencies

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the books of account.

### 3.11 Basic Financial Instruments

Financial assets and financial liabilities are initially measured at fair value, except for certain non-arm's length transactions.

These are subsequently measured at amortized cost, except for investment in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried out at cost less impairment , if any.

Financial assets measured at amortized cost include cash and bank balances. Financial liabilities measured at amortized cost include trade and other payables.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of income and expenditure for the period in which it arises.

### 3.12 Related party transactions

All transactions arising in the normal course of business, are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Society to do so.

### 3.13 Revenue recognition

Revenue from the following sources is recognised as under:
Revenue from fee and profit from bank deposits are recognised on accrual basis
Donations are recognised on receipt basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 4 | ADVANCES- Unsecured and interest free | | | |
| | Advances to suppliers | | 1,101 | 537 |
| | Advance to staff against expenses | | 138 | 357 |
| | | | 1,239 | 894 |
| 5 | TAX REFUNDS DUE FROM GOVERNMENT | | | |
| | Income tax refundable | | 851 | 605 |
| 6 | CASH AND BANK BALANCES | | | |
| | Cash in hand | | 940 | 328 |
| | Cash at bank | | | |
| | in current accounts | 6.1 | 242 | 7,530 |
| | against donation | 6.2 | 17,398 | 1,837 |
| | | | 17,640 | 9,367 |
| | | | 18,580 | 9,695 |

**6.1** These bank accounts are placed under interest / markup arrangements and carry profit rates ranging from 4% - 6% (2017: 4% - 6%) per annum.

**6.2** This represents the amount of Rs. 15 million (2017: Rs. Nil) of endowment fund and unspent donation deposited in the bank account along with profit thereon.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 7 | ENDOWMENT FUND | | 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.

| | | Note | 2018 | 2017 |
|---|---|---|---|---|
| 8 | TRADE AND OTHER PAYABLES | | | |
| | Accrued liabilities | | 1,653 | 216 |
| | Creditors for services | | 493 | - |
| | Income tax deducted at source payable | | 434 | 385 |
| | Withholding sales tax payable | | 22 | - |
| | Temporary book overdraft | 8.1 | 942 | - |
| | | | 3,544 | 601 |

**8.1** This represents unpresented cheques which have been cleared subsequent to the reporting date.

9 CONTINGENCIES AND COMMITMENTS

**9.1** There was no contingent liability of the society at the terminal date. (2017: NIL)

**9.2** There was no capital commitment of the society at the terminal date. (2017: NIL)

## 10 FINANCIAL INSTRUMENTS - by category

The Society manages its working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Society's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

| | 2018 | 2017 |
|---|---|---|
| | ------Rupees------ | |
| **Financial assets** | | |
| Cash and bank balances | 18,580 | 9,695 |
| **Financial liabilities** | | |
| Accrued liabilities | 1,653 | 216 |
| Creditors for services | 492 | - |
| Temporary book overdraft | 942 | - |
| | 3,087 | 216 |

## 11 TRANSACTION WITH RELATED PARTIES

The related parties comprise of group parent company, associates and key management personnel. The Society in the normal course of business carries out transactions with various related parties. The outstanding balances and transactions carried out with these parties during the year have been disclosed in the relevant notes to these financial statements. There were no significant transactions carried out with related parties that require disclosure in these financial statements except key management personnel's remunerations disclosed hereunder.

| | Note | 2018 | 2017 |
|---|---|---|---|
| Treet Corporation Limited (Group Parent Company) | | | |
| Donation | | 93,723 | 48,171 |
| Endowment Fund | 7 | 15,000 | - |
| Key management personnel's remuneration | | 16,000 | 1,600 |

## 12 NUMBER OF EMPLOYEES

| | 2018 | 2017 |
|---|---|---|
| Number of contractual employees at year end | 83 | 79 |
| Average number of contractual employees during the year | 81 | 63 |

## 13 DATE OF AUTHORIZATION

The Executive Council has authorized the financial statements for issuance on October 04, 2018.

## 14 GENERAL

**14.1** Treet Corporation Limited has constitutional right to nominate 70% of the members of the executive council.

**14.2** Corresponding figures have been rearranged where necessary to facilitate comparison. However, no major reclassification has been made in these financial statements.

