

Treet Corporation Limited

ANNUAL REPORT 2017

DO SOMETHING TODAY THAT YOUR
FUTURE SELF WILL THANK YOU FOR



PROGRESS IS
IMPOSSIBLE WITHOUT
CHANGE, AND THOSE
WHO CANNOT
CHANGE THEIR MINDS
CANNOT CHANGE
ANYTHING.

GEORGE BERNARD SHAW



In Loving Memory

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



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

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

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

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

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

May God rest his soul in eternal peace,

Ameen.

An Introduction to Human Resource Management

“HUMAN RESOURCES ISN'T A THING WE DO.

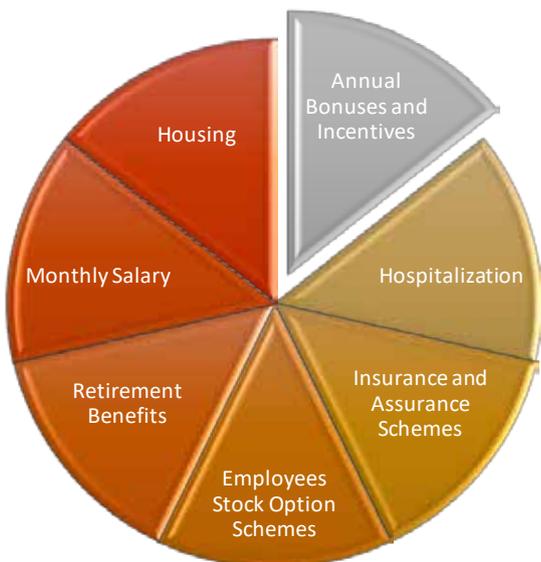
IT'S THE THING THAT RUNS OUR BUSINESS

-Steve Wynn, Wynn Las Vegas

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



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



We divide our total payroll costs into Seven segments:



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



- 2) **Annual bonuses/and incentives** that covers durables and to plan vacations [and these bonuses/incentives are variable part of salary that is linked with the Company's performance so if Company performs well so do the employees];
 - i) Bonuses that are linked to production quantities/ sales volume;
 - ii) Profitability linked Incentives ;



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

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



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

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

- a) **Defined Contribution Plans**
 - Provident Fund
 - Service Fund
 - Benevolent Fund
 - Superannuation Fund -2
 - Housing Fund
- b) **Defined Benefit Plans**
 - Gratuity Fund
 - Superannuation Fund -1



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

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

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



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

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



7) Employees Stock Option Scheme (ESOS):

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

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

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



“Don’t let yesterday take up too much of today”

WILL ROGERS

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

Date of Grant	Financial Year	Share Strike Price	No. of Options Granted	No. of Employees
July 14, 2017	2016-2017	66.45	4,259,400	271

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

Treet Corporation Limited - Employees Stock Option Scheme (ESOS)					No. of Shares Outstanding (A)		
Financial Year	2014-2015	2015-2016	2016-2017		latest	142,143,666	
Date of Grant	14/Jul/15	16/Jul/16	14/Jul/17	Option Pool	15%	of A	21,321,549
Date of Entitlement	1/Jul/15	1/Jul/16	1/Jul/17	Grant of Option	2014-2015		1,604,800
Share Price (Option Price) from	14/Apr/15	16/Apr/16	14/Apr/17	Grant of Option	2015-2016		4,114,100
Share Price (Option Price) to	13/Jul/15	15/Jul/16	13/Jul/17	Grant of Option	2016-2017		4,259,400
Weighted Average Price i.e. Exercise Price in Rs. per Share	90.58	51.79	66.45				
Revised Price i.e. "Exercise Price in Rs. per Share (Revised)	51.79	Not Revised	Not Revised				
Minimum Vesting Period : from	15/Jul/15	17/Jul/16	15/Jul/17				
Minimum Vesting Period : to	14/Jul/16	17/Jul/17	15/Jul/18				
Exercise (Option) Period : from	15/Jul/16	18/Jul/17	16/Jul/18	Option Granted			9,978,300
Exercise (Option) Period : to	14/Jul/17	17/Jul/18	15/Jul/19	Balance Available in Option Pool			11,343,249
Grant of Options as a % of Shares Outstanding	2.97%	2.99%	3.00%				
Share Outstanding (at the Date of Grant)	53,950,701	137,804,309	142,143,666				
No. of Options Granted	1,604,800	4,114,100	4,259,400				
No. of Options Exercised	1,411,800	533,451	-				
No. of Options Declined / Lapsed but subsequently Offered	193,000	-	-				
No. of Options Lapsed / Declined - [and subsequently NOT offered]	-	-	-				
No. of Shares Issued (pursuant to exercise of options granted & offered)	1,604,800	533,451	-				
Status	Closed	Exerciseable	Vesting Period				
No. of Employees	210	202	271				
Minimum Lock Period	Nil	Nil	Nil				
Summary							
No. of Options Vested		9,978,300					
No. of Options Exercised		1,945,251					
No. of Options Declined / Lapsed but subsequently Offered		193,000					
No. of Options Lapsed / Declined - [and subsequently NOT offered]		-					
No. of Shares Issued (pursuant to exercise of options granted & offered)		2,138,251					

Information System & Control

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

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

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

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

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

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

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

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



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

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

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



Campus on cloud



Information System & Control

Administrative Procedures & Control



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

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

Succession Policy & Planning for Management Staff

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



board of directors (through Human Resource & Remuneration Committee) shall be responsible for implementing this policy and its related procedures.

Human Resource Management Policy

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

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

*Company means all Companies within Treet Group



Capital Market as a Catalyst to Economic Growth

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

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

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

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

Following rights issues are made by Renacon Pharma Limited during the year 2016-2017 and till October 05, 2017. Proceeds will be used to finance the expansion / concentric diversification plan of the Company:

Year	Action	No. of Shares	Share	Par	Right Price	Status
			Proceeds	Value	Per Share	
2016-2017	Opening Shares	60,000		100.00		Complete
2016-2017	Right Issue	83,400	406,741,800	100.00	4,877.00	Complete
2016-2017	Stock Split	1,434,000		10.00		Complete
2016-2017	Right Issue	400,086	200,043,000	10.00	500.00	Incomplete
2016-2017	Share Proceeds		98,914,000	10.00	500.00	Complete
2016-2018	Share Allotment	400,086	200,043,000	10.00	500.00	Complete
2016-2018	Bonus Issue	60,524,838		10.00		Complete

Shares Outstanding as on October 05, 2017

62,358,924

10.00

Right Proceeds

606,784,800

Adam Smith, the father of modern economics, illustrated in his book "The Wealth of Nations" how greater output could be achieved through division of labor by giving them one small task each in building a complex good/article. This was the miracle of "specialized labor" that was key to productivity led industrialization. In the corporate sector, Ford Motor Company was one of the first to follow this breakthrough.

A same kind of miracle has been performed by the Capital Markets that has proven as a catalyst to economic Growth and has triggered Wealth Creation Process for the whole Society.

Despite all the obvious benefits, Companies are still reluctant to opt for "listing". This can only mean that either companies are ignorant or the Stock Markets are not able to pitch "listing" as well as they ought to.

In order to get ahead, Stock Markets must sort this out in a manner that the companies are able to visualize the miraculous benefits of "listing" waiting to happen.

Benefits of Listing

- Access to Finance [primary market]
 - Perpetual Funding
 - Reduction of Financial Risk
- Initial owners may en-cash their investments
 - Owners can run two business [instead of one] with the same equity
- Ability to Raise Further Capital
- Valuation for the stock offering may be very generous particularly when market is booming
- Enhanced Company Image
- Motivational Impact for Employees
- Collateral Value of Securities
- Disciplined & timely disclosure of corporate information
- Lower [or zero] capital gain tax on disposal of shares

WHY ARE COMPANIES / ENTREPRENEURS NOT CONVINCED TO LISTING?

Lack of Driving Force

- Ordinarily businessmen are not financial wizards they keep to their businesses due to their Mind-set i.e. they are not trained in finance but in business;
- Most Entrepreneurs depend on their Finance Team to look after financial matters. Either the team is not fully equipped with the required know-how or they don't have any authority & incentive to do extra task;
- Bank Financing is easily available, so why endeavor into cumbersome, costly and time consuming process of getting listed;

Fear of the Unknown

- Confidential information is dissipated;
- Regulatory Surveillance is amplified resulting in more compliance requirements and severe penalties;
- Rigorous book keeping
- OUTSIDERS [directors/shareholders] will interfere in the Company matters

Despite all the benefits, how many companies have gone for listing this year?

VERY FEW!

Are Companies NOT convinced with the benefits or is there something amiss?



Valuation of Issues

- Financials are based on historical values that may not necessarily reflect market worth/goodwill;
- Natural "WEDGE" exist between the entrepreneur's expected price and investors' valuation;
- Fear of under subscription, arranging an underwriter is an herculean task even for well established companies;

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Governance

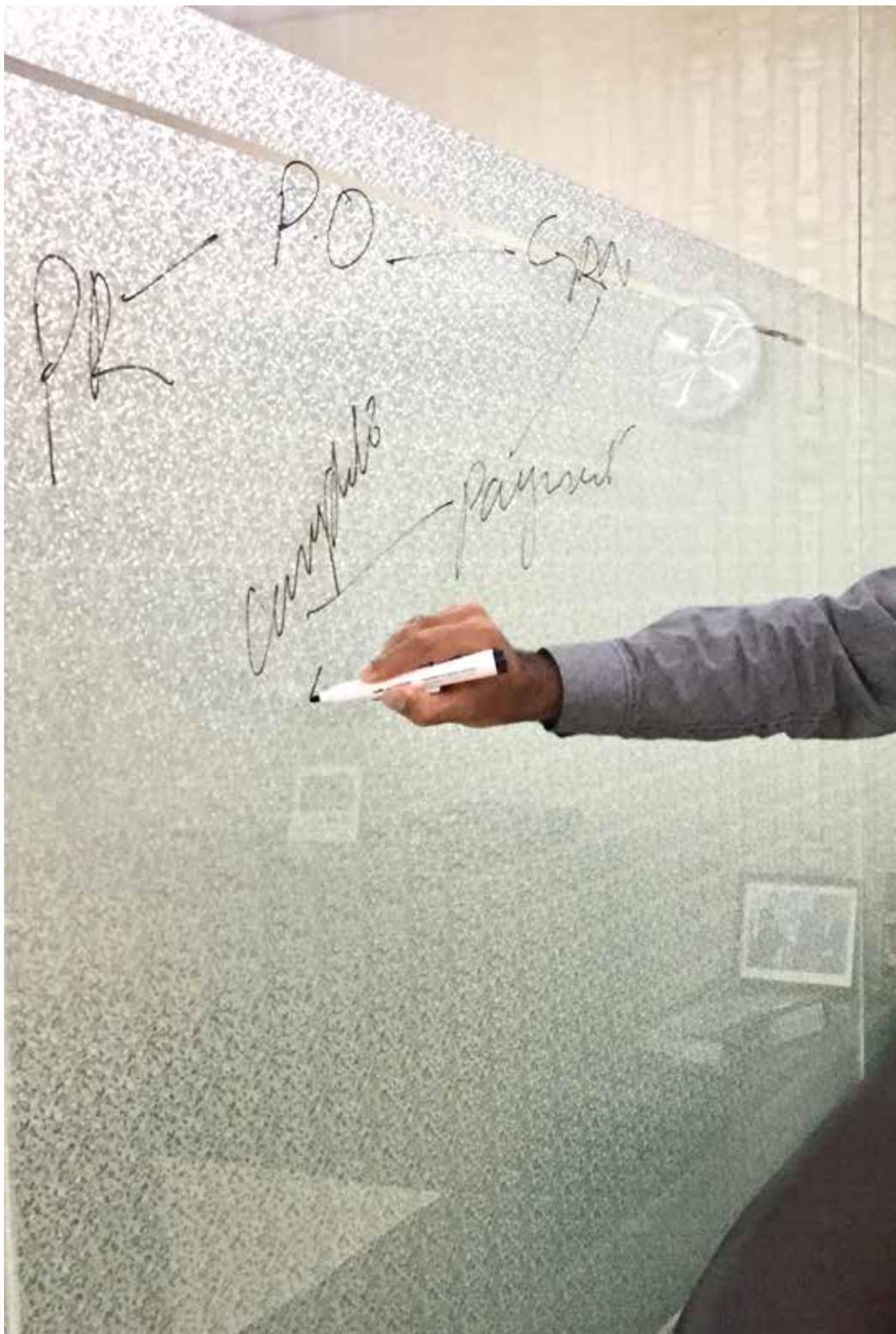
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Our sustainability and business goals are intertwined, and this year you will find sustainability content discussed throughout this report.

You can find further information on the sustainability section of our website.

www.treetonline.com





KEY FINANCIALS

Rs. 8.42 bn

Net Sales
2016: Rs.7.61 bn

Rs. 1.88 bn

Export Sales
2016: Rs.1.87 bn

Rs. 11.38 bn

Fixed Assets (Net)
2016: Rs.7.84 bn

Rs. 17.78 bn

Total Assets
2016: Rs.12.54 bn

Rs. 9.38 bn

Shareholders' Equity
2016: Rs.8.80 bn

Rs. 2.08 bn

Gross Profit
2016: Rs.1.80 bn

Rs. 0.22 bn

Net Profit
2016: Rs.0.21 bn

Rs. 0.51 bn

Operating Profit
2016: Rs.0.46 bn

For further information please visit our website:
www.treetonline.com

"Success is not final; failure is not fatal. It is the courage to continue that counts."

-- Winston S. Churchill

“ You cannot change your future. but,
you can change your habits, and surely
your habits will change your future.”

(Dr. Abdul Kalam)

Business Review

TREET GROUP – An Introduction

Treet Group of Companies comprises of the following businesses:

1. Treet Corporation Limited [TREET]

- a. Shaving Blade Manufacturing
- b. Disposable Razor Manufacturing
- c. Sales & Marketing of following products:

	Local	Export
Imported Batteries under brand name of "Daewoo"	Sales & Marketing	Sales & Marketing
Chemicals [initially Epoxy / Resin]	Import, Sales and Marketing	
Treet Power Limited	Import, Sales & Marketing	

2. Treet Holdings Limited [THL]

- a. Motor Cycle Assembly & Marketing
- b. Modaraba Company

3. First Treet Manufacturing Modaraba [FTMM]

- a. Manufacturing and selling of Corrugated Packaging
- b. Manufacturing and selling of Soaps
- c. Manufacturing and selling of Lead Acid Batteries (under process)

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

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

5. Global Arts Limited [GAL]

Objective is to promote, establish, run, manage and maintain, educational institutions, colleges of arts, research, sciences, information technology and

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

6. Society for Cultural Education [SCE]

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

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

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

As per applicable requirements, SCE (a non-profit entity) will be the sponsoring body for the University and has applied to the requisite Government Departments for approval for setting up the University, which must eventually be established through promulgation of an Act by the Punjab Assembly.

7. **Renacon Pharma Limited**

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

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

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

using business units to complement other corporate business activities.

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

1. Manufacturing and selling blades/ disposable razors ;
2. Manufacturing and selling of corrugated packaging;
3. Manufacturing of soaps and marketing thereof;
4. Assembling [and selling] of Motorcycles;
5. Trading and Merchandising – as a sole buyers, distributors, agents and / or otherwise;
6. Advertising and sales promotion media;
7. Labor-Hire Services;
8. Floatation and control of Modarabas;
9. Manufacturing and selling of lead acid batteries (under process);
10. Establish, run, manage and maintain, educational projects (under process) etc.

Factories / Projects:

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



TREET GROUP – An Introduction

Others / Future Expansion:

- Land [12 Kanals] at Multan Road, Lahore
- Land [18 Kanals] at Raiwind Road, Lahore
- Land [20 Acres] at Faisalabad Industrial City, Faisalabad

LEGAL STRUCTURE OF GORUP COMPANIES - As on 30-06-2017

		Shares held by						
		Treet	THL	GAL	TPL	THRM	FTMM	Nominee Directors
Treet Holdings Limited	THL	85.93%		14.07%				0.00%
Global Arts Limited	GAL	93.28%	6.72%					0.00%
Treet Power Limited	TPL		100.00%					0.00%
Treet HR Management (Private) Limited	THRM		100.00%					0.00%
First Treet Manufacturing Modaraba	FTMM	89.85%	10.02%					0.11%
Renacon Pharma Limited	RPL	58.13%						0.03%



Our Mission

If people like you
they will listen
you, but if they
Trust you, they'll do
business with you

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



Our Vision

Vision Statement

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

Principle

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

Emphasis

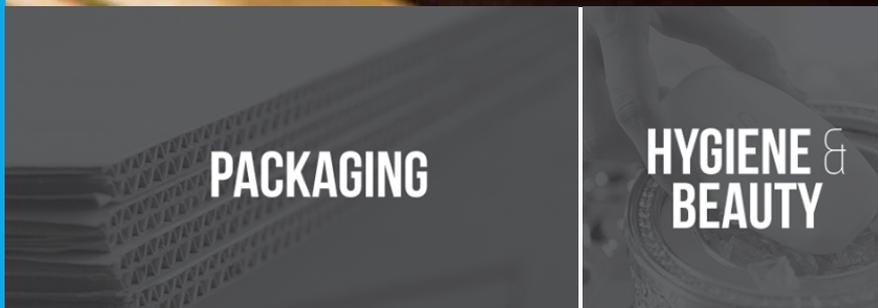
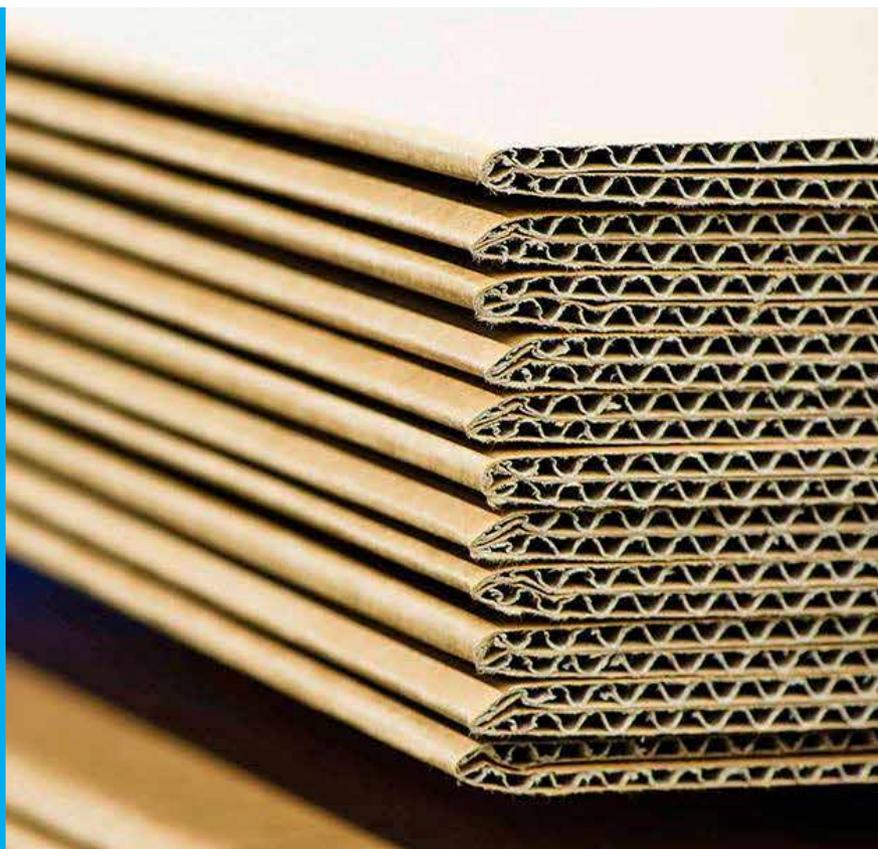
Our emphasis on continuous improvement in all aspects of our business will enable us to reward our shareholders and employees.