**14.3** Figures in these financial statements have been rounded off to the nearest rupee.

**LAHORE**
October 04, 2018

**Syed Sheharyar Ali**
Member

**Amir Zia**
Secretary General

# PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

| Sr. No. | Shareholdings' Slab From | Shareholdings' Slab To | No. of Shareholders CDC | No. of Shareholders Physical | Total | No. of Shares held |
|---|---|---|---|---|---|---|
| 1 | 1 | 100 | 536.00 | 758.00 | 1,294 | 46,084 |
| 2 | 101 | 500 | 766.00 | 434.00 | 1,200 | 370,366 |
| 3 | 501 | 1,000 | 1,058.00 | 114.00 | 1,172 | 838,221 |
| 4 | 1,001 | 5,000 | 2,452.00 | 183.00 | 2,635 | 6,024,515 |
| 5 | 5,001 | 10,000 | 619.00 | 27.00 | 646 | 4,583,417 |
| 6 | 10,001 | 15,000 | 305.00 | 8.00 | 313 | 3,799,454 |
| 7 | 15,001 | 20,000 | 143.00 | 3.00 | 146 | 2,533,662 |
| 8 | 20,001 | 25,000 | 93.00 | 5.00 | 98 | 2,219,311 |
| 9 | 25,001 | 30,000 | 77.00 | 2.00 | 79 | 2,187,280 |
| 10 | 30,001 | 35,000 | 42.00 | 3.00 | 45 | 1,472,820 |
| 11 | 35,001 | 40,000 | 30.00 | 1.00 | 31 | 1,171,106 |
| 12 | 40,001 | 45,000 | 22.00 | 1.00 | 23 | 987,477 |
| 13 | 45,001 | 50,000 | 36.00 | 1.00 | 37 | 1,802,932 |
| 14 | 50,001 | 55,000 | 32.00 | 1.00 | 33 | 1,766,962 |
| 15 | 55,001 | 60,000 | 14.00 | - | 14 | 804,768 |
| 16 | 60,001 | 65,000 | 14.00 | - | 14 | 867,007 |
| 17 | 65,001 | 70,000 | 12.00 | 1.00 | 13 | 884,644 |
| 18 | 70,001 | 75,000 | 8.00 | - | 8 | 578,862 |
| 19 | 75,001 | 80,000 | 6.00 | - | 6 | 468,899 |
| 20 | 80,001 | 85,000 | 8.00 | - | 8 | 657,198 |
| 21 | 85,001 | 90,000 | 5.00 | 1.00 | 6 | 531,136 |
| 22 | 90,001 | 95,000 | 5.00 | - | 5 | 464,687 |
| 23 | 95,001 | 100,000 | 15.00 | - | 15 | 1,487,200 |
| 24 | 100,001 | 105,000 | 6.00 | - | 6 | 606,897 |
| 25 | 105,001 | 110,000 | 12.00 | - | 12 | 1,310,180 |
| 26 | 110,001 | 115,000 | 3.00 | - | 3 | 336,357 |
| 27 | 115,001 | 120,000 | 2.00 | - | 2 | 236,128 |
| 28 | 120,001 | 125,000 | 4.00 | - | 4 | 497,807 |
| 29 | 125,001 | 130,000 | 4.00 | - | 4 | 506,892 |
| 30 | 130,001 | 135,000 | 2.00 | - | 2 | 266,500 |
| 31 | 135,001 | 140,000 | 2.00 | - | 2 | 278,568 |
| 32 | 140,001 | 145,000 | 1.00 | - | 1 | 143,000 |
| 33 | 145,001 | 150,000 | 3.00 | - | 3 | 442,500 |
| 34 | 150,001 | 155,000 | 2.00 | - | 2 | 308,975 |
| 35 | 160,001 | 165,000 | 3.00 | - | 3 | 488,981 |
| 36 | 165,001 | 170,000 | 3.00 | - | 3 | 508,585 |
| 37 | 175,001 | 180,000 | 1.00 | - | 1 | 177,500 |
| 38 | 180,001 | 185,000 | 2.00 | - | 2 | 361,623 |
| 39 | 190,001 | 195,000 | 1.00 | - | 1 | 193,813 |
| 40 | 195,001 | 200,000 | 1.00 | - | 1 | 200,000 |
| 41 | 200,001 | 205,000 | 3.00 | - | 3 | 608,180 |
| 42 | 205,001 | 210,000 | 1.00 | - | 1 | 209,134 |

# PATTERN OF SHAREHOLDING

## Form 34

As at 30 June 2018

| Sr. No. | Shareholdings' Slab | | No. of Shareholders | | Total | No. of Shares held |
|---|---|---|---|---|---|---|
| | From | To | CDC | Physical | | |
| 43 | 210,001 | 215,000 | 1.00 | - | 1 | 215,000 |
| 44 | 215,001 | 220,000 | 3.00 | - | 3 | 657,000 |
| 45 | 220,001 | 225,000 | 2.00 | - | 2 | 441,302 |
| 46 | 225,001 | 230,000 | 2.00 | - | 2 | 455,877 |
| 47 | 230,001 | 235,000 | 1.00 | - | 1 | 231,000 |
| 48 | 235,001 | 240,000 | 1.00 | - | 1 | 237,050 |
| 49 | 240,001 | 245,000 | 1.00 | - | 1 | 243,065 |
| 50 | 265,001 | 270,000 | 2.00 | - | 2 | 534,589 |
| 51 | 270,001 | 275,000 | 4.00 | - | 4 | 1,097,384 |
| 52 | 290,001 | 295,000 | 1.00 | - | 1 | 294,314 |
| 53 | 295,001 | 300,000 | 1.00 | - | 1 | 300,000 |
| 54 | 300,001 | 305,000 | 1.00 | - | 1 | 302,500 |
| 55 | 315,001 | 320,000 | 1.00 | - | 1 | 319,000 |
| 56 | 320,001 | 325,000 | 1.00 | - | 1 | 321,382 |
| 57 | 325,001 | 330,000 | 2.00 | - | 2 | 660,000 |
| 58 | 355,001 | 360,000 | 2.00 | - | 2 | 712,278 |
| 59 | 375,001 | 380,000 | 1.00 | - | 1 | 378,038 |
| 60 | 420,001 | 425,000 | 1.00 | - | 1 | 425,000 |
| 61 | 435,001 | 440,000 | 2.00 | - | 2 | 876,250 |
| 62 | 535,001 | 540,000 | 1.00 | - | 1 | 538,500 |
| 63 | 600,001 | 605,000 | - | 1.00 | 1 | 602,922 |
| 64 | 655,001 | 660,000 | 1.00 | - | 1 | 659,450 |
| 65 | 660,001 | 665,000 | - | 1.00 | 1 | 660,471 |
| 66 | 680,001 | 685,000 | 1.00 | - | 1 | 685,000 |
| 67 | 900,001 | 905,000 | 1.00 | - | 1 | 904,547 |
| 68 | 1,100,001 | 1,105,000 | 1.00 | - | 1 | 1,102,500 |
| 69 | 1,290,001 | 1,295,000 | 1.00 | - | 1 | 1,292,500 |
| 70 | 1,560,001 | 1,565,000 | 1.00 | - | 1 | 1,561,527 |
| 71 | 1,700,001 | 1,705,000 | 1.00 | - | 1 | 1,703,108 |
| 72 | 2,275,001 | 2,280,000 | 1.00 | - | 1 | 2,277,000 |
| 73 | 2,900,001 | 2,905,000 | 1.00 | - | 1 | 2,900,262 |
| 74 | 2,905,001 | 2,910,000 | - | 1.00 | 1 | 2,909,885 |
| 75 | 3,820,001 | 3,825,000 | 1.00 | - | 1 | 3,822,950 |
| 76 | 4,780,001 | 4,785,000 | 1.00 | - | 1 | 4,781,371 |
| 77 | 6,470,001 | 6,475,000 | - | 1.00 | 1 | 6,474,187 |
| 78 | 8,340,001 | 8,345,000 | 1.00 | - | 1 | 8,344,644 |
| 79 | 11,430,001 | 11,435,000 | 1.00 | - | 1 | 11,431,119 |
| 80 | 12,025,001 | 12,030,000 | 1.00 | - | 1 | 12,026,428 |
| 81 | 42,475,001 | 42,480,000 | 1.00 | - | 1 | 42,475,657 |
| | | | 6,400 | 1,547 | 7,947 | 160,084,685 |