Social Responsibility

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

Corporate Values

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



Company Information

BOARD OF DIRECTORS	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Dr. Salman Faridi Syed Sheharyar Ali Muhammad Shafique Anjum Mr. Saulat Said Mr. Imran Azim Mr. Munir K. Bana	Chairperson / Non-Executive Director Chief Executive Officer Independent Director Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
AUDIT COMMITTEE	Dr. Salman Faridi Mr. Imran Azim Mr. Munir K. Bana	Chairman/Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Imran Azim Mr. Munir K. Bana Syed Sheharyar Ali Muhammad Shafique Anjum Dr. Salman Faridi Mr. Amir Zia Mr. Jahangir Bashir	Chairman Member Member Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Amir Zia	
COMPANY SECRETARY	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT	Muhammad Ali	
EXTERNAL AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants, Lahore.	
INCOME TAX CONSULTANTS	Kreston Hyder Bhimji & Co. Chartered Accountants, Lahore.	
LEGAL ADVISORS	Salim & Baig, Advocates - Lahore.	
CORPORATE ADVISORS	Cornelius, Lane & Mufti Legal Advisors & Solicitors - Lahore.	
SHARIAH ADVISOR	Mufti Muhammad Javed Hassan (Only for First Treet Manufacturing Modaraba)	
BANKERS	AL-Baraka Bank Pakistan Limited Askari Bank Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan SILK Bank Limited Soneri Bank Limited United Bank Limited	Allied Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited JS Bank Limited Meezan Bank Limited SAMBA Bank Limited SINDH Bank Limited The Bank of Punjab
REGISTERED OFFICE	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.treetonline.com	
SHARE REGISTRAR	Corplink (Private) Limited Wing Arcade, 1-K Commercial, Model Town, Lahore. Tel: 042-35916714 Fax: 042-35839182	

TREET GROUP FACTORIES/
PROJECTS**Head Office**

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

Blade/Razor

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

First Treet Manufacturing Modaraba

(Managed by Treet Holdings Limited)

Battery project

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

Packaging Solutions - Corrugation

22- K.M. Ferozepur Road, Kachha Tiba, Rohi Nala,
Lahore. Tel: (042) 8555848

Soap Division

80-K.M. G.T. Road, Gujranwala.

Treet Holdings Limited

(A wholly owned subsidiary of Treet Corporation Limited)

Bike Project

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

Renacon Pharma Limited

18 - k.m., Ferozepur Road, Opp. Nishter Colony,
Lahore.
T: [+92 - 42] 35401847, 35401852, 35401851

Educational Project under Global Arts Limited.

Raiwind Road, Lahore

GROUP COMPANIES / OFFICES

Treet Holdings Limited

(A wholly owned subsidiary of Treet Corporation Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

First Treet Manufacturing Modaraba

(Managed by Treet Holdings Limited)
Principal Place of Business:
72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet HR Management (Private) Limited

(A wholly owned subsidiary of Treet Holdings Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet Power Limited

(A wholly owned subsidiary of Treet Holdings Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

Global Arts Limited

(A wholly owned subsidiary of Treet Corporation Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

Society for Cultural Education

(70% subsidiary of Treet Corporation Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

Renacon Pharma Limited

(58% subsidiary of Treet Corporation Limited)
72-B, Industrial Area, Kot Lakhpat, Lahore.

KARACHI OFFICE

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

Directors' Profile



DR. MRS. NILOUFER QASIM MAHDI

Chairperson/Non-Executive Director

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

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

Her portfolio includes:-

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



SYED SHAHID ALI

Chief Executive Officer

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

His portfolio includes:-

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



SYED SHEHARYAR ALI

Executive Director

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

His portfolio includes:-

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



DR. SALMAN FARIDI

Independent Director

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

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



MUHAMMAD SHAFIQUE ANJUM

Executive Director

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

His portfolio includes:-

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



MR. SAULAT SAID

Non-Executive Director

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

His portfolio includes:-

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



MR. MUNIR KARIM BANA

Non-Executive Director

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

His portfolio includes:-

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



MR. IMRAN AZIM

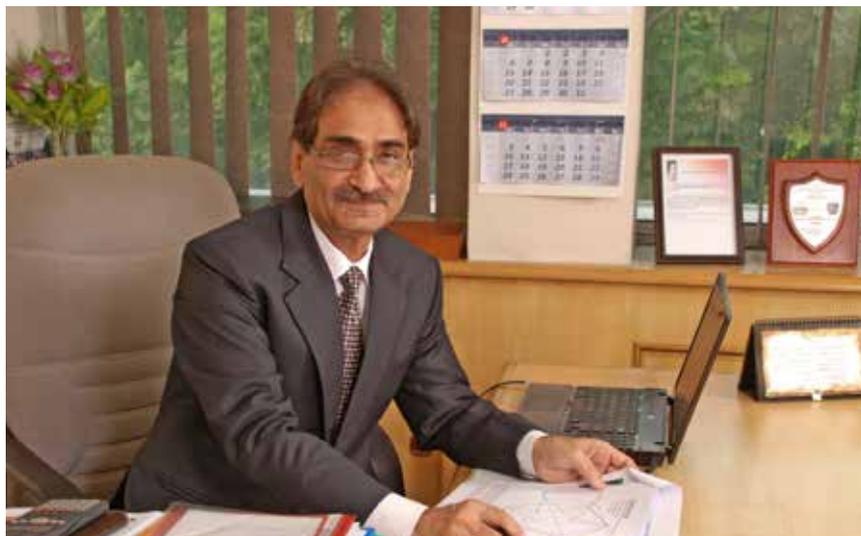
Non-Executive Director

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

His portfolio includes:-

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

Production-Blade/Razor



MUHAMMAD SHAFIQUE ANJUM

Executive Director/COO



Mr. Muhammad Javaid Aslam
DGM-D/R



Mr. Muhammad Tariq Aziz
DGM-D/E



Mr. Shahid Mehmood
Sr. Manager Civil Works



Mr. Rashid Ali Rizvi
General Manager Hyderabad



Mr. Ihsan Masih Gill
Sr. Manager Commercial



Muhammad Younas Khan
Sr. Manager MFG-4



Mr. Arshad Latif
Sr. Manager (QCQA)



Mr. Imran Khan
Deputy Works Manager



Rana Imran Ahmad
Sr. Manager (QMS)



Mr. Nisar Ahmed
Sr. Manager MFG-2



Mr. Asghar Ali Bhatti
Deputy Manager MFG-3



Mr. Amir Kaleem
Sr. Manager MFG-2



Lt. Col. R. Nisar Ahmed
Sr. Manager MFG-4



Mr. Akhlaq Ahmed
Sr. Manager MFG-1



Mr. Zahid Anwar
Manager MFG-2



Muhammad Azeem
Sr. Manager (PMP)



Muhammad Ali
Head of Internal Audit



Mr. Azhar Saeed Butt
Deputy Manager MFG-3



Muhammad Imran Ch.
Manager HR Lahore



Mr. M. Naseem Khan
Deputy Manager MFG-2



Mr. Shahid Saeed Arain
Manager HR Hyderabad



Mr. Jahangir Bashir
Assistant Manager HR



Mr. Safwan Mushtaq
Manager Store Lahore



Mr. Rashid Ali Rana
Deputy Manager Commercial

Sales & Marketing and Bike



MR. SHAHID ZIA

Chief Operating Officer
(Sales & Marketing & Soap Operations)



Mr. Nasir Mehmood
GM Sales & Marketing



Mr. Feroz Hassan Khan
Export Marketing Manager



Mr. Israr ul Haq
Works Manager



Mr. Hammad Malik
GM Bike Division



Mr. Waqar Ali Hijazi
Product Development Manager



Mr. Saadat Ali Khera
Business Development Manager



Mr. Waqar Aftab Sherwani
MGR Creative Art & Design



Mr. M. Tayyab Akram
Zonal Sales Manager



Mr. Abdul Waheed
Deputy Manager Operations



Mr. Nadeem Afzal
Sales Analyst



Mr. Waqar Ahmed Rana
Manager Legal & Estate Affairs



Syed Basharat Ahmad
Manager Sales Coordination

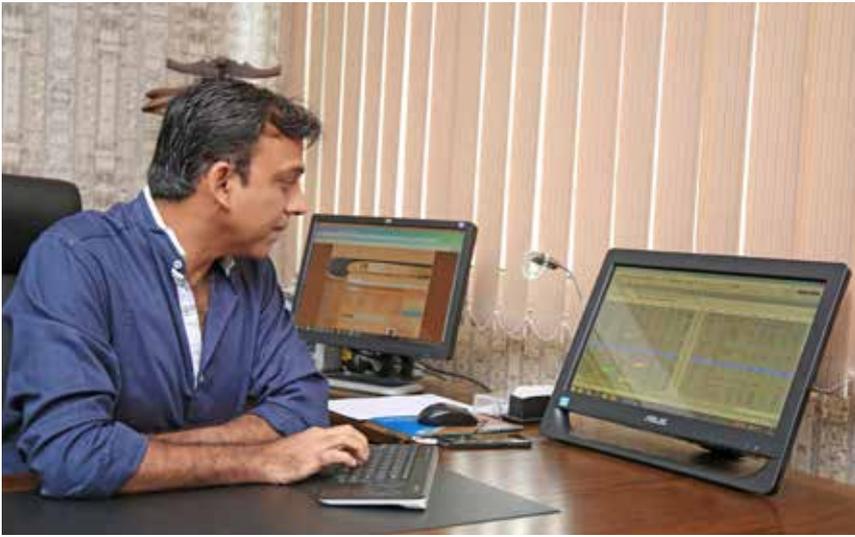


Farhan Abid Rao
Manager Exports



Mr. Khawaja Azhar
Production Manager Bike

Finance & Accounts



MR. AMIR ZIA

Group Chief Financial Officer



Mr. Sajjad Haider Khan
Manager Operations



Moazzam Hussain Hashmi
Group Chief Accountant



Rana Shakeel Shaukat
Group Company Secretary



Mr. Jawad Ahmad
Group Treasury Manager



Mr. Masood ul Hassan
Manager Planning



Mr. Imran Munawar
HSE Manager



Mr. Shahid Tanveer
Assistant Manager Accounts



Mr. Muhammad Zubair
Manager Costing



Mr. Adnan Khan Jalwana
Assistant Manager Accounts



Mr. Ali Raza Gardezi
Assistant Manager Accounts



Mr. Aamir Hameed
Assistant Manager Accounts



Mr. Muhammad Qaiser
Assistant Manager Accounts



Miss Hajra Noreen
Treasury Executive



Mr. Danish Christopher
Accounts Officer

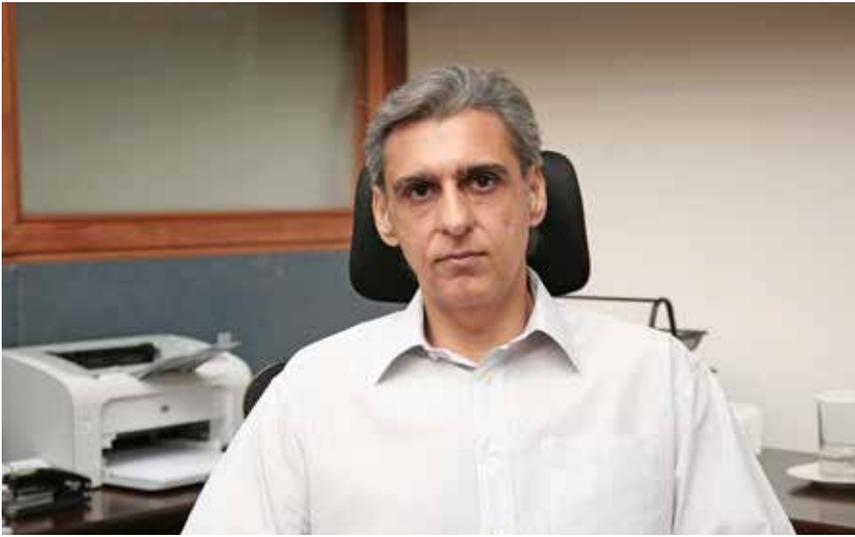


Sh. Tamoor Saeed
Assistant Manager Taxation



Syed Abad Hassan
Assistant Manager Accounts

Battery Project



MR. ALI ASLAM

Chief Operating Officer
(Battery Project)



Mr. Kim Dong Hyun
Project Head



Mr. Bong Ki Park
Production & Technical Head



Mr. Sohail Habib
Operations Manager



Mr. Farid Rasheed
GM Sales & Marketing



Mr. Faraz Hussain Mirza
Project Manager



Mr. Farhan Akhtar
GM Supply Chain



Mr. Seo Dong Gyu
Technical Head



Mr. Ali Raza
Assistant Manager Mechanical



Col. Retd. Imran Zafar
Administration Manager

Corrugation Division



MR. IMRAN AZIZ

Chief Operating Officer
(Packaging Solutions)