# PATTERN OF SHAREHOLDING

# Form 34

## As at 30 June 2018

### NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2012

| Name of Shareholders | Status | CDC* Shareholders | No. of Shares in CDC* | Physical Shareholders | No. of Shares in Physical | Total Share-holders | Total No. of Shares Held | % |
|---|---|---|---|---|---|---|---|---|
| Syed Shahid Ali | Director | 1 | 42,475,657 | 1 | 2,909,885 | 2 | 45,385,542 | 28.35% |
| Syed Sheharyar Ali | Director | 1 | 12,026,428 | - | - | 1 | 12,026,428 | 7.51% |
| Dr. Mrs. Niloufer Mahdi | Director | 1 | 4,781,371 | 1 | 660,471 | 2 | 5,441,842 | 3.40% |
| Saulat Said | Director | 1 | 6,090 | - | - | 1 | 6,090 | 0.00% |
| Imran Azim | Director - Nominee NIT | - | - | - | - | - | - | 0.00% |
| Munir Karim Bana | Director - Nominee Loads Limited | 2 | 196,613 | - | - | 2 | 196,613 | 0.12% |
| Dr. Salman Faridi | Director | 1 | 110 | - | - | 1 | 110 | 0.00% |
| Shafique Anjum | Director | 1 | 47,630 | 1 | 27,555 | 2 | 75,185 | 0.05% |
| Loads Limited | Associated Company | 2 | 8,613,233 | - | - | 2 | 8,613,233 | 5.38% |
| IGI Holdings Limited | Associated Company | - | - | - | - | - | - | 0.00% |
| National Bank of Pakistan / NIT | Government Institution | 5 | 14,701,487 | - | - | 5 | 14,701,487 | 9.18% |
| Foreign Company | | - | - | 1 | 6,474,187 | 1 | 6,474,187 | 4.04% |
| Bank, DFI, Insurance | | 14 | 6,179,596 | 1 | 129 | 15 | 6,179,725 | 3.86% |
| Joint Stock Companies | | 41 | 2,019,997 | 2 | 10,424 | 43 | 2,030,421 | 1.27% |
| Investment Companies | | 66 | 6,403,792 | 3 | 522 | 69 | 6,404,314 | 4.00% |
| Public Sector | Government Institution | 1 | 274,134 | 1 | 51,767 | 2 | 325,901 | 0.20% |
| Modaraba | | 5 | 175,167 | - | - | 5 | 175,167 | 0.11% |
| Executive | | 2 | 50,063 | - | - | 2 | 50,063 | 0.03% |
| Company Secretary | | 1 | 10,950 | - | - | 1 | 10,950 | 0.01% |
| Others | | 40 | 2,410,628 | 1 | 2,097 | 41 | 2,412,725 | 1.51% |
| Individual | | 6,215 | 47,521,119 | 1,535 | 2,053,583 | 7,750 | 49,574,702 | 30.97% |
| | | **6,400** | **147,894,065** | **1,547** | **12,190,620** | **7,947** | **160,084,685** | **100.00%** |

*based on no. of accounts in CDC / folios

### SHAREHOLDERS HOLDING 5% SHARES OR MORE

| Sr. No. | Name of Shareholder | Shares held |
|---|---|---|
| 1 | Syed Shahid Ali | 45,385,542 |
| 2 | National Investment Trust | 11,431,119 |
| 3 | Syed Sheharyar Ali | 12,026,428 |
| 4 | Loads Limited | 8,613,233 |

Intimation under Clause (I) of sub-regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of Pakistan Stock Exchange Limited during the year.

| | Opening Balance (01-07-2017) | Through TCLTC* Conversion | | | Market Trade : Buy/(Sell) | | Bonus Shares | | Closing Balance (30/06/2018) |
|---|---|---|---|---|---|---|---|---|---|
| | No. of Shares | No. of Shares | Conversion Price* | | No. of Shares | Market Price | No. of Shares | Market Price | No. of Shares |
| Syed Shahid Ali | 40,102,002 | 1,173,340 | 59.14 | | 100,000 | 40.52 | 4,010,200 | 39.78 | 45,385,542 |
| Syed Sheharyar Ali | 10,898,674 | 26,887 | 59.14 | *** | 10,000 | 51.79 | 1,090,867 | 39.78 | 12,026,428 |
| Dr. Mrs. Niloufer Mahdi | 4,963,167 | 7,175 | 59.14 | | | | 471,500 | 39.78 | 5,441,842 |
| Saulat Said | 4,900 | 700 | 59.14 | | | | 490 | 39.78 | 6,090 |
| Munir Karim Bana | 156,670 | 25,060 | 59.14 | | | | 14,883 | 39.78 | 196,613 |
| Shafique Anjum | 68,350 | | | | | | 6,835 | 39.78 | 75,185 |

*Participation Term Certificate : - Conversion Price is Rs. 59.14 per share. This is the opportunity cost of the principal value of TCLTC forgone to get One additional Ordinary Share of the Company.

# PATTERN OF SHAREHOLDING

Form 34

As at 30 June 2018

| | | 01/Jul/17 | Issued under ESOS | | Bonus Shares | | Conversion of TCLTC | | | 30/Jun/18 |
|---|---|---|---|---|---|---|---|---|---|---|
| Executive | | No. of Shares | No. of Shares Issued | Strike Price | No. of Shares Issued | Bonus Price** | No. of Shares Issued | Conversion Price* | Shares Sold | No. of Shares |
| Shahid Zia | Executive | | 174,500 | 51.79 | 14,450 | 39.78 | - | | (188,950) | - |
| Nasir Mahmood | Executive | 23,200 | 18,300 | 51.79 | 4,150 | 39.78 | - | | | 45,650 |
| Amir Zia | Executive | 42,300 | 3,000 | 51.79 | 4,530 | 39.78 | 233 | 59.14 | | 50,063 |
| Rana Shakeel Shaukat | Executive | | 10,000 | 51.79 | 950 | 39.78 | - | | | 10,950 |
| Imran Aziz | Executive | 15,300 | | | 1,530 | 39.78 | - | | (5,880) | 10,950 |

*Participation Term Certificate : - Conversion Price is Rs. 59.14 per share. This is the opportunity cost of the principal value of TCLTC forgone to get One additional Ordinary Share of the Company.

**This price represents the market price on which 5% Tax [under Section 236M of Income Tax Ordinance, 2001] is paid.

***This includes shares issued under Treet Corporation Limited - Stock Option Scheme, 2015 during the year:

# PARTICIPATION TERM CERTIFICATES (TCLTC)

| Sr. No. | Shareholdings' Slab | | No. of Shareholders | | Total | PTCs |
|---|---|---|---|---|---|---|
| | From | To | CDC | Physical | | |
| 1 | 1 | 100 | 62.00 | 24.00 | 86 | 2,592 |
| 2 | 101 | 500 | 51.00 | 15.00 | 66 | 24,716 |
| 3 | 501 | 1,000 | 31.00 | 4.00 | 35 | 30,564 |
| 4 | 1,001 | 5,000 | 57.00 | 3.00 | 60 | 185,425 |
| 5 | 5,001 | 10,000 | 18.00 | 1.00 | 19 | 146,600 |
| 6 | 10,001 | 15,000 | 11.00 | - | 11 | 140,238 |
| 7 | 15,001 | 20,000 | 3.00 | - | 3 | 50,205 |
| 8 | 20,001 | 25,000 | 6.00 | 1.00 | 7 | 162,790 |
| 9 | 25,001 | 30,000 | 3.00 | - | 3 | 89,400 |
| 10 | 30,001 | 35,000 | 2.00 | - | 2 | 67,000 |
| 11 | 35,001 | 40,000 | 3.00 | - | 3 | 112,000 |
| 12 | 40,001 | 45,000 | 1.00 | - | 1 | 40,470 |
| 13 | 50,001 | 55,000 | 1.00 | - | 1 | 52,500 |
| 14 | 60,001 | 65,000 | 1.00 | - | 1 | 60,500 |
| 15 | 65,001 | 70,000 | 1.00 | - | 1 | 70,000 |
| 16 | 80,001 | 85,000 | 1.00 | - | 1 | 82,500 |
| 17 | 95,001 | 100,000 | 3.00 | - | 3 | 300,000 |
| 18 | 100,001 | 105,000 | 1.00 | - | 1 | 102,500 |
| 19 | 150,001 | 155,000 | 1.00 | - | 1 | 154,500 |
| 20 | 165,001 | 170,000 | 1.00 | - | 1 | 167,500 |
| 21 | 185,001 | 190,000 | 1.00 | - | 1 | 189,500 |
| 22 | 195,001 | 200,000 | 1.00 | - | 1 | 199,999 |
| 23 | 210,001 | 215,000 | 1.00 | - | 1 | 213,500 |
| 24 | 220,001 | 225,000 | 1.00 | - | 1 | 225,000 |
| 25 | 225,001 | 230,000 | 1.00 | - | 1 | 230,000 |
| 26 | 315,001 | 320,000 | 1.00 | - | 1 | 318,000 |
| 27 | 345,001 | 350,000 | 1.00 | - | 1 | 350,000 |
| 28 | 380,001 | 385,000 | 1.00 | - | 1 | 384,100 |
| 29 | 400,001 | 405,000 | 1.00 | - | 1 | 404,500 |
| 30 | 405,001 | 410,000 | 1.00 | - | 1 | 406,000 |
| 31 | 450,001 | 455,000 | 1.00 | - | 1 | 451,000 |
| 32 | 495,001 | 500,000 | 1.00 | - | 1 | 500,000 |
| 33 | 520,001 | 525,000 | 1.00 | - | 1 | 522,500 |
| 34 | 755,001 | 760,000 | 1.00 | - | 1 | 759,000 |
| 35 | 1,830,001 | 1,835,000 | 1.00 | - | 1 | 1,831,500 |
| 36 | 3,550,001 | 3,555,000 | 1.00 | - | 1 | 3,550,640 |
| 37 | 4,750,001 | 4,755,000 | 1.00 | - | 1 | 4,753,500 |
| 38 | 7,725,001 | 7,730,000 | 1.00 | - | 1 | 7,729,500 |
| 39 | 16,760,001 | 16,765,000 | 1.00 | - | 1 | 16,762,011 |
| | | | **277** | **48** | **325** | **41,822,250** |