Syed Ali Zulqarnain Bokhari
Head of Sales & Marketing



Mr. Mobeen Akhtar
Deputy General Manager



Mr. Azam Tariq Ghauri
System & HR Manager



Mr. Sajjad Ahmed Fakhri
Commercial Manager



Mr. Nasar Hayat
Planning Officer



Mr. Shakeel Ahmad
Production Coordinator



Mr. Khawaja Amir Rehman
Manager Personnel



Mr. Rehan Tariq Ghauri
Regional Sales Manager

Information Technology



MR. HUSSAIN YOUSUF

Chief Information Officer



Mr. Jamil Malik
Senior Manager MIS



Mr. Umar Farooq
Manager MIS



Muhammad Jahangir
Manager Networks



Mr. Mahmood Aslam
Assistant Manager MIS



Muhammad Ali Raza
Manager IT Security



Mr. Jawad Ahmed Khan
Manager MIS



Muhammad Shoib
Manager MIS



Muhammad Usman Ghani
Manager MIS



Educational Project



Mr. Saulat Said
Project Director



Prof. M. Pervaiz Vandal
Director



Col. Retd. Rana Irfan
GM Administration



Mr. Jamil Malik
Senior Manager MIS



Mr. Masood ul Hassan
Manager Planning

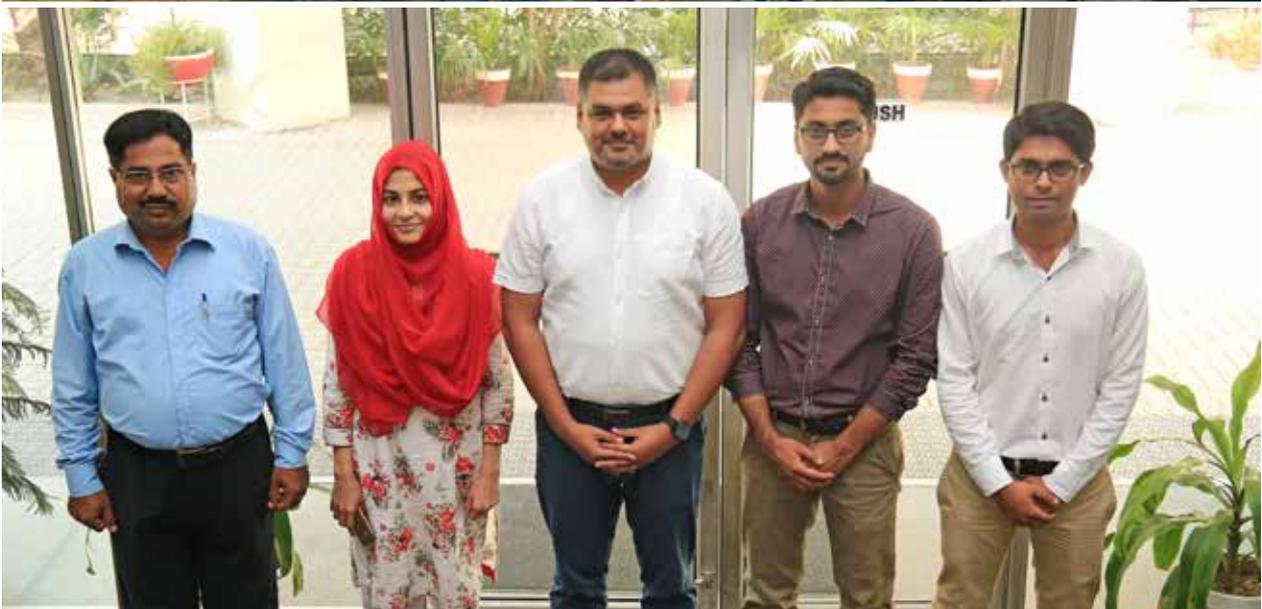


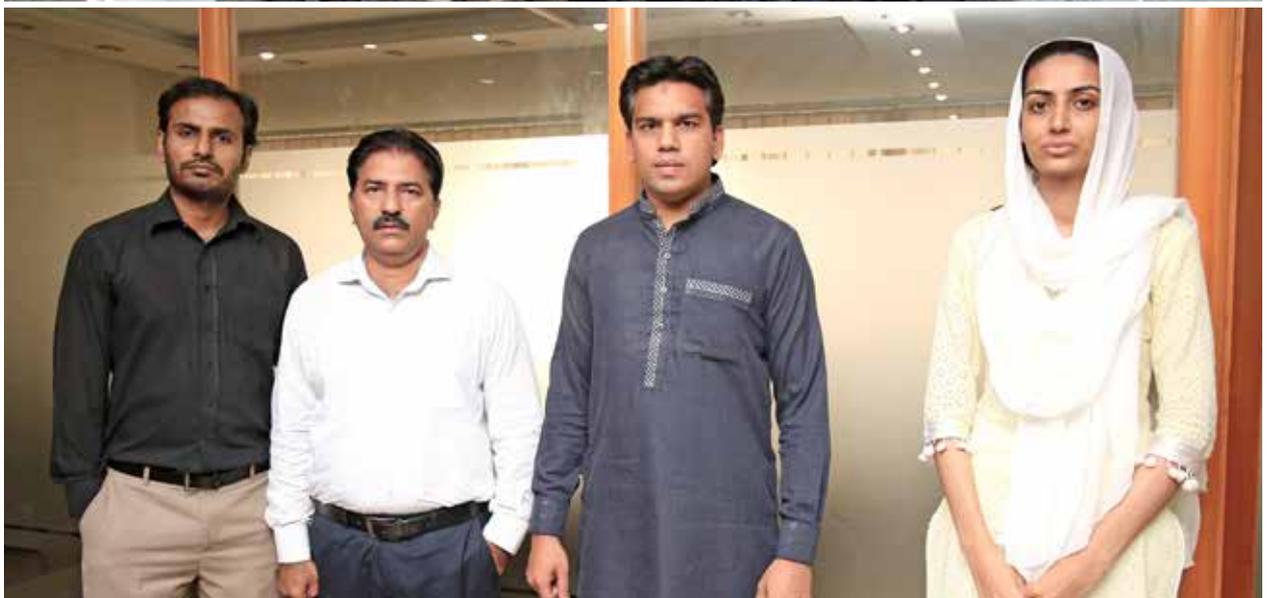
Mr. Nadeem Hassan Khan
Registrar















Guidelines To Business Conduct

Employees

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

Business Partners

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

- Market our products and services in an honest and fair manner.
- Do not compromise our values to make a profit.

Business Resources

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

Communities

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







CORPORATE SOCIAL RESPONSIBILITY

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



Treet Group

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

Treet Group

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

Customers

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

Our People

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

Products and Services

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

Corporate Social Responsibility

Suppliers

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

Shareholders

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

Planning

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

Quality Improvement

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

Environment

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

Society

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

and will continue to support community affairs.

Health, Safety and Environment Policy

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

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

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

Develop plans and procedures and provide resources to successfully implement the policy and for dealing effectively with any emergency.

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

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

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

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

- (a) to any political party; or
- (b) for any political purpose to any individual or body.

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



Corporate Social Responsibility

“ CSR isn't a particular program, it's what we do every day, maximizing positive impact and minimizing negative impact.”



Investment /Funding and Dividend Policies

Investment Policy

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

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

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

Funding Policy

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

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

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

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

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

Dividend Policy

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

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

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

Dividend Policy for First Treet Manufacturing Modaraba

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

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

Colin Powell

Quality Policy

Treet Corporation Limited

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



SYED SHAHID ALI
Chief Executive Officer







Endeavors

Fiscal year 2016-17 registered some remarkable endeavors.

1. Lead Acid Battery Project

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

Growth rate of this industry is very impressive in the last five ~ six years. Although much reliance of this industry is on UPS [which is dependent on non-availability of power] but no major Power Project is on the cards. Thus, situation of power outage is unlikely to be overcome in the near future;

MFSB is replacing Conventional Batteries. No formal plant (MFSB) exists in the Country. Only source of MFSB is import which is inconsistent and unreliable;

Last but not least your Company has efficient group and financial structure that gives not only well diversified product portfolios to mitigate business risk but overall also tax efficient mechanism while keeping financial risk at minimum.

Your Company has already started importing and trading of lead acid batteries (maintenance free and UPS specialized batteries) under the brand name of "Daewoo".

Your Company will be establishing its lead acid batteries, market before the launch of its batteries.

2. Educational Project

A contiguous piece of land measuring 15.29 acres (122.32 kanals), fronting on the main Raiwind Road has been acquired for the construction of the purpose-built University Campus. It is located at a distance of 7.5 km

from Thokar Niaz Beg. Raiwind Road has become a major artery linking Lahore to its suburbs. A road widening project has begun and as a result it would become a 150' wide six-lane highway. It is well-served by public transport and because of the popularity of the area it is soon becoming a major residential area of the city. Logistically it is an ideal location providing easy access to students in an area of growing population. It will fulfill the higher education needs of the city and region.

The extent of the campus, 15.29 acres, meets with the requirement of 10 acres specified by the National and Provincial Higher Education Commissions and in fact far exceeds it. Universities are always expanding and the extra land would become very useful and needed. Society for Cultural Education in accordance with its mandate of establishing a top-notch university has responded to the availability of a single parcel located at an ideal part of the city, which itself is a rarity in an expanding and rapidly crowded city. This clearly shows the commitment of the Treet Group to providing the best for the students and the teachers in terms of facilities to enable them to proceed in comfort with the arduous task of generating knowledge and learning.

Mr. Pervaiz Vandal the renowned architect of Pakistan, has been active for the last more than 40 years in education, design, planning and implementation of architectural engineering and infrastructure projects. He is the brain behind the outstanding Architectural Design of the Building.

3. Treet Corporation Limited - Employees Stock Option Scheme [ESOS] for its employees

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

Core objective of the scheme is to provide incentives to

its employees (including employees of its subsidiaries). This will not only slow down employee turnover but will also provide them a sense of ownership of the Company resulting in better performance towards growth of the Company.

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

Rules & Procedures

Appraisal Process :

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

Entitlement Criteria shall include the following factors:

1. Grade and Pay Scale;
2. Performance Evaluation;
3. Level of Responsibility;
4. No. of Years of Service;

Procedure:

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

3. The aggregate number of the Shares for all Options to be granted under this Scheme to all Eligible Employees shall not, at any time, exceed the Entitlement Pool.

4. Pharmaceutical Business

Your Company has acquired majority equity stake in Renacon Pharma Limited during the year.

Renacon Pharma is the pioneer of Bicarbonate Hemodialysis Concentrate manufacturing in Pakistan with ISO 9001, ISO 13485, CE0120 & cGMP certification. It produces various types of high quality Hemodialysis Concentrates (solutions & powder) for all brands of dialysis machines, which is provided at a very reasonable cost.

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

Your Company is planning to expand its operations and also to enter into concentric diversification. Moreover, your Company is also planning to enlist this Company at PSX.

5. Chemical Business

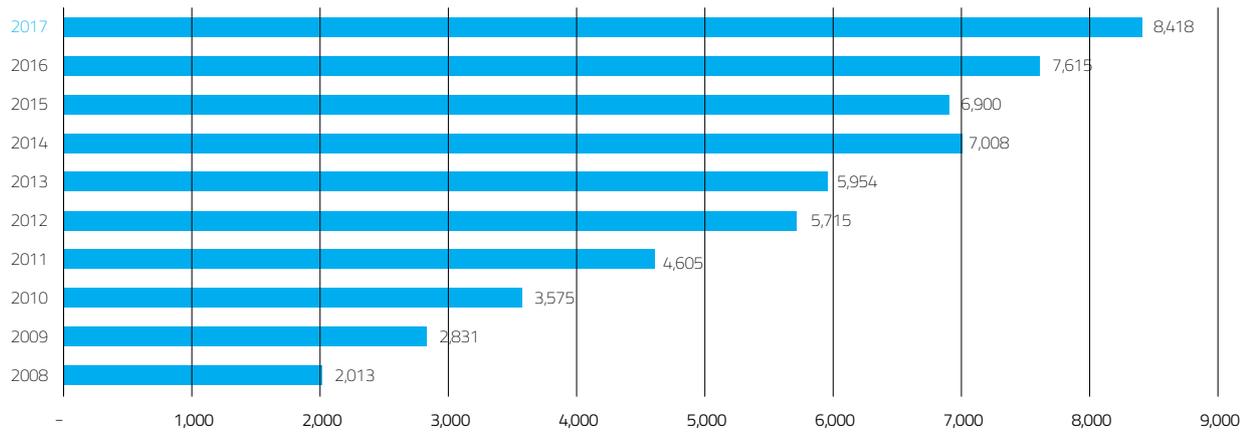
Epoxy resins have been widely used for coatings, electronic materials, adhesives, and matrices for fiber-reinforced composites because of their outstanding mechanical properties, high adhesion strength, good heat resistance, and high electrical resistance. The final properties of cured epoxy resins are affected by the type of epoxy resin, curing agent, and curing process.

has signed an agency agreement with Kukdo Chemical Company Limited (the world's best epoxy producer) for sales & marketing of their industrial chemicals like Epoxy Resin, Hardener, Polyuria Polyol and other related products in Pakistan.

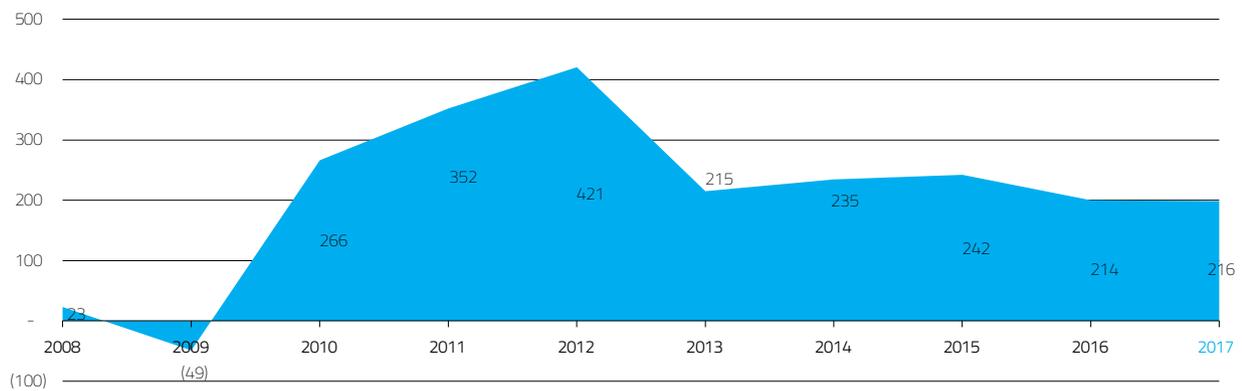
Detailed marketing study is concluded and your Company is starting to import and market the chemical products in the FY 2017-2018. Initially test marketing will be done and after passing through learning curve of the industry proper sales and marketing strategy will be implemented.