# **PARTICIPATION TERM** CERTIFICATES (TCLTC)

| Name of Shareholders | Status | CDC | CDC | Physical | Physical | TOTAL | TOTAL | % |
|---|---|---|---|---|---|---|---|---|
| Syed Shahid Ali | Director | 1 | 16,762,011 | - | - | 1 | 16,762,011 | 40.08% |
| Syed Sheharyar Ali | Director | 1 | 384,100 | - | - | 1 | 384,100 | 0.92% |
| Dr. Mrs. Niloufer Mahdi | Director | 1 | 102,500 | - | - | 1 | 102,500 | 0.25% |
| Dr. Salman Faridi | Director | - | - | - | - | - | - | 0.00% |
| Imran Azim | Director - Nominee NIT | - | - | - | - | - | - | 0.00% |
| Munir Karim Bana | Director - Nominee Loads Limited | 2 | 358,000 | - | - | 2 | 358,000 | 0.86% |
| Saulat Said | Director | 1 | 25,000 | - | - | 1 | 25,000 | 0.06% |
| Shafique Anjum | Director | - | - | - | - | - | - | 0.00% |
| Loads Limited | Associated Company | 1 | 1,831,500 | - | - | 1 | 1,831,500 | 4.38% |
| IGI Holdings Limited | Associated Company | - | - | - | - | - | - | 0.00% |
| NIT | Government Institution | 2 | 11,280,140 | - | - | 2 | 11,280,140 | 26.97% |
| Foreign Company | | - | - | - | - | - | - | 0.00% |
| Bank, DFI, Insurance | | - | - | - | - | - | - | 0.00% |
| Joint Stock Companies | | 3 | 727,000 | - | - | 3 | 727,000 | 1.74% |
| Investment Companies | | 3 | 215,920 | - | - | 3 | 215,920 | 0.52% |
| Public Sector | | - | - | - | - | - | - | 0.00% |
| Modaraba | | - | - | - | - | - | - | 0.00% |
| Executive | | 1 | 3,334 | - | - | 1 | 3,334 | 0.01% |
| Company Secretary | | - | - | - | - | - | - | 0.00% |
| Others | | 10 | 2,183,499 | - | - | 10 | 2,183,499 | 5.22% |
| Individual | | 251 | 7,906,870 | 48 | 42,376 | 299 | 7,949,246 | 19.01% |
| | | **277** | **41,779,874** | **48** | **42,376** | **325** | **41,822,250** | **100.00%** |

Free Float

| | Physical | CDC | Total |
|---|---|---|---|
| **No. of Certificates Outstanding** | **42,376.00** | **41,779,874** | **41,822,250** |
| Certificates held by Directors | - | 17,273,611 | 17,273,611 |
| Certificates held by Associates | - | 2,189,500 | 2,189,500 |
| Certificates held by Government Institutions | - | 11,280,140 | 11,280,140 |
| Certificates held by Foreign Companies | - | - | - |
| Others | 42,376 | 11,036,623 | 11,078,999 |
| | 42,376 | 41,779,874 | 41,822,250 |
| **Free Float of Certificates as on June 30, 2018** | | **11,036,623** | **11,036,623** |
| % of Free Float | | 26.42% | 26.39% |

# INFORMATION FOR SHAREHOLDERS

## Company's Registered Office/Works

Treet Corporation Limited
72-B, Industrial Area, Kot Lakhpat, Lahore
Tel: 042-35830881, 35156567
Fax: 042-35114127, 35117650

## Share Registrar:

Corplink (Private) Limited
Wings Arcade 1-K, Commercial Model Town, Lahore
Tel: 042-35916714, 35916719
Fax: 042-35869037
Email: corplink786@gmail.com
shares@corplink.com

## Listing

Treet Corporation Limited is listed on:
Pakistan Stock Exchange Limited

## Stock Symbol

The stock symbol for dealing in equity shares of Treet Corporation Limited is 'Treet'

## Annual Listing Fees

The Annual listing fee for the Financial Year 2018 has been paid within the prescribed time limit.

## Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

## Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

## Proxies

Pursuant to Section 137 of the Companies Act 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who sought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less 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 | 12,190,620.00 | 147,894,065 | 160,084,685 |
| Shares held by Directors | 3,597,911 | 59,533,899 | 63,131,810 |
| Shares held by Associates | - | 8,613,233 | 8,613,233 |
| Shares held by Government Institutions | 51,767 | 14,975,621 | 15,027,388 |
| Shares held by Foreign Companies | 6,474,187 | - | 6,474,187 |
| Others | 2,066,755 | 64,771,312 | 66,838,067 |
| | 12,190,620 | 147,894,065 | 160,084,685 |
| **Free Float of Shares as on June 30, 2018** | | **64,771,312** | **64,771,312** |
| % of Free Float | | 43.80% | 40.46% |

| Detail of Shares | No. of Shares |
|---|---|
| Ordinary Shares - Issued Capital as on June 30, 2009 | 4,182,225 |
| Bonus Shares 900% in April 2010 | 37,640,025 |
| Partial Conversion of Participation Term Certificates in October, 2013 | 2,927,557 |
| 15% Right Issue made in December 2013 | 6,273,337 |
| Partial Conversion of Participation Term Certificates in October, 2014 | 2,927,557 |
| 150% Right Issue made in July 2015 | 80,926,051 |
| Partial Conversion of Participation Term Certificates in October, 2015 | 2,927,557 |
| Partial Conversion of Participation Term Certificates in October, 2016 | 2,927,557 |
| Shares Issued under ESOS - (till 30/06/2017) | 1,411,800 |
| Partial Conversion of Participation Term Certificates in October, 2017 | 2,927,557 |
| Shares Issued under ESOS - (from July 01, 2017 to June 30, 2018) | 726,451 |
| Bonus Shares 10% in November 2017 | 14,287,011 |
| | **160,084,685** |

# 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 Friday, October 26, 2018, 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 2018

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
.................................... شیئر/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 26 اکتوبر 2018 بروز جمعہ کو صبح گیارہ بجے (11:00) پر منعقد ہونے والے کمپنی کے سالانہ اجلاس اور اس کے بعد کسی بھی اور کہیں بھی منعقد ہونے والے دوسرے اجلاس کے لیے اپنا نمائندہ مقرر کر سکتا/سکتی ہوں

| |
|---|
| -/5 روپے کا<br>محصول ٹکٹ |

دستخط شیئر ہولڈر ..............................
(دستخط کمپنی کے پاس دستخط کے نمونہ کے مطابق ہوں)

قومی شناختی کارڈ نمبر/پاسپورٹ نمبر ..............................

مورخہ .................. اکتوبر 2018

دستخط مقرر کردہ نمائندہ .......................................

گواہان:

1۔ دستخط ................................................
نام ................................................
پتہ ................................................
قومی شناختی کارڈ نمبر ..............................