Financial Highlights

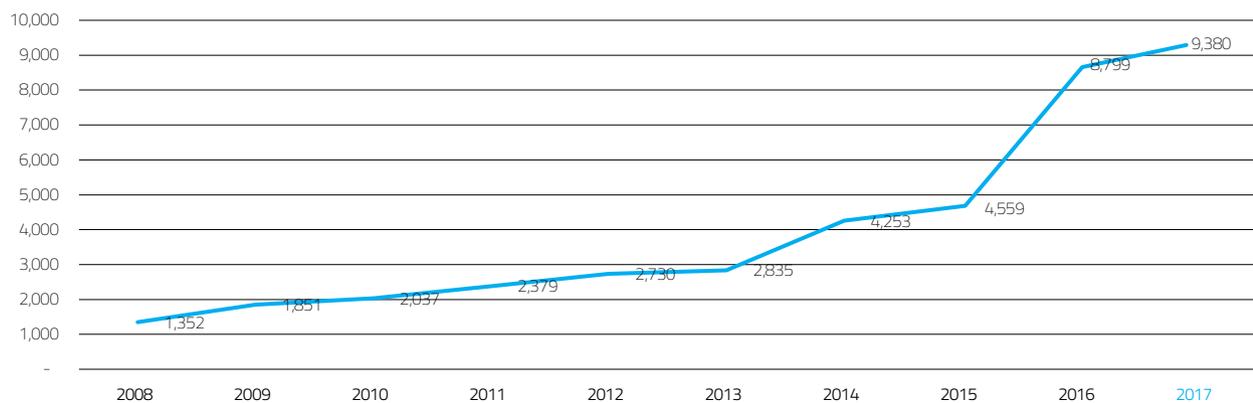
Sales Trend



Net Profit After Tax

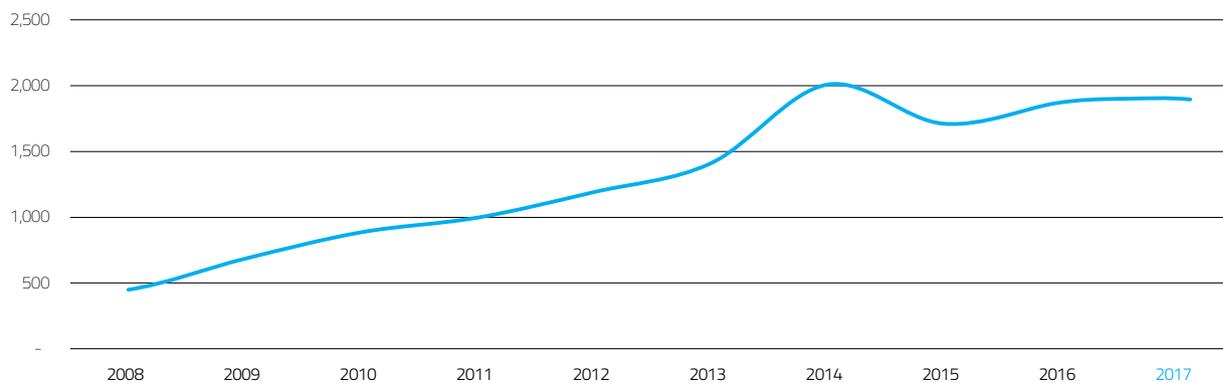


Shareholders' Equity + Revaluation Surplus



Financial Highlights

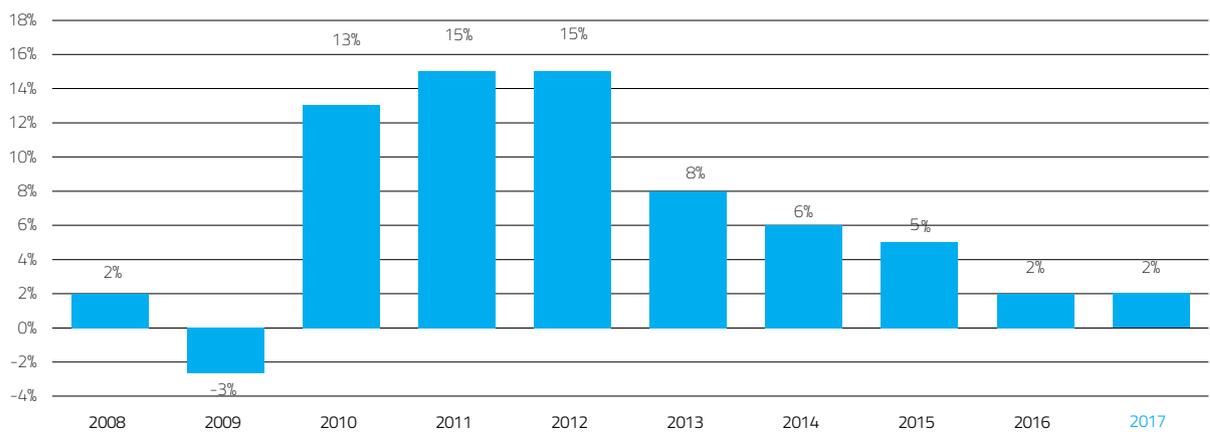
Export



NPAT %

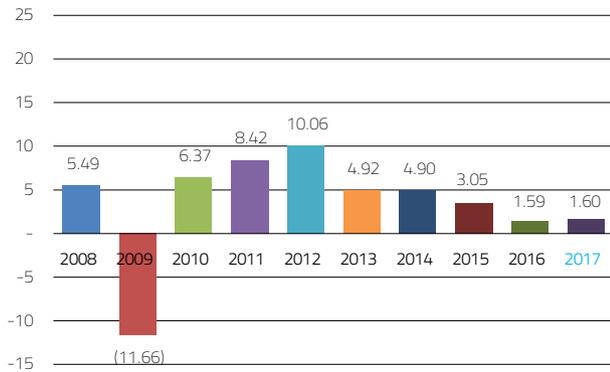


ROE

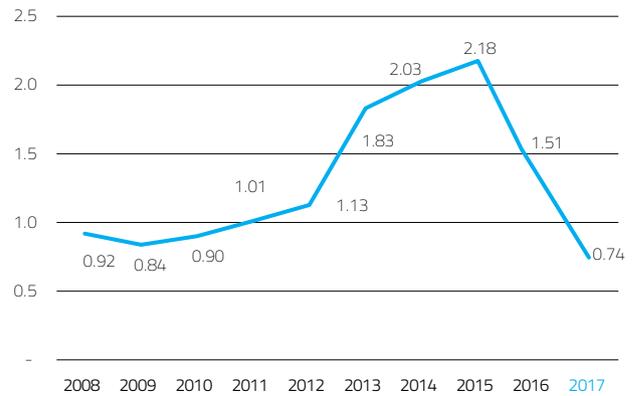


Financial Highlights

EPS

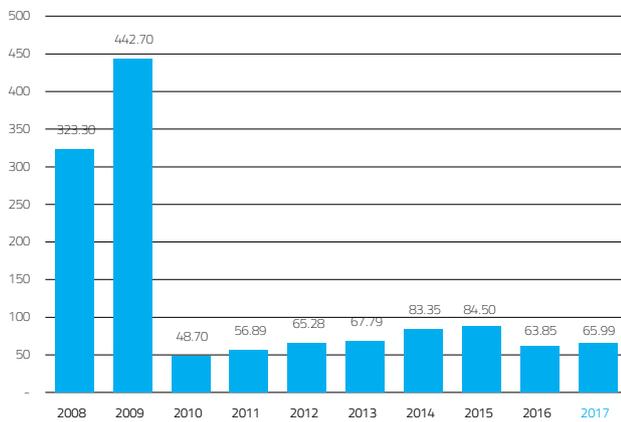


Current Ratio

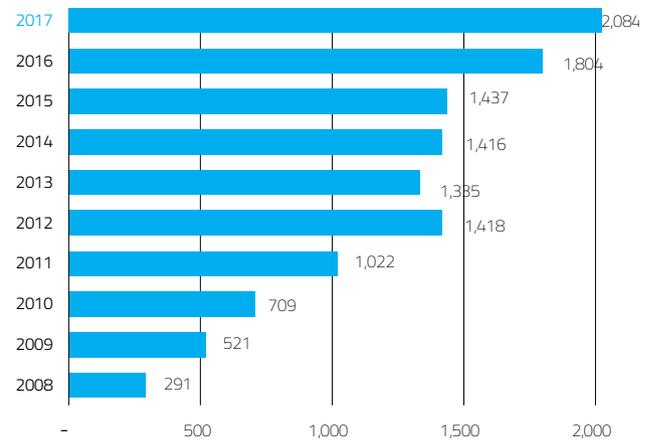


Book Value per Share

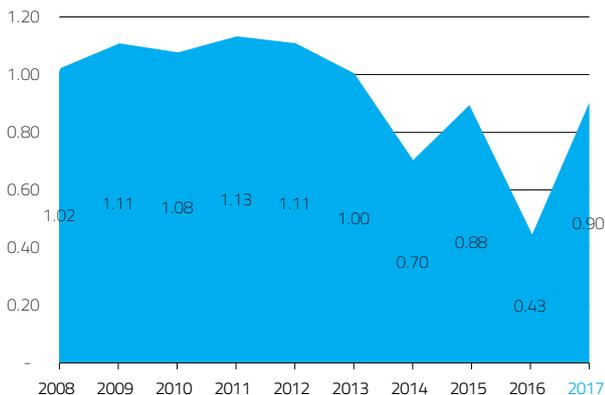
(Including Revaluation Surplus)



Gross Profit



Total Liabilities to Equity

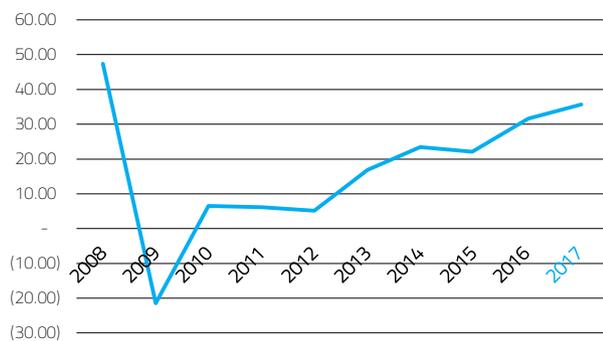


Contribution to Exchequer

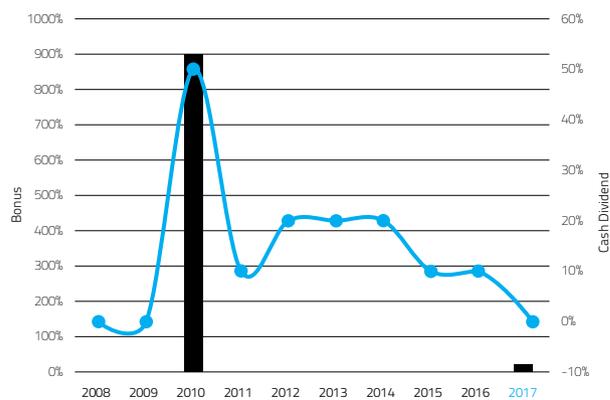


Financial Highlights

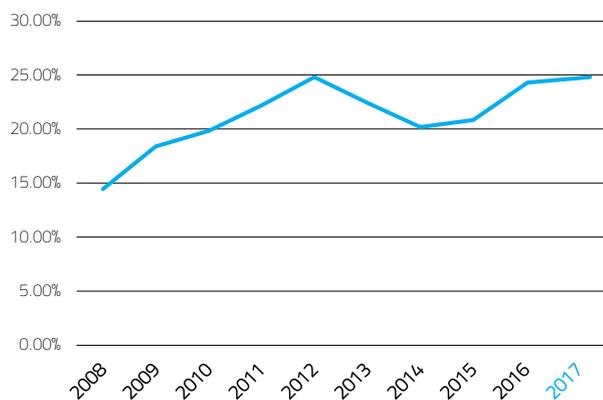
P/E Ratio



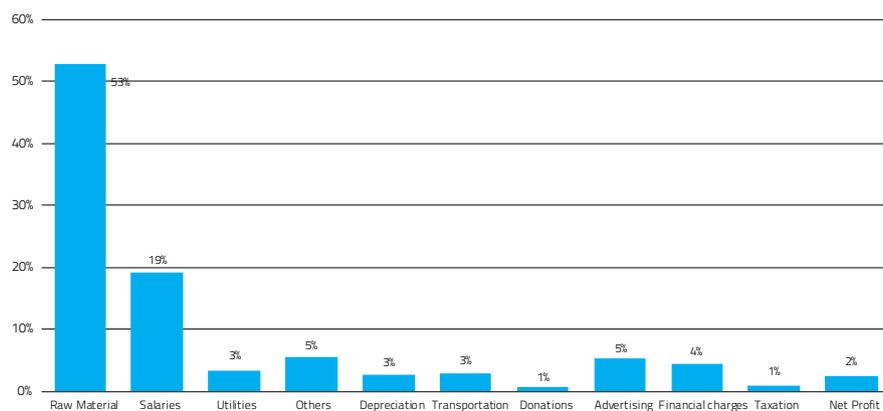
Bonus and Cash Dividend



GP Margin %

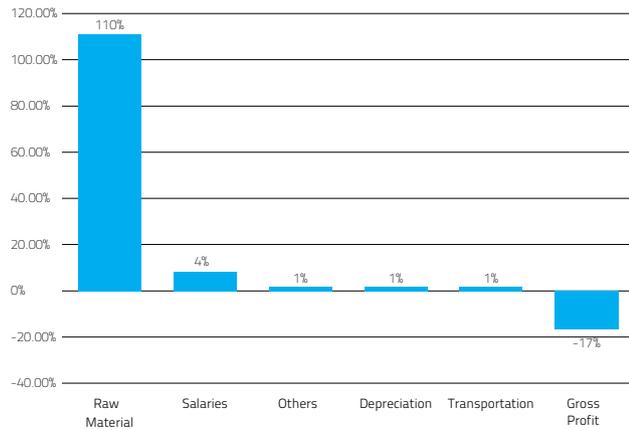


Revenue Distribution-Consolidated

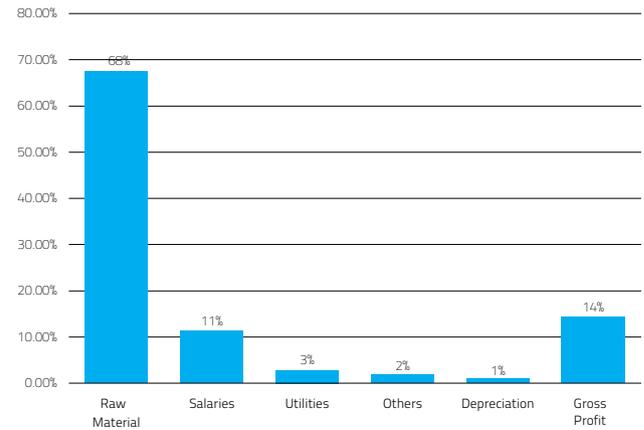


Financial Highlights

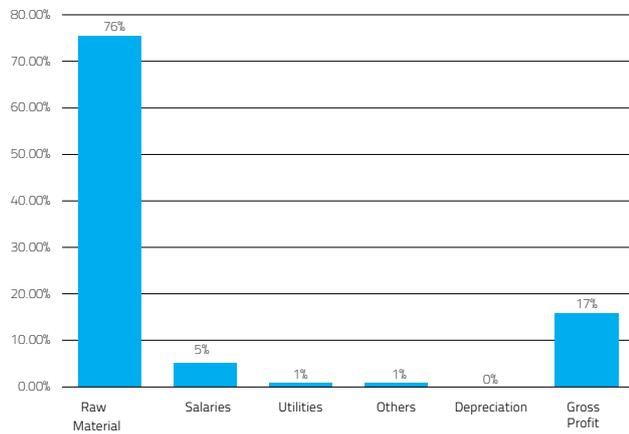
Motor Bike



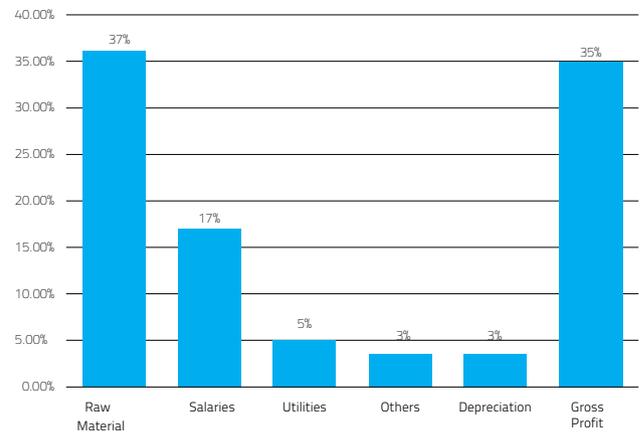
Corrugation



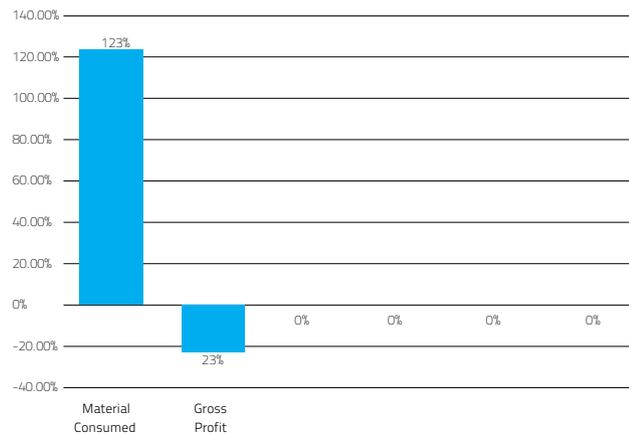
Soap



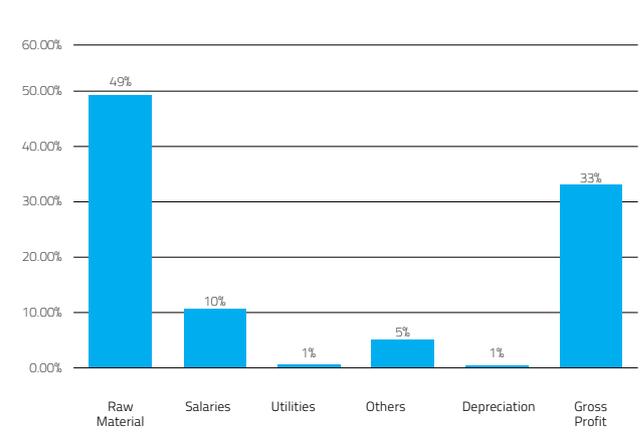
D/E + Bonded



Battery



Renacon



Key Operating Financial Data

Rs. in 000	2017	2016	2015	2014	2013
Sales	8,418,188	7,615,231	6,900,175	7,008,496	5,953,868
Export Sales	1,877,190	1,875,341	1,710,675	2,007,813	1,409,699
Gross Profit	2,083,931	1,804,382	1,437,390	1,415,599	1,334,803
Profit before Taxation	304,576	267,796	214,132	246,522	226,047
Profit after Taxation	215,910	214,314	242,213	234,561	215,040
Shareholders' Equity + Revaluation Surplus	9,380,447	8,798,693	4,558,790	4,252,574	2,835,222
Fixed Assets - Net	11,383,772	7,840,611	4,202,680	3,081,461	2,289,494
Total Assets	17,777,635	12,544,366	10,990,970	7,245,375	5,682,361
Total Liabilities	8,397,188	3,745,673	4,010,568	2,992,800	2,847,139
Current Assets	5,717,417	4,335,134	6,462,531	3,878,446	3,137,969
Current Liabilities	7,730,026	2,866,739	2,970,673	1,911,553	1,714,197
Cash Dividend	0%	10%	10%	20%	20%
Stock Dividend	10%	0%	0%	0%	0%
Shares Outstanding	142,143,666	137,804,309	53,950,701	51,023,144	41,822,250

Important Ratios	2017	2016	2015	2014	2013
Profitability					
Gross Profit	24.76%	23.69%	20.83%	20.20%	22.42%
Profit before Tax	3.62%	3.52%	3.10%	3.52%	3.80%
Profit after Tax	2.56%	2.81%	3.51%	3.35%	3.61%
Return to Equity					
Return on Equity before Tax	3.25%	3.04%	4.70%	5.80%	7.97%
Return on Equity after Tax	2.30%	2.44%	5.31%	5.52%	7.58%
Earning per Shares	1.60	1.59	3.05	4.90	4.92
Liquidity/Leverage					
Current Ratio	0.74	1.51	2.18	2.03	1.83
Break-up Value per Share	65.99	63.85	84.50	83.35	67.79
Total Liabilities to Equity	0.90	0.43	0.88	0.70	1.00

% Change	2017	2016	2015	2014	2013
Sales	10.54%	10.36%	-1.55%	17.71%	4.17%
Export Sales	0.10%	9.63%	-14.80%	42.43%	18.31%
Gross Profit	15.49%	25.53%	1.54%	6.05%	-5.84%
Profit before Taxation	13.73%	25.06%	-13.14%	9.06%	-53.85%
Profit after Taxation	0.74%	-11.52%	3.26%	9.08%	-48.87%
Shareholders' Equity + Revaluation Surplus	6.61%	93.01%	7.20%	49.99%	3.85%
Fixed Assets - Net	45.19%	86.56%	36.39%	34.59%	5.85%
Total Assets	41.72%	14.13%	51.70%	27.51%	-1.31%
Total Liabilities	124.18%	-6.60%	34.01%	5.12%	-5.96%
Current Assets	31.89%	-32.92%	66.63%	23.60%	-5.62%
Current Liabilities	169.65%	-3.50%	55.41%	11.51%	-41.87%
Dividend	-100.00%	0.00%	-50.00%	0.00%	0.00%
Shares Outstanding	3.15%	155.43%	5.74%	22.00%	0.00%

Our Products



Treet Platinum

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Falcon

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Dura Sharp

Treet Dura Sharp the most traditional blade in its new version provides neat shaves, and is favorite of barber saloons.



Treet Star Plus

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Blade Coated (TRBC)

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Trig Sliver Edge

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Silver

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet New Steel

It is a blade produced with the combination of steel and special coating. The natural flexibility of steel provides agility to the blade to adjust according to the curves and bends of the face, while at the same time, special coating ensures its sharpness.



Treet Classic

Available in attractive packing, this product is another good example of fine shaves.

Our Products



Treet 7 Days

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



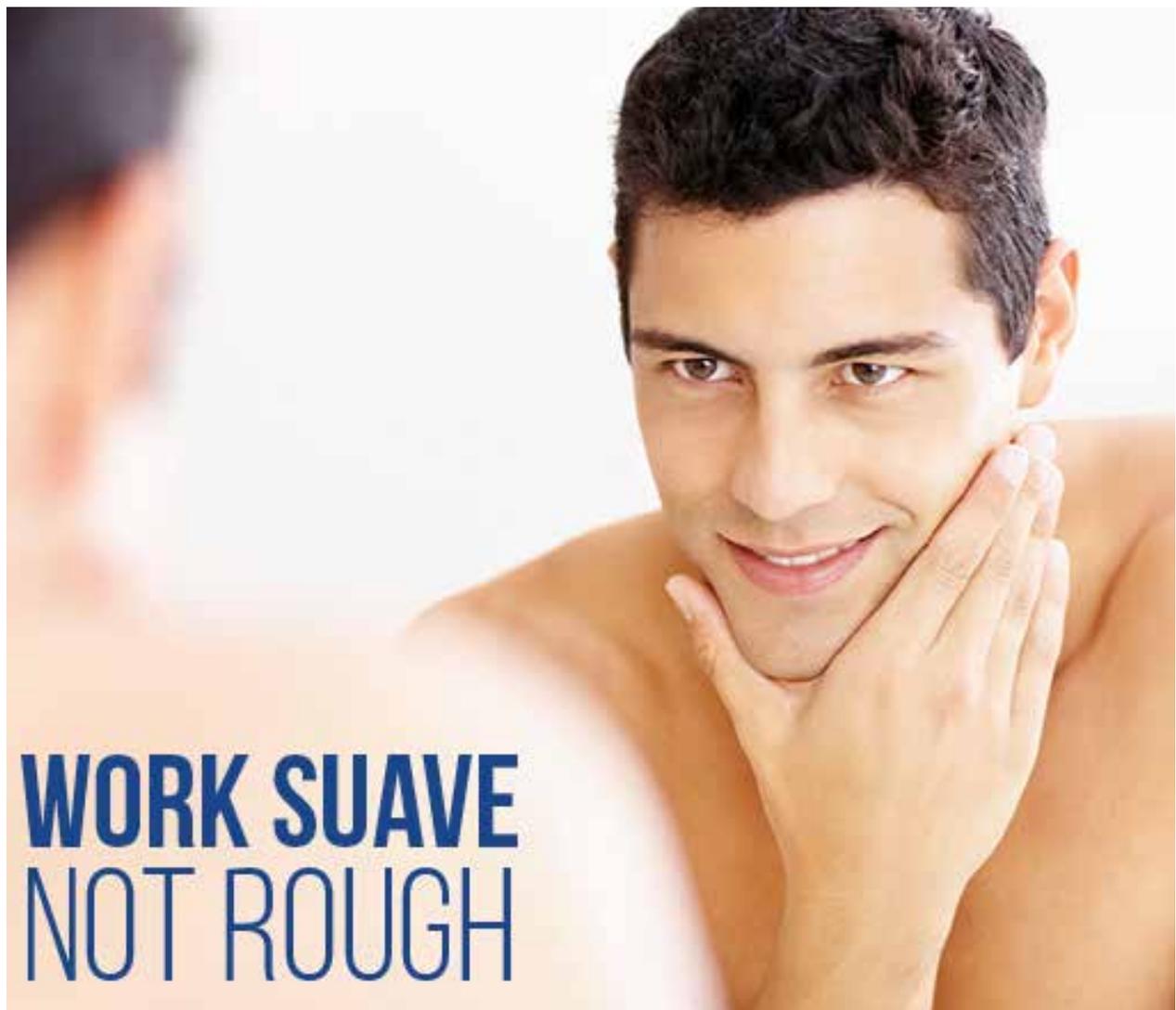
Treet New Edge

A blade made with cutting edge technology to ensure consistent performance on all kinds of shaves.



Treet King

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Our Products



Razor II

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Femina

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Hygiene Razor

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet II

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet II Platinum

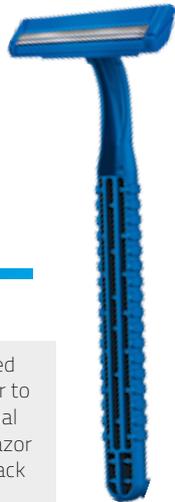
This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet II SkinMate

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.

Our Products



Treet Swift XL

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



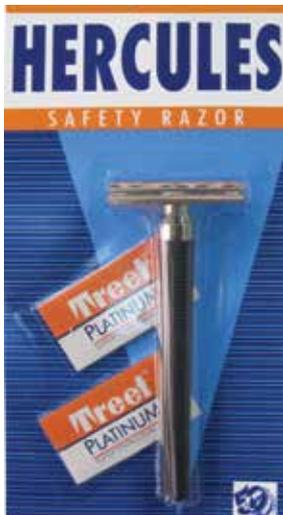
Treet Swift-II

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet XL

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Hercules

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Platinum

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Treet Hero

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.

Our Products



Safex Saloon Razor

This razor is designed for those who prefer to shave with traditional shaving Kits. The Razor comes in a handy pack with five premium quality Treet Platinum blades.



Our Products



**GOODBYE
MOISTURIZERS!**



SABA BEAUTY SOAP



**GLOW BRIGHT
DAY AND NIGHT**



**PAKISTAN'S
ONE-FOR-ALL
SKIN SOLUTION**

Our Products

OVO Aspire Soap

Ovo Aspire is a creamy white soap, enriched with goodness of milk and almond extracts. Traditionally, in Southeast Asia, women have used this blend as household practice for skincare. However, it is now scientifically proved that milk and almond blend provides silky, soft and glowing skin.



OVO Natural Soap

Ovo Natural is a creamy white soap, enriched with goodness of milk and almond extracts. Traditionally, in Southeast Asia, women have used this blend as household practice for skincare. However, it is now scientifically proved that milk and almond blend provides silky, soft and glowing skin.



Saba Beauty Soap

Saba Beauty Soap is a creamy white soap, enriched with goodness of milk and almond extracts. Traditionally, in Southeast Asia, women have used this blend as household practice for skincare. However, it is now scientifically proved that milk and almond blend provides silky, soft and glowing skin.



Our Products

Bodyguard

Active kids need unbeatable, long-lasting protection from germs. Bodyguard Total protect Bar Soap is lab-proven to keep your family protected from 10 infection causing germs.

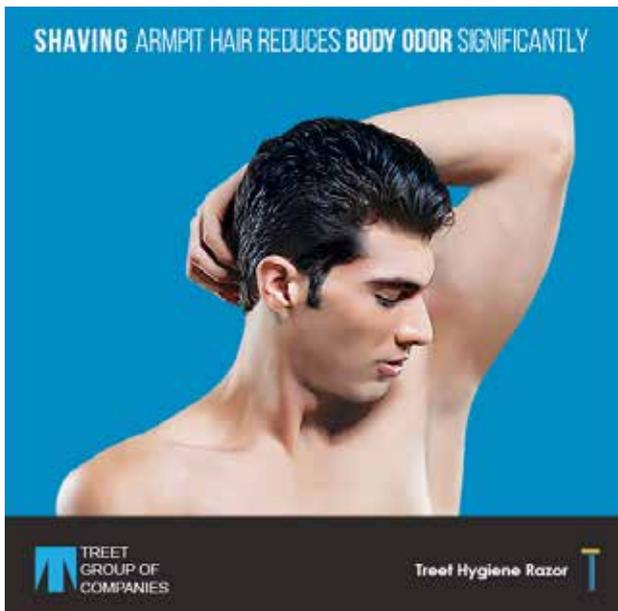


Bodyguard

Active kids need unbeatable, long-lasting protection from germs. Bodyguard Total protect Bar Soap is lab-proven to keep your family protected from 10 infection causing germs.



Our Products



Our Products



Corrugation

We are producing 3-ply (Single walled) and 5-ply (Double walled) corrugated containers while using a blend of high quality local and imported raw materials in various sizes of boxes.

We have an edge over its competitors due to:

1. Lower lead time
2. 04 Colour printing
3. More personalized Services to the customers due to our size and since corrugated packaging is our core business.
4. We import raw materials directly, and we are the first organized set-up dealing with such material not only to the high end but also the medium and small size industry at competitive prices.



Our Products



Treet Euro li Tr 70

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm (1.85x 1.53 inches)
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Bone Type
Front Suspension: Center Axel From 277 Tube
Back Suspension: Spiral Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: v.2.50 17 4PR
Rare Tyre: 2.50 17 4PR
Dry Weight: 82kg (180 lbs)
Colour: Red / Black



Treet Tr 70 Self Start

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm (1.85x 1.53 inches)
Brake System: Drum Break (F & R)
Starting type: Self Starter
Frame Back: Bone Type
Front Suspension: Center Axel From 277 Tube
Back Suspension: Spiral Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17 4PR
Rare Tyre: 2.50 - 17 4PR
Dry Weight: 82kg (180 lbs)
Colour: Red / Black



Treet Digital Edition

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm (1.85x 1.53 inches)
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Bone Type
Front Suspension: Center Axel From 277 Tube
Back Suspension: Spiral Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17
Rare Tyre: 2.50 - 17
Dry Weight: 82kg (180 lbs)
Colour: Red / Black



Our Products



Treet Don Big 70

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm (1.85x 1.53 inches)
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Bone Type
Front Suspension: Center Axel From 277 Tube
Back Suspension: Spiral Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17
Rare Tyre: 2.50 - 17
Dry Weight: 82kg (180 lbs)
Colour: Red / Black



Treet Tr-100

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Bone Type
Front Suspension: Center Axel From 277 Tube
Back Suspension: Spiral Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17 4PR
Rare Tyre: 2.50 - 17 4PR
Dry Weight: 92kg (180 lbs)
Colour: Red / Black



Our Products

Treet Victory TR-100 100 CC Bike



4- Stroke OHV, Cooled by Air



Bold and Sporty Design



Powerful Shock Absorbers

UNLEASH THE
SPEED



MOVING A NATION
TR-70



Our Products



Treet Cruz

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Heavy Gage Steel Metal Cabin
Front Suspension: Telescop Fork Travel 9.4 mm
Back Suspension: Body Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17 4PR
Rare Tyre: 1.50 - 10 4PR
Dry Weight: 610 kg
Colour: Yellow



Treet Cruz TR 100

Engine Type: Air Cooled, 4 Stroke OHV
Bore & Stroke: 50.0 x 49.5 mm
Brake System: Drum Break (F & R)
Starting type: Kick Starter
Frame Back: Heavy Gage Steel Metal Cabin
Front Suspension: Telescop Fork Travel 9.4 mm
Back Suspension: Body Spring
Size Length X Width X Height: 1885mm x 815mm x 1190mm
Front Tyre: 2.50 - 17 4PR
Rare Tyre: 1.50 - 10 4PR
Dry Weight: 610 kg
Colour: Green

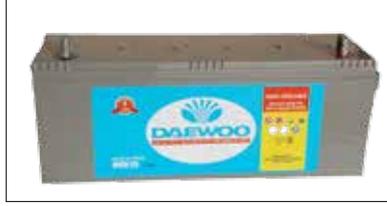


Our Products



Automotive Batteries

A car battery is principally used to start the engine. It is also used to filter or stabilize power and to provide extra power to the ignition, lighting and other accessories when their combined load exceeds the capability of the charging system, i.e. when the engine is idling. It also provides power to the electrical system when the charging system is not operating. Daewoo car battery besides giving the core benefit offers one year free replacement warranty, loaded with calcium/lead plates, Magic Eye, Maintenance free. No hassle to add or check the water.



AGM batteries

Maintenance free, spill proof lead acid batteries most suitable for high tech uses like in telecommunication industry, sensitive electronic devices, UPS and Solar System. Deep Cycle AGM batteries are the ultimate in deep cycle technology and performance. Featuring AGM (Absorbed Glass Mat) technology, which suspends the electrolyte within porous glass fibre mat separators. The sealed maintenance free design eliminates the possibility of acid spills or leaks and electrolyte levels never need topping up.



Deep Cycle (EB) Batteries

Conventional batteries underperform when attached to "UPS" and "Solar System". Our "Daewoo" batteries for energy back up are deep cycle batteries especially made for UPS & Solar system. With one year warranty, 6 times the cycle life, heavier weight i.e. more lead that result in thicker plates to ensure more backup time and longer life. Against all the above benefits, price is only 50% higher than locally available batteries.



DAEWOO

DEEP CYCLE BATTERY

6 گنا زیادہ سائیکل لائف (Cycle Life) کے ساتھ

کیا آپ جانتے ہیں ---؟

--- کہ

ہر بیٹری UPS کیلئے نہیں ہوتی

پاکستان میں UPS میں استعمال ہونے والی زیادہ تر بیٹریاں گاڑیوں کیلئے بنی ہوتی ہیں

جی ہاں یہی وجہ ہے کہ اکثر بیٹریاں ایک سال سے زیادہ نہیں چل پاتیں

لیکن اب لایا **DAEWOO**

Deep Cycle بیٹری جو کہ خاص طور پر **UPS اور SOLAR SYSTEM** کیلئے بنائی گئی ہے



MADE IN KOREA

FOR UPS & SOLAR SYSTEMS

Imported and marketed by Treet Corporation Limited

Company Contact: 03454004610, 03244809124 & 03450146046

Dealers Contact:	
Lahore:	Gulberg: 0322-4493988
Dera Guch: 0300-9415522	Muzang: 0321-8428205
Sahiwal: 0321-4070762	Dera Guch: 032-3720432
Gani Shahr: 0300-4749480	Township: 0321-8428205
	Canal: 0300-8468890
	Kasur: Distt, Hospital Road 0300-8450340

Our Products



Governance

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

Bengamin Jowell

Chairperson's Review



I am pleased to place before you annual report together with audited financial statements (both unconsolidated and consolidated) of Treet Corporation Limited for the year ended on 30th June 2017 and the auditors' report thereon.

DR. MRS. NILOUFER QASIM MAHDI

Chairperson/Non-Executive Director

Generally 2016–2017 was a good year for the Country and specifically for your Company. Your Company maintained its operating performance with the exception of the following:

1. Interest Income which was the main contributor to the profitability last year (FY-2016) was not available this year (FY-2017);
2. Prices of palm oil showed escalation till January 2017 resulting in reduced margin of the Soap segment;
3. Financial charges due to increased bank borrowing levels;

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

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

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

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

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

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

Directors' Report to the Shareholders



The Directors of your Company take pleasure in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year ended June 30, 2017.

SYED SHAHID ALI

Chief Executive Officer

Economic Outlook

Pakistan economy posted remarkable improvements during 2016-2017. GDP growth reached to 5.28 percent in 2016-17 which is the highest in the past decade.

% Change over Corresponding Period (Consolidated)

Sector	Growth rate %	
Agriculture	3.50	The capital market reaching historically high levels (the stock market index rose above the 52,000 mark in April 2017) is another sign of investor's interest in Pakistan's economy.
LSM	5.06	
Service	5.98	
Whole Sale & Retail Trade	6.82	
Transport, Storage & Communication	3.94	
Finance and Insurance	10.77	

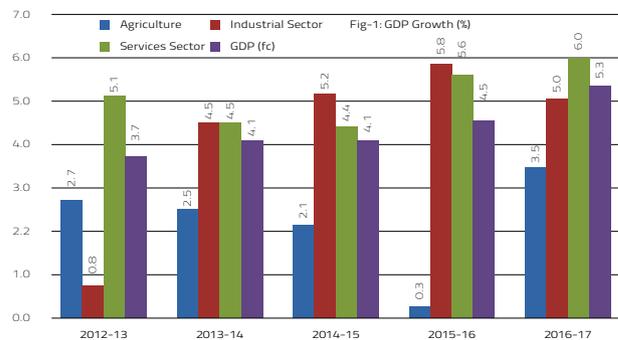
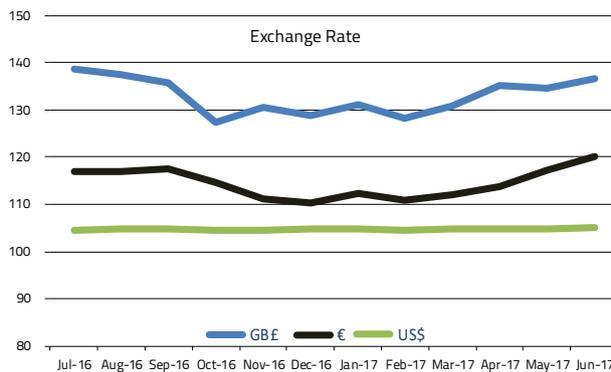
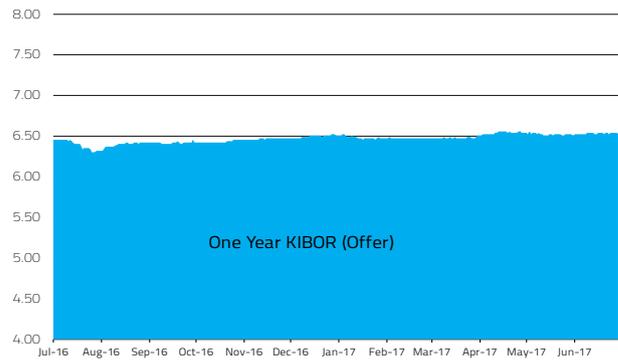
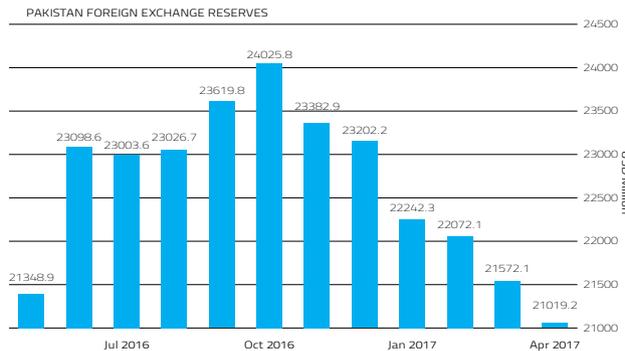
Source: Economic Survey of Pakistan 2016-2017

Although CPI inflation showed an increase to 4.20% (from 2.90% last year) but this inflation is mainly resultant from demand side growth ensuing in declined unemployment rate.

Foreign exchange reserves slightly declined but remained healthy. Exchange rate vis-à-vis US\$ generally remained stable. The policy interest rate, which is the lowest in decades and stood at 5.75 percent, was particularly helpful for private sector credit expansion. KIBOR remained stable during the period.

Prices of commodities and metals have shown increase from July 2016 to January 2017 but after that they are calming down.

Directors' Report to the Shareholders



Operating and Financial Results

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

Fiscal year 2016-17 registered some remarkable endeavors.

- Your Company has acquired 58% equity stake in Renacon Pharma Limited, the pioneer and market leader in the production of Hemodialysis Concentrates in Pakistan;
- Your Company is setting up battery (lead acid) project in Faisalabad through its subsidiary First Treet Manufacturing Modaraba;
- Your Company is setting up educational project through its subsidiaries Society for Cultural Education (SCE) and Global Arts Limited (GAL);
- Securities and Commission of Pakistan (SECP) has accorded its approval for Treet Corporation Limited - Employees Stock Option Scheme [ESOS] for its employees. Your Company has granted 9,978,300 options to its employees so far;
- Your Company is importing and trading lead acid batteries (maintenance free sealed and UPS specialized batteries) under the brand name of "Daewoo". Your Company is establishing channel of distribution while we will be in trial/commercial production in last quarter of this calendar year;
- Your Company has updated information technological resources and successfully implemented Oracle Financials across the strategic business units;
- Your Company has conducted feasibility study on "Chemical Business" (e.g. resins/epoxy etc.) and is going to start its trading operations in the FY2017-2018;

Directors' Report to the Shareholders

Following is the summary of comparative financial results:

(Rupees in thousand)	2017		2016		% Change	
	Treet (1)	Consolidated (2)	Treet (3)	Consolidated (4)	(1) over (3)	(2) over (4)
Sales (net of sales tax)	5,355,311	8,418,188	4,734,787	7,615,231	13.11%	10.54%
Gross Profit	1,700,478	2,083,931	1,388,609	1,920,998	22.46%	8.48%
Operating Profit	313,996	511,999	219,779	461,281	42.87%	11.00%
Profit/(Loss) before taxation	104,777	304,576	50,149	267,796	108.93%	13.73%
Provision for taxation	(39,096)	(88,666)	(16,925)	(53,482)	131.00%	65.79%
Profit/(Loss) after taxation	65,681	215,910	33,224	214,314	97.69%	0.74%
EPS (in Rupees)	0.47	1.60	0.25	1.59		

Sales performance showed encouraging results. Export sales are maintained despite Middle East situation and general slowdown in global economy. However, local market registered handsome growth.

% Change over Corresponding Period (Consolidated)

	Blade	Soap	Corrugation/ Paper	Bike	Battery	Pharmaceutical	TOTAL
Local Sales	17.25%	7.29%	-5.60%	36.83%	103.33%	19.96%	11.85%
Export Sales	-0.06%					-20.27%	-0.49%
Total Sales	10.17%	7.29%	-5.60%	36.83%	103.33%	14.01%	8.87%

- Gross profit margins have improved mainly due to blade/razor segment's better performance during the year;
- Operating profit has also improved despite increase in operating costs due to new projects and expansion;

Factors having negative Impact on Net Profit:

- Other income (e.g. profit on debts) that was available in last year;
- Unrealized loss on the short term investments;
- Loss in the Bike segment;
- Extra import duties that were paid for trading batteries due to change in classification;

Your Company managed to maintain its profitability mainly because of the following factors;

- Improved margins in Blade segment;
- Addition of Pharmaceutical business segment
- Better tax management;
- Efficient treasury management;

Your Company is making full efforts to improve sales and margins. If reduction in oil prices (and reduction in prices of metals and commodities globally) remains the same, margins are expected to improve in the upcoming months. Moreover, export sales will also get momentum in the upcoming months;

Directors' Report to the Shareholders

Segment-wise Results:

Blade/Disposable Razors			
Rs. in '000	2016-2017	2015-2016	% Change
Sales Net	5,052,024	4,585,625	10.17%
Inter-group Purchase	(24,597)	(19,055)	29.08%
Gross Profit	1,786,480	1,496,974	19.34%

Blade/disposable razor business posted excellent growth in local market and maintained its foothold in export market.

Lower fuel & power and increased volumes enhanced the overall gross profit margins. This momentum is likely to continue in the upcoming months as well.



Soaps			
Rs. in '000	2016-2017	2015-2016	% Change
Sales Net	893,458	832,770	7.29%
Inter-group Purchase	(16,793)	(17,457)	-3.80%
Gross Profit	153,525	165,863	-7.44%

Soap sales volumes have increased. Margins have slightly decreased due to escalation in prices of palm oil till January 2017 and thereafter they are following downward trend. Moreover, strategy is being chalked out to improve sales volumes and management of your Company is confident that sales volumes will be improved further in the upcoming months as well. However, palm oil prices will play major role in determining gross profit margins but your Company will try to improve the volumes to maintain the margins.



Directors' Report to the Shareholders



Corrugation			
Rs. in '000	2016-2017	2015-2016	% Change
Sales Net	1,701,937	1,812,149	-6.08%
Inter-group Sales	43,133	36,368	18.60%
Gross Profit	241,591	246,529	-2.00%

Sales volumes and gross profit margins are maintained despite of tough market situations. Pass through impact in the short run is limited but in the long run, your Company will able to increase the prices and will maintain its margins.



Directors' Report to the Shareholders

Lead Acid Battery Project

40 acres land has been acquired in Faisalabad Industrial City through Faisalabad Industrial Estate Development & Management Company (FIEDMC). Our subsidiary, First Treet Manufacturing Modaraba is building, constructing, erecting and managing a state of the art technology "lead acid battery plant", being capable of producing 1.5~ 2.00 million batteries per annum of various sizes and amperes for motor vehicles/ UPS. Plant & Machinery has been procured. Construction work is in the final stages of completion. It is expected that trial/commercial production will commence in the last quarter of this calendar year.

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

Growth rate of this industry is very impressive since the last five ~ six years. Although much reliance of this industry is on UPS [which is dependent on non-availability of power] but growth rate in automotive are also very impressive. Thus, overall demand for the batteries [both for UPS and automotive] are likely to grow further in the near future;



	Motor Cycle Project		
Rs. in '000	2016-2017	2015-2016	%Change
Sales Net	322,277	235,525	36.83%
Gross Profit	(53,822)	(11,618)	363.26%

Sales from Motor Cycle segment although showed volume increase, margins are in red due to intense market competition; however, full efforts are being made for the revival of this segment including introduction of new models, cost rationalization etc.



Directors' Report to the Shareholders

Batteries - Trading			
Rs. in '000	2016-2017	2015-2016	%Change
Sales Net	303,287	149,162	103.33%
Gross Profit	(71,002)	23,250	-405.38%

Your Company has started trading of "Lead Acid Batteries". Ultimate plan of the Company is to manufacture and sell the high quality "lead acid batteries" for vehicles / UPS. Company has entered into arrangement with the Daewoo International to use the brand name of "Daewoo". Your Company is planning to establish its lead acid batteries market before the launch of its batteries. Your Company has incurred loss due to change in the import classification. But overall goal in the trading is to establish channel of distribution well before our own production.



Directors' Report to the Shareholders

Educational Project

Pursuant to directions given by Securities and Exchange Commission of Pakistan vide letter no. EMD/233/613/2002-826 dated February 24, 2016 Company is circulating the balance sheet and a statement of expenditure pertaining to SCE along with the Financial Statements of the Company.

GAL has acquired 15.29 acres of land for the construction of a purpose designed state of the art educational campus. This campus / building once constructed and ready for operational use will be leased to "Society for Cultural Education" (SCE). As stated above, SCE is under process of establishing one of the Asia's best University in the field of Art, Culture and Architecture. Once University charter is granted through promulgation of an Act of Punjab Assembly, lease will be transferred to the University. Concurrently, GAL may itself also engage in activity of operating and running educational institutions / programmes in affiliation with other institutions.

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

Current Status

- NOC from Higher Education Commission (HEC) has already been obtained.
- Procedure for the Charter for the University is underway.
- Current expenditures (that includes but not limited to salaries, legal expenses, operational expenses etc.) of the setting up a University is being met through donation made to SCE by your Company.
- One of the major purpose of the donation is to meet the statutory requirement of endowment fund of Rs. 50.00 million that is set up by SCE. That requirement will be met this financial year i.e. FY 2017-18. Last year funds have been utilized in the running expenses.



Directors' Report to the Shareholders

Pharmaceuticals			
Rs. in '000	2016-2017 Post acquisition	2016-2017 Full year	2015-2016 Full year
Sales Net	145,205	310,237	272,125
Gross Profit	27,159	104,531	58,195
Net Profit/(Loss)	(6,228)	36,305	14,688

Your Company has acquired majority equity stake in January 2017. Post-acquisition profit is in red due to certain costs [fees to increase the capital, restructuring of salaries etc.] being paid after post acquisition.



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

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

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

	Rs.in 000
Consolidate Profit*	602,661

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

Directors' Report to the Shareholders

	Rs. in 000	Rs. per TCLTC
Category "B" Payment (Additional Profit in Cash)	116,026	2.77
Minimum Profit Payment in Cash	173,145	4.14
Financial Charges i.e. Total Profit in Cash	289,171	6.91
Financial Charges in accounts	289,153	

(rounding difference of Rs. 18,000 to be adjusted in next period)

Pay-OFF MATRIX (PER TCLTC)					
Principal Redemption in Cash	Minimum Profit Payment in Cash	Minimum Payment in Cash	Category "B" Payment (Additional Profit in Cash)	Total Profit in Cash	Total Payment in Cash
(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2) + (4)	(6) = (1) + (5)
0.15	4.14	4.29	2.77	6.91	7.06

Payment will be made on following dates:

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

Year	Book Closure Dates (both days inclusive)		Entitlement Date	Minimum Payment in Cash Date under Category "A" Payment	Allotment Date for Conversion	Category "B" Payment (in Cash) Date
	From	To				
2017	21-10-2017	28-10-2017	19-10-2017	02-11-2017	02-11-2017	02-11-2017

Apart from the "Total Payment in Cash", TCLTC holders [who are entitled on October 19, 2017] will also get Ordinary Shares of the Company on the following basis:

Principal Redemption Through Conversion

Principal Redemption through Conversion	No. of Shares through Conversion	Conversion Price per Share	The conversion price per share is for information/accounting/taxation purpose. No further amount will be paid by the PTC holders. <i>This is the opportunity cost of the principal value of PTC forgone to get One additional Ordinary Share of the Company.</i>
4.14	0.07	59.14	

Example: Thus holder of 1,000 TCLTCs will get 70 Ordinary Shares of the Company on or before November 02, 2017 vis-à-vis principal value of Rs. 4,140/- forgone.

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

Note: After the above payments, two more payments to the TCLTC holders will be made i.e. one in November 2018 and last one in November 2019 and on the start of book closure date in 2019 TCLTC will be ceased to exist.

Directors' Report to the Shareholders

Financial Management:

1. Funding Requirements

Your Company has embarked various projects and strongly believes in promising future of the Country. Moreover, your Company is managing business risk through its diversification strategy. We have following projects that will be materialized this financial year.

Project	Type	Funding Requirements
Lead Acid Battery	New Project	Rs. 6.00~6.25 billion
Educational Project	New Project	Rs. 1.50 billion
Pharmaceutical Business	Expansion / Concentric Diversification	Rs. 0.70 ~ Rs.1.00 billion
Chemical Business	New Trading Business	Rs. 0.10~ 0.30 billion
		Rs. 8.30 ~ 9.05 billion

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

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

Bundling or Unbundling!

Short Term vs. Long Term Trade Offs

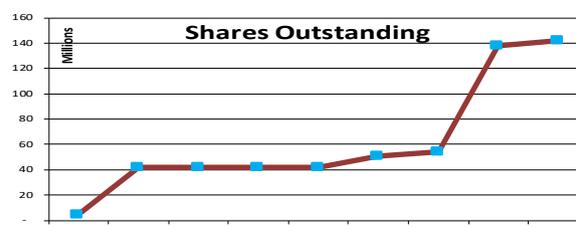
$A + B + C$	$>$	D i.e. (a+b+c)
	$=$	
(individual segment)	$<$	(Combined)

Reason for the lower EPS is our financing policy.

Bundling is better approach in the Long Run because of the synergies available

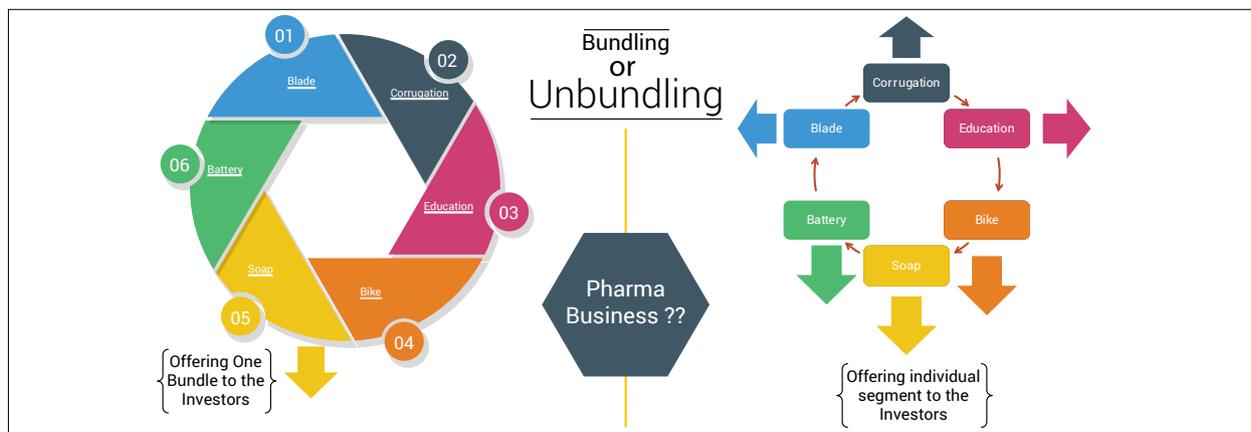
1. Unbundling is better in the Short Run since capital is raised now but earning streams will come in future, so in the shorter run EPS is diluted and Price to Book Value may come to less than one. Our historical book value is much above than our current price.
2. To correct this myopia, we are offering Pharma Business under Renacon Pharma Limited as a separate business to the shareholders/investors. Mandate is already given to Arif Habib Limited and BMA Capital Limited collectively. 50 million shares will be offered through Book Building / IPO Process.

It is important to understand that the Company is raising capital now to finance the new projects but earnings will come in the future.



Thus, increasing the capital base is reducing EPS and it may in turn result into Price to Book Value to be less than 1 in the short run. Second trade off comes from the group structure that to follow the 100% owned companies (or just one company) or raising capital in each Company / or Project.

Directors' Report to the Shareholders



2. Conversion against TCLTC

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

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

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

3. Prospective Issue of Treet Perpetual Sukuk

Issuance of Treet Perpetual Sukuk ("Sukuk") of Rs. 539.507 million @ Rs. 40.00 per Sukuk subject to the approval of Securities and Exchange Commission of Pakistan (SECP). Following are the main features* of the Issue;

- Sukuk will be offered to the existing shareholders by way of right i.e. through Renounceable Offer Letter (ROL) and ROL will be trade-able at Pakistan Stock Exchange (PSX);
- Sukuk will be issued in perpetuity and will be listed on stock exchange;
- Sukuk will be convertible into ordinary shares [at the maximum ratio of One Sukuk to One Ordinary Share of the Company] at the option of the Sukukholders;
- Sukuk will be convertible into cash after every three

years at the option of the Sukukholder;

- Sukuk will carry voting right equal to one-tenth of ordinary share of the Company;
- Profit Payment in Cash per Sukuk will be an amount being the higher of the following:
 - Cash dividend (interim plus final) paid by the Company per Ordinary share during the relevant financial year; or
 - 6% of the musharakah profit of the relevant financial year (divided by no. of Sukuks outstanding);
- The Company will have no call option to redeem the Sukuk in Cash or to convert the Sukuk into Ordinary Shares of the Company;

*Features can be changed till final approval from SECP.

Draft Prospectus is available at Company's website www.treetonline.com

The overall objective is to :

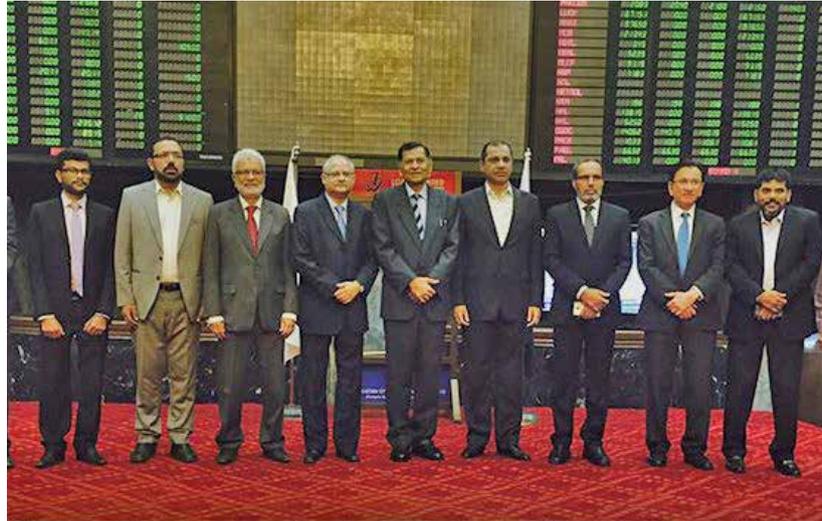
- increase the production capacities of Lahore/ Hyderabad Plants;
- tap the unmet (and increasing) demands of the market. Targeted customers includes both local and export markets;
- diversify into new products and markets;
- meet working capital requirements; and
- pay-off its borrowings including export refinance.

This Issue will be re-presented to the PSX/SECP after incorporating necessary changes brought in by the newly promulgated Companies Act, 2017.

Directors' Report to the Shareholders

Loads Limited

Loads Limited (an associated company) has an excellent track record and has delivered strong growth and profitability in the recent years. Loads Limited has been listed at Pakistan Stock Exchange Limited during the year. An overwhelming response was received from the investors [floor price was determined @ Rs. 15 per share but strike price was determined @ Rs. 34.00 per share in the book building]. We strongly believe in the efficacy of the Capital Markets and hope that listing of Loads Limited will prove a significant step in the further development of the Auto-parts Industry and will enable the business to achieve its true potential in the growing environment.



**"Opportunities don't
happen. You create
them."**

Chris Grosser



Directors' Report to the Shareholders

Appropriations

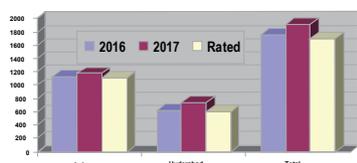
Rs. in 000	2016-2017	2015-2016
Un-Appropriated Profit b/f	1,083,270	1,235,295
Incremental Depreciation	6,653	8,326
Other Comprehensive Loss	(42,937)	(58,699)
Profit during the period	65,681	33,224
Dividend Distributed	(137,804)	(134,877)
Un-Appropriated Profit c/f	974,863	1,083,270
Dividend Declared – Cash (Final)	-	137,804
Stock Dividend Declared – 10%	142,870	

Production

This year illustrated an increase of 9.27% in the production of razor/ blades over the last year as follows:

Plant Capacity & Production:

(in millions)	Rated	2017	2016
Hyderabad	600	734	616
Lahore	1100	1176	1132
	1700	1910	1748



Bonus Issue

The Directors of your Company have recommended bonus shares at the ratio of 10 shares for every 100 shares i.e. 10% held on October 22, 2017 the entitlement date. TCLTC holders that will get shares on conversion will not be entitled to this bonus issue.

Code of Corporate Governance

The requirements of the Code

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

Compliance with Code of Corporate Governance

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

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure therefrom, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Company, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate

governance, as detailed in the listing regulations, during the year under review.

Employee Benefit Funds

Values of investments (in Rs. Million) of employees' retirement funds as per their respective audited accounts for the year ended on June 30, 2017 are as follows:

Provident Fund	416.528
Gratuity Fund	311.120
Superannuation Fund	343.097
Service Fund	178.197
Housing Fund	45.480
Benevolent Fund	7.618



Audit Committee

The Board of Directors of the Company has established an Audit Committee comprising of four members, in compliance with the Revised Code of Corporate Governance 2013 (CCG). The audit committee comprises of three Non-Executive Directors including Chairman of the Committee. During the year June 30, 2017, the Committee met four times. The Meetings of the Audit Committee were held at least once every quarter prior approval of the interim and final results of the Company as required by CCG. The attendance of the Board Members was as follows:-

Directors' Report to the Shareholders

Sr. No.	Name	Designation	7/ Oct/16	27/ Oct/16	24/ Feb/17	27/ Apr/17	2016 2017
1	Dr. Salman Faridi	Chairman/Independent Director	P	P	A	P	3/4
2	Mr. Imran Azim	Non-Executive Director	P	P	P	P	4/4
3	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4
Quorum of the Meetings			3/3	3/3	2/3	3/3	
P	Present in the Meeting						
A	Leave of Absence						

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

Terms of reference of Audit Committee

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

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

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

- Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

- Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.
- Review of management letter issued by the External Auditors and Management response thereto:

Report of the Audit Committee

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

Financial Reporting:

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

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

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

- Appointment of External Auditors:

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

- Review of Management Letter issued by the External Auditors:

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

Internal Audit

In compliance with the Code, the Board of Directors of your Company has also established an Internal Audit

Directors' Report to the Shareholders

Function to monitor and review the adequacy and implementation of Internal Control at each level of your Company.

Transfer Pricing

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

Risk Management Policy

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

All operational units incorporate Risk Management into their planning process:

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

Strategic Planning

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

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.
2. To identify and consider opportunities for the Company to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.

4. To ensure that the Company has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

Human Resources



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

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

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

Sr. No.	Name	Designation	15/ Jun/17	2016 2017
1	Mr. Imran Azim	Chairman/ Non-Executive Director	P	1/1
2	Mr. Munir Karim Bana	Non-Executive Director	P	1/1
3	Dr. Salman Faridi	Independent Director	A	0/1
4	Muhammad Shafique Anjum	Executive Director	P	1/1
5	Syed Sheharyar Ali	Executive Director	P	1/1
6	Mr. Amir Zia	CFO/Member	P	1/1
7	Mr. Jahangir Bashir	Manager HR/Member	P	1/1
8	Rana Shakeel Shaukat	Company Secretary	P	1/1
Quorum of the Meetings			7/7	
P	Present in the Meeting			
A	Leave of Absence			

Directors' Report to the Shareholders

Terms of Reference of the Human Resource & Remuneration Committee:

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

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

Remuneration of Chief Executive Officer & Executive Directors:

In accordance with the provisions of Section 205 of the Companies Act, 2017, the Board has recommended the revised remuneration of Executive Directors to the Shareholders for their intimation. Notice under Section 205 of the Companies Act, 2017, is attached herewith this report.

Election of Directors

The tenure of present directors ended on June 30, 2017 and accordingly election was held on June 30, 2017 to elect eight directors of the Company for next term of three years commencing from July 01, 2017. The retiring directors being eligible, filed their intentions to contest the Election and following persons were re-elected as directors:

1. Dr. Mrs. Niloufer Qasim Mahdi	2. Syed Shahid Ali	3. Mr. Saulat Said	4. Syed Sheharyar Ali
5. Dr. Salman Faridi	6. Mr. Munir Karim Bana	7. Mr. Imran Azim	8. Mr. Muhammad Shafique Anjum

The Board of directors in their meeting held on July 14, 2017 has elected Dr. Mrs. Niloufer Qasim Mahdi as Chairperson and Syed Shahid Ali as a Chief Executive Officer of the Company.

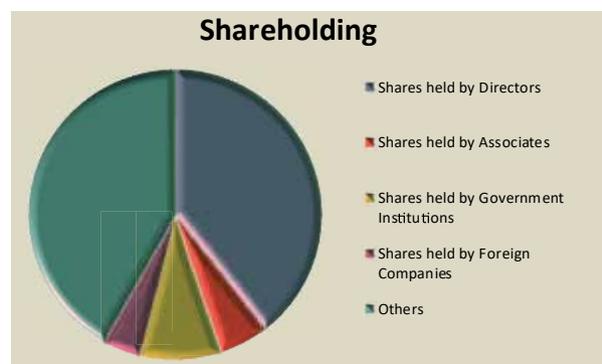
Directors' Report to the Shareholders

Meetings of the Board of Directors

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

Sr. No.	Name	Designation	16/ Jul/16	7/ Oct/16	27/ Oct/16	8/ Dec/16	24/ Feb/17	13/ Mar/17	27/ Apr/17	15/ May/17	2016 2017
1	Dr. Mrs. Niloufer Qasim Mahdi	Chairperson	A	A	P	A	P	P	A	P	4/8
2	Syed Shahid Ali Shah	Chief Executive Officer	P	P	P	P	P	P	A	P	7/8
3	Mr. Saulat Said	Executive Director	P	P	P	P	P	P	P	P	8/8
4	Dr. Salman Faridi	Independent Director	P	P	P	P	A	P	P	P	7/8
5	Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	P	P	A	7/8
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	P	P	P	8/8
7	Muhammad Shafique Anjum	Executive Director	P	P	A	P	A	P	P	P	6/8
8	Syed Sheharyar Ali	Executive Director	P	P	P	P	P	P	P	P	8/8
Quorum of the Meetings			7/8	7/8	7/8	7/8	6/8	8/8	6/8	7/8	
P	Present in the Meeting										
A	Leave of Absence										

Pattern of Shareholding



The pattern of shareholding of your Company as on June 30, 2017 is annexed with this report. This statement is in accordance with the amendments made through the Code.

Share Trading

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

For the purpose of this clause 5.19.11(xii) and clause 5.19.15 of the Code of Corporate Governance of PSX Regulations, the expression "executive" means the CEO, COO, CFO, Head of Internal Audit and Company Secretary and employees of the Company for whom the Board of Directors has determined [in their meeting held on October 05, 2017] the minimum threshold of gross salary (excluding retirement funds) of Rs. 7.00 million per annum for the financial year 2017-2018.

Auditors

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

Future Outlook

Pakistan is eyeing 5.2-5.7 percent economic growth in the next fiscal year, after a robust performance in the outgoing year ending June 30, helped by lower global oil prices, investment in China-sponsored projects and improvement in energy supplies.

Pakistan is hoping to get a big boost from the investment in China Pakistan Economic Corridor that envisages \$46 billion investment in infrastructure projects that include roads, railway and power plants.

Macroeconomic environment remains conducive to growth without impacting headline inflation. Favorable initial estimates of major crops, a healthy growth in credit to private sector and growing productive imports all indicate solid gains in the real sector.

Existing political uncertainty and the upcoming national election in 2018 may affect reform momentum and macroeconomic policy orientation of Pakistan.

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

Directors' Report to the Shareholders

Blades:

Despite economic slowdown globally and Arabs situation specifically, export sales performed extremely well. Moreover, local sales in the local market is not only maintaining its foothold despite smuggled blades from India and Egypt but will be further broadened due to continuous efforts. Exchange rate will play an important role in determining intensity of competition.

Continuous BMR is under way to enhance the production capacities and to add new products that will help to explore the new markets.

Soaps:

Prices of tallow and palm oil followed increasing trend till January 2017 but after that it is coming down and your Company is ready to capitalize this price reduction advantage and accordingly it is expected that margins will be maintained in this segment.

Moreover, we have introduced vegetable soaps (palm oil based) and this will help to increase the operating margins of this segment.

Corrugated Packaging:

On average, the LSM growth stood at 5.06 percent during July-March FY 2017 compared to 4.6 percent in the same period last year. The sectors recording positive growth during Jul-Mar FY 2017 are textile 0.78 percent, food and beverages 9.65 percent, pharmaceuticals 8.74 percent, non-metallic minerals 7.11 percent, cement 7.19 percent, automobiles 11.31 percent, iron & steel 16.58 percent, fertilizer 1.32 percent, electronics 15.24 percent, paper & board 5.08 percent, engineering products 2.37 percent, and rubber products 0.04 percent.

On the other hand, the LSM industries that witnessed a negative growth included iron and steel (7.48pc), electronics (9.98pc), paper and board (2.9pc), engineering (17.64pc) and wood products (58.03pc).

Paper & board segment experienced good growth and keeping in line with this growth this segment showed consistent results and due to sustained efforts through broadening of consumer base this trend is likely to continue in FY18.

Moreover, if recent oil prices prevail, power rates, transportation charges etc. are unlikely to be increased. Thus, it is expected that margins will be maintained in the coming year.

Motor Bike:

The entry of Chinese motorcycle assemblers' has undoubtedly created a stiff-price competition in the motorcycle industry of Pakistan. Most of the assemblers are making credit sales but ultimately running into huge bad debts. We are making cash sales so prices are lower than the credit sales. Pakistani market for motor bikes is humongous. Efforts are being made to introduce new models to create niche market.

Road Map Ahead:

Educational Project:

The Company's corporate strategy is to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units and using business units to complement other corporate business activities. One of the Projects that your Company is envisaging is an "educational project" in field of Art, Culture and Architecture, with initial commencement with affiliation or association with other Universities/Institutes but ultimately culminating in establishment of its own University for Arts, Culture and Architecture. Keeping this objective in mind as well as requirements of applicable policies and laws, the Project is proposed to be implemented through two subsidiaries i.e. Global Arts Limited (GAL) and Society for Cultural Education (SCE).

GAL has acquired 15.29 acres of land for the construction of a purpose designed state of the art educational campus. This campus / building once constructed and ready for operational use will be leased to "Society for Cultural Education" (SCE). As stated above, SCE is in the process of establishing one of the Asia's best University in the field of Art, Culture and Architecture. Once University charter is granted through promulgation of an Act of Punjab Assembly, lease will be transferred to the University. Concurrently, GAL may itself also engage in activity of operating and running educational institutions / programmes in affiliation with other institutions.

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

GAL will be receiving revenues from the following sources:

- Lease rentals linked to revenue;

Directors' Report to the Shareholders



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

Management of your Company is confident that such form of investment will be beneficial to the shareholders of the Company in the form of dividends and appreciation of share's value. Moreover, GAL can also be listed on the Stock Exchange, if Board of Directors of the Company may (GAL and Treet) think necessary/fit.

Trading of Lead Acid Batteries:

Your Company has initiated importing and trading of "lead acid batteries" (maintenance free batteries and specialized UPS batteries). Our plan is to establish channel of distribution and market of the batteries well before our own production comes in the market. We have agreement with the Daewoo International Corporation to market their brand name under the name of "Daewoo" in Pakistan.

Manufacturing of Lead Acid Batteries:

Your Company is setting up battery (lead acid) project in its subsidiary First Treet Manufacturing Modaraba



(FTMM). Batteries (for vehicles/UPS) growth in the Country remained impressive in the last five to six year. This trend is likely to continue.

Directors' Report to the Shareholders

FTMM is building, constructing "lead acid battery" plant of the state of the art technology being capable of producing 1.5-2.00 million batteries per annum of various sizes and amperes for motor vehicles/ UPS. 40 acres of land has been acquired by the FTMM for the purpose.

Current Status of the Project:

Land	40 acres in FIEDMC in Faisalabad	
Plant & Machinery	About 100% of Machinery is arrived	Plant is installed and erected - 95%
Building	Prefabricated Structure	Civil Work: Production Hall - 100% Complete Civil Work: Other - 70% Complete
Commencement of Trial / Commercial Production	October ~ November 2017	
Distribution Channel	Already establishing through trading of imported batteries	

Pharmaceutical Business:

Your Company has acquired majority equity stake (in Rs.407.00 million) in Renacon Pharma Limited. Renacon Pharma Limited specializes in the production of all types of formulations of Hemodialysis Concentrate in powder and solution form for all brands of machines since 1996. Products also include fully automated mixers for powder form. Renacon Pharma has ISO 9001; ISO 13485; CE0120; certification through SGS, UK. It is licensed by Ministry of Health and has cGMP certificate. Renacon Pharma is the pioneer and market leader in the production of Hemodialysis Concentrates in Pakistan. Renacon Pharma is exporting its Hemodialysis Concentrates to several countries while quality-to-cost-ratio is unmatched. Your Company has planned to expand its operations and also to enter into concentric diversification. Your Company has also planned to list this Company at PSX.

Renacon Pharma Limited



Directors' Report to the Shareholders

Chemical Business:

Management of the Company has signed an agency agreement with Kukdo Chemical Company Limited for sales & marketing of their industrial chemicals like Epoxy Resin, Hardener, Polyuria Polyol and other related products in Pakistan after detailed study of the domestic market of the said chemicals.

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

Future Expansion / Plans:

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

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

General:

Prices of metals and commodities (agriculture) are falling due to either overproduction and/or recession at global arena. Moreover, middle-east political situation is also adding fuel to the global recession.

Although, it is affecting export sales in the shorter term but also tendering opportunities particularly to the underdeveloped countries. How to capitalize the opportunities at the Company's level is point of concern. Your Company is taking position in crude oil through "future" buying and rolling it over from one month to another. It will cover/hedge the following areas;

- Diesel Generator (alternate power generation);
- Transportation;
- Petro Chemical Products (Plastic Material);
- Utilities [Electricity].

Acknowledgments

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



SYED SHAHID ALI
Chief Executive Officer
October 05, 2017



ڈائریکٹرز کی رپورٹ

آڈیٹرز

آپ کی کمپنی کی آڈٹ کمیٹی موجودہ آڈیٹرز میسرز KPMG تاخیر بادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی سبک دوشی اور اہل ہونے کی وجہ سے ان کی دوبارہ تقرری کی سفارش کی ہے کہ انہیں اگلے مدت کے لئے آپ کی کمپنی کا بحیثیت آڈیٹرز تقرر کیا جائے۔

مستقبل کا نقطہ نظر

FY 2017-2018 میں ترقی کی شرح نمونوں 5.7-5.2 فیصد متوقع ہے، اگر قیمتوں کی موجودہ شرح برقرار رہتی ہے اور سی پیک منصوبہ میں عمل درآمد منصوبہ کے حساب سے ہوتا ہے تو یہ آئندہ کی جاسکتی ہے کہ اگلے مالیاتی سال میں بھی کمپنی کی کارکردگی اچھی رہے گی۔

پلیٹرز / ریزرز

اگر گلوبل معاشی ترقی کی سطح میں کمی ہوئی ہے مگر آپ کی کمپنی پوری طرح سے کوشش کرے گی کہ برآمدات میں کمی نہ ہو۔ مقامی منڈی میں کمپنی پہلے سے بہتر کارکردگی دکھانے کی کوشش کرے گی۔ آپ کی کمپنی پیداواری صلاحیت کو بڑھانے کے لیے BMR کر سکتی ہے جس سے اسکی پیداواری صلاحیت میں مزید اضافہ ہوگا۔

صائبن

آپ کی کمپنی خام آئل سے صائبن بناتی ہے۔ اگر قیمتوں میں استحکام رہا تو یہ امید کی جاسکتی ہے کہ اس شعبے میں مارجن میں اضافہ ہوگا۔

گتہ رڈ بہ

اگر ملکی صنعتی پیداوار میں شرح نمو اسی طرح برقرار رہی اور زرعی شعبہ بھی اچھی کارکردگی کا مظاہرہ کرتا ہے۔ تو اس شعبہ کی سیل میں اضافہ ہوگا۔ آپ کی کمپنی مارجن بڑھانے کی پوری کوشش کرے گی۔

متفرق

آپ کی کمپنی بیٹری پلانٹ کو اس سال پیداواری صلاحیت میں لے آئیگی۔

دوائی سازی کمپنی (ریٹاکون فارما لمیٹیڈ)

میں پیداواری صلاحیت میں اضافہ کا منصوبہ بھی اس سال شروع ہو جائے گا۔

کیمیکل

آپ کی کمپنی نے کیمل منڈی کو اچھی طرح مطالعہ کے بعد اسکی تجارت کا فیصلہ کیا ہے۔ یہ امید کی جاسکتی ہے کہ کمپنی کچھ عرصہ اس شعبہ میں نہ صرف سیکھے گی بلکہ اسکی سیل بڑھانے کی بھی پوری طرح کوشش کریگی

اعتراف

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



سید شاہد علی

چیف ایگزیکٹو آفیسر

105 اکتوبر، 2017

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران آپ کی کمپنی کے بورڈ آف ڈائریکٹرز چھ بار ملے (چھ اجلاس بلائے گئے) اور اجلاسوں میں ہر ایک کی شرکت درج ذیل ہے۔

2016-2017	15-05-17	27-04-17	13-03-17	24-02-17	8-12-16	27-10-16	7-10-16	4-07-16	نمبر شمار	نام	عہدہ
4/8	A	A	P	P	A	P	A	A	1	ڈاکٹر مسز نیلوفر قاسم	چیئر پرسن
										مہدی	
7/8	P	A	P	P	P	P	P	P	2	سید شاہد علی شاہ	چیف ایگزیکٹو آفیسر
8/8	P	P	P	P	P	P	P	P	3	جناب صولت سعید	ایگزیکٹو ڈائریکٹر
7/8	P	P	P	A	P	P	P	P	4	ڈاکٹر سلمان فریدی	انڈیپنڈنٹ ڈائریکٹر
7/8	A	P	P	P	P	P	P	P	5	ڈاکٹر عمران عظیم	نان ایگزیکٹو ڈائریکٹر
8/8	P	P	P	P	P	P	P	P	6	منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر
6/8	P	P	P	A	P	A	P	P	7	محمد شفیق انجم	ایگزیکٹو ڈائریکٹر
8/8	P	P	P	P	P	P	P	P	8	سید شہر یار علی	ایگزیکٹو ڈائریکٹر
	7/8	6/8	8/8	6/8	8/8	7/8	7/8	7/8			اجلاسوں کا کورم

P اجلاس میں شریک

A غیر حاضری کی رخصت

حصص رکھنے کا پیرین (طریقہ کار)

آپ کی کمپنی کے حصص رکھنے کا طریقہ کار 30 جون 2017 تک اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔ اس گوشوارے میں کی گئی ترامیم ضابطے کے مطابق ہیں۔

حصص کی خرید و فروخت

کمپنی کے حصص کی تمام خرید و فروخت اس کے ڈائریکٹرز، CEO، CFO، کمپنی کے سیکریٹری ان کے اسپانسر اور چھوٹے بچوں کی جانب سے کی گئی ہے جس کا انکشاف اس رپورٹ کے ساتھ منسلک فارم 34 میں بھی کیا گیا ہے۔

کلا (xii) 5.19.11 اور کلاز 5.19.15 کے مقصد کے لئے PSX ریگولیشنز کے کوڈ آف کارپوریٹ گورننس کے مقاصد کے لئے ”ایگزیکٹیو“ کی اصطلاح سے مراد ہے CEO، CFO، COO، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکریٹری اور کمپنی کے ملازمین ہیں۔ جن کے لئے بورڈ آف ڈائریکٹرز نے (05 اکتوبر 2017 کو ان کا اجلاس بلایا ہے) مالی سال 2017-18 کے لئے گراس سبلی کے کم از کم 7.00 روپے بلین سالانہ سے آغاز کیا ہے۔

ڈائریکٹرز کی رپورٹ

- i- کمپنی کو منظم کرنے کے لئے ایک جامع منصوبہ
- ii- ملازمین کی ترقی کا موثر پروگرام
- iii- معاوضہ اور مراعات کا جامع منصوبہ اور پالیسیاں اور اعمال ترتیب دینا تاکہ بزنس کا موثر طور پر بندوبست کے لئے درکار افراد کے معیار کے لئے پرکشش ہو اور برقرار رہے۔
- iv- ادارے میں مینجمنٹ پوزیشن شیڈول پر ان کی اہمیت کے مساوی مینجمنٹ پوزیشن کو متاثر کرنے والے تعلقات اور فنکشن میں تبدیلیوں کے لئے اندازہ لگانا اور منظوری کے لئے سفارش کرنا۔
- v- مینجمنٹ کی مختلف سطحوں پر پرسنل معاملات میں ضروری فیصلوں کے لئے اتھارٹی اور منظوری کا طریقہ کار کی مناسب حدود کا تعین کرنا۔
- vi- ملازمین کا ترقیاتی نظام پر نظر ثانی کو یقینی بنایا جائے کہ یہ
 - a- کمپنی کی اعلیٰ انتظامیہ کی ضروریات کو بھانپتا ہے۔
 - b- اہم افراد کی شناخت اور ترقی کو پیش کرتا ہے۔
 - c- اعلیٰ انتظامیہ کی حیثیتوں کے لئے مخصوص جانشین کے منصوبوں کو سامنے لانا ہے
 - d- ترقی اور ترقیاتی منصوبے۔
- vii- معاوضہ و مراعات
 - i- بورڈ سے ہیومن ریسورس مینجمنٹ پالیسی کی سفارش کرنا۔
 - ii- بورڈ سے چناؤ، تجویز، معاوضہ (بشمول سبک دوش ہونے کی مراعات) اور CEO کے جانشین کی منصوبہ بندی کے لئے سفارشات۔
 - iii- بورڈ سے CEO، COO، کمپنی بیکری اور ہیڈ آف اینزل آڈٹ اور سینئر مینجمنٹ رپورٹنگ کے لئے CEO کا چناؤ، تجویز، معاوضہ (بشمول سبک دوش ہونے کے مراعات) کی سفارشات

چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کے مشاہرے۔

کمپنی ایکٹ 2017 کے سیکشن 205 کی شقوں کی مطابقت میں بورڈ نے حصص رکھنے والوں کو ان کی اطلاع کے لئے ایگزیکٹو ڈائریکٹرز کے نظر ثانی مشاہرہ کی سفارش کی ہے۔ کمپنی ایکٹ 2017 کے سیکشن 205 کے تحت نوٹس یہاں منسلک کیا گیا ہے۔

ڈائریکٹران کا انتخاب:

موجودہ ڈائریکٹران کی مدت 30 جون 2017 کو ختم ہو گئی تھی اور ان کا انتخاب دو بارہ 30 جون 2017 کو حصہ داران اپنے غیر معمولی اجلاس عام میں کیا جس کی مدت تین سال ہو گی۔ منتخب ہونے والے ڈائریکٹران کے نام درج ذیل ہیں۔

- ۱- ڈاکٹر مسز نیلوفر قاسم مہدی
- ۲- سید شاہد علی شاہ
- ۳- جناب صولت سعید
- ۴- ڈاکٹر سلمان فریدی
- ۵- ڈاکٹر عمران عظیم
- ۶- منیر کریم بانا
- ۷- محمد شفیق انجم
- ۸- سید شہر یار علی

ڈائریکٹرز کی رپورٹ

انوائزمنٹل ہیلتھ اینڈ سیفٹی اور دیگر خطرات کے بندوبست کے لئے پروگرامز مرتب کئے گئے ہیں۔ کمیٹیوں کے ساتھ ان کا جائزہ مستقل بنیادوں پر لیا جاتا ہے۔

تمام آپریشنل یونٹس سے وابستہ خطرہ اپنے پلاننگ پروسیس میں مینجمنٹ

☆ کمیٹی میں خطرہ کو کم سے کم کرنا

☆ یقینی بنانا کہ کارپوریٹ گورننس سسٹمز اور کمیٹی کے آپریشنل مینجمنٹ میں رسک مینجمنٹ قائم ہو۔

☆ یقینی بنانا کہ کمیٹی میں باہمی خطرات کی نشاندہی کر لی گئی ہو ان کے بندوبست کے لئے موزوں حکمت عملی ترتیب دی گئی ہو

☆ موثر اور کارگر رسک مینجمنٹ طریقہ کار کو فروغ دینا۔

اسٹریٹجک پلاننگ

یہ کمیٹی کی سب سے اہم پالیسی ہے کہ خود اپنی پوزیشن کو اسٹریٹجیکل رکھے تاکہ اپنی پہچان عالمی سطح کے معیاری پروڈکٹس بنانے والے کی حیثیت سے کروانے میں کامیابی حاصل کرے اور اپنے کسٹمرز کو قیمت ڈیلیور کرے

1- یقینی بنانا کہ اسٹریٹجک پوزیشننگ کے بارے میں کئے گئے فیصلے انٹرنل/ ایکسٹرنل ماحول کے کشادہ سیاق اور مشترک سمجھ کے ساتھ کئے گئے ہیں

2- کمیٹی کے لئے مواقع کی شناخت کرنا اور غور کرنا تاکہ اس کی حیثیت کو مضبوط و مستحکم کیا جائے۔

3- سیر حاصل اور باہمی مفادات کی شراکت داری قائم کرنا تاکہ قابل تائید ہم سہری افادہ کو فروغ حاصل ہو۔

4- یقینی بنانا کہ کمیٹی مستحکم اور موثر منصوبہ بندی اور بجٹ پروسیجر رکھتی ہو اور مسلسل اصلاحی نظامات کے جائزہ ترتیب دے رہی ہے۔

ہیومن ریسورسز

کمیٹی نے ملازمت کے مساوی مواقع کا عہد کیا ہے۔ یہ قبول کیا ہے کہ برادری میں ایک ممبر کی حیثیت اور ایک ملازم کی حیثیت سے ذمہ داری ہے کہ ملازمت کے تمام شعبوں میں بلا تفریق سرگرم اور مثبت پروگرام پر عمل کیا جائے۔ ملازمت کے فیصلے تعلیم، صلاحیت اور میٹرز پر یکساں مواقع فراہم کرنے کی بنیاد پر کئے جاتے ہیں۔ مزید یہ کہ کمیٹی کی بھرتی میں موجود شفاف، یکساں، موثر اور کارگر بھرتی اور چناؤ کے اعمال سے بہت مناسب امیدواروں کے چناؤ کو یقینی بنائے گی آپ کی کمیٹی نے HR اور Remuneration کمیٹی (کمپنیشن کمیٹی) دوبارہ ترتیب دی ہے اور کمیٹی درج ذیل ممبرز پر مشتمل ہے۔

نام	عہدہ	اجلاس کی تعداد
جناب عمران عظیم	چیئر مین / نان ایگزیکٹو ڈائریکٹر	1/1
جناب منیر کریم پانا	ممبر رٹان ایگزیکٹو ڈائریکٹر	1/1
ڈاکٹر سلمان فریدی	ممبر انڈیپنڈنٹ ڈائریکٹر	0/1
سید شہریار علی	ممبر / ایگزیکٹو ڈائریکٹر	1/1
جناب محمد شفیق انجم	ممبر / ایگزیکٹو ڈائریکٹر	1/1
جناب عامر ضیاء	ممبر / چیف فنانشل آفیسر	1/1
جناب جہانگیر بشیر	ممبر / مینجر آئی سی آر	1/1
جناب رانا نکلیل شوکت	سیکرٹری	1/1

ہیومن ریسورسز اور ریمونریشن کمیٹی کے ٹرمز آف ریفرنس

کمیٹی مینیجنگ کے لئے بورڈ کو سفارشات کرنے کی ذمہ دار ہوگی۔

ڈائریکٹرز کی رپورٹ

- (iv) انٹرنل کنٹرول سسٹم کی موزویت اور کارکردگی کا تعین کرنا بشمول مالیاتی اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹم اور رپورٹنگ اسٹیکر۔
- (v) متعلقہ لازمی ضروریات کی تعمیل کی حدود کا تعین کرنا اور کارپوریٹ گورننس کی بہترین اعمال کے ساتھ تعمیل کی نگرانی کرنا۔
- (vi) مخصوص پروڈیکٹس منعقد کرنا، قدر کے لئے (money) کے مطالعے یا بورڈ آف ڈائریکٹرز کی جانب سے سوچنے گئے کسی دیگر معاملات پر تحقیقات۔
- (vii) ایکسٹرنل آڈیٹرز کی جانب سے منجمنٹ کو جاری کردہ لیٹر کا جائزہ اور اس کیلئے منجمنٹ کا رد عمل

آڈٹ کمیٹی کی رپورٹ

کمیٹی بورڈ کی جانب سے منظور کردہ ٹرمز آف ریفرنس کی مطابقت میں اپنے کام انجام دیتی ہے اور جاری مالی سال کے دوران درج ذیل اہم چیزوں کا جائزہ لیتی ہے۔

فنانس رپورٹنگ

کمیٹی کے انٹرم اور سالانہ نتائج کے ڈرافٹ پر نظر ثانی وگت شنید کرتی ہے اور بورڈ کی منظوری کے لئے سفارش کرتی ہے، کمیٹی کمیٹی کے ایکسٹرنل آڈیٹرز اور CEO اور HIA کے ساتھ مالی معلومات کی تیاری میں استعمال کئے گئے نمایاں اکاؤنٹنگ پالیسیز، تخمینہ جات اور فیصلوں پر وگت شنید کرتی ہے۔

کوڈ آف کارپوریٹ گورننس (CCG) کی تعمیل کا جائزہ

کمیٹی کوڈ آف کارپوریٹ گورننس کے بہترین افعال کی تعمیل کو یقینی بنانے پر بہت اہمیت دیتی ہے۔ اس سلسلے میں CCG کے ساتھ کمیٹی کی تعمیل کا سالانہ جائزہ لیتی ہے۔

ایکسٹرنل آڈیٹرز کی تقرری

CCG اور آڈٹ کمیٹی کے ٹرم آف ریفرنس کی ضروریات کے مطابق، آڈٹ کمیٹی ایکسٹرنل آڈیٹرز کی تقرری اور مشاہدہ کی منظوری کیلئے بورڈ سے سفارش کرتی ہے۔

ایکسٹرنل آڈیٹرز کی جانب سے جاری کردہ منجمنٹ لیٹر کا جائزہ

کمیٹی ایکسٹرنل آڈیٹرز کی جانب سے جاری کردہ منجمنٹ لیٹر کا جائزہ بھی لیتی ہے۔ جس میں کنٹرول کی کمزوریاں اجاگر کی گئی ہوتی ہیں۔ ایکسٹرنل آڈیٹرز کی جانب سے گذشتہ اجاگر کی گئی ایزرویشن کے اسٹیکس کی تعمیل کا جائزہ لیا جاتا ہے اور عمومی کنٹرول کے ماحول کی اصلاح کے لئے اصلاحی اقدامات اٹھائے جاتے ہیں اور ان پر بحث کی جاتی ہے۔

انٹرنل آڈٹ

ضابطے کی تعمیل میں آپ کی کمیٹی کے بورڈ آف ڈائریکٹرز نے ایک انٹرنل آڈٹ فنکشن بھی قائم کیا ہے۔ تاکہ آپ کی کمیٹی کی ہر سطح پر انٹرنل کنٹرول کے نفاذ اور اس کی موزویت کا جائزہ اور نگرانی کرے۔

ٹرانسفر پرائنگ

یہ کمیٹی کی پالیسی ہے کہ یقینی بنائے کہ متعلقہ پارٹیز کے ساتھ تمام ٹرانزیکشنز فوراً درج کئے جائیں۔ چنانچہ غیر معمولی حالات میں کمیٹی ارم لینیتھ کے مقابلے میں ٹرانزیکشنز میں داخل ہو سکتی ہے جو بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کی منظوری سے مشروط ہے۔ (اور فوراً لگھے اور مالی گوشواروں میں پیش کرے)۔ اور اس کے ارم لینیتھ ٹرانزیکشن سے نکلنے کے مالی اثرات کے دلائل دے۔

رسک منجمنٹ پالیسی

بورڈ بنیادی طور پر رسک منجمنٹ کمیٹی کے ذریعے رسک منجمنٹ میں اہم کردار ادا کرتا ہے۔ کمیٹی کے بزنسز کے لئے آپریشنل، اسٹریٹجک، ٹیکنالوجیکل، سائبرٹیک، ریپوٹیشن،

ڈائریکٹرز کی رپورٹ

ایمپلائیز کی بہبود کے لئے فنڈز

30 جون 2017 کو ختم ہونے والے سال کے لئے اپنی متعلقہ آڈٹ شدہ اکاؤنٹ کے مطابق ایمپلائیز ریٹائرمنٹ فنڈز کی سرمایہ کاری کی قیمتیں (ملین روپے میں) درج ذیل ہیں۔

416.528	پروویڈنٹ فنڈ
311.120	گر بچو پیٹی فنڈ
343.097	سپرائیویشن فنڈ
178.197	سروس فنڈ
45.480	ہاؤسنگ فنڈ
7.618	بینیویلنٹ فنڈ

آڈٹ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے نظر ثانی شدہ کارپوریٹ گورننس (CCG) کے ضابطہ 2013 کی تعمیل میں تین ممبرز پر مشتمل آڈٹ کمیٹی قائم کی ہے۔ جن میں سارے نان ایگزیکٹو ڈائریکٹرز ہیں۔ سال 30 جون 2017 کے دوران، کمیٹی نے پانچ اجلاس بلائے۔ آڈٹ کمیٹی کے اجلاس کمپنی کے انٹرم اور فائل نتائج کی منظوری سے قبل ہر سہ ماہی میں کم از کم ایک بار بلائی گئی تھی جیسا کہ CCG کی جانب سے ضروری ہے۔ بورڈ ممبرز کی شرکت درج ذیل دی گئی ہے۔

3/4	چیئرمین	جناب ڈاکٹر سلمان فریدی	1-
4/4	ممبر	جناب عمران عظیم	2-
4/4	ممبر	جناب منیر کریم بانا	3-

چیف فنانشل آفیسر، بیکریٹری