2۔ دستخط ................................................
نام ................................................
پتہ ................................................
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۔

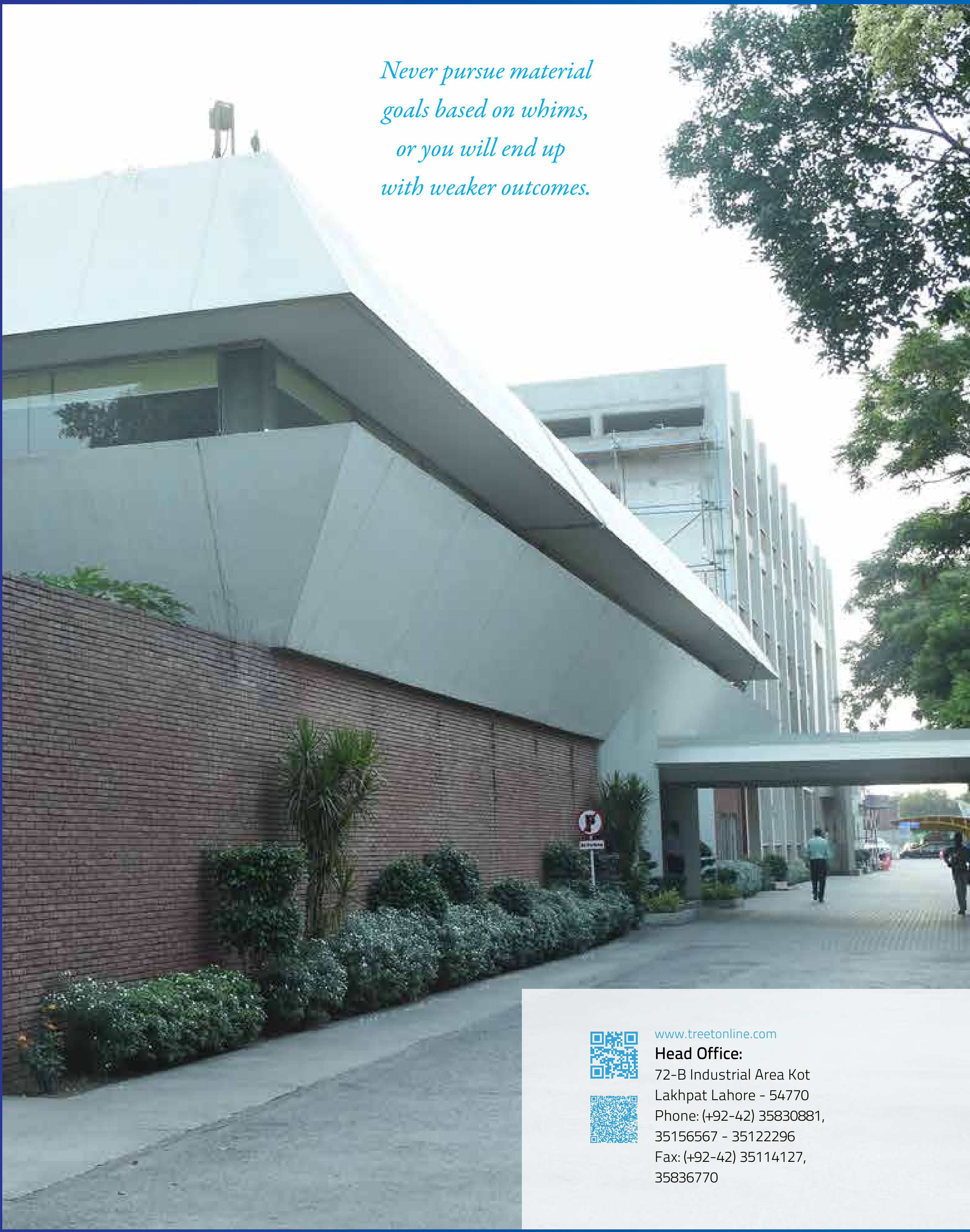
**<u>سی ڈی سی اکاؤنٹ ہولڈر/کارپوریٹ اینٹٹی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔</u>**

(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۔

# NOTE

# NOTE

*Never pursue material goals based on whims, or you will end up with weaker outcomes.*




www.treetonline.com

**Head Office:**
72-B Industrial Area Kot Lakhpat Lahore - 54770
Phone: (+92-42) 35830881, 35156567 - 35122296
Fax: (+92-42) 35114127, 35836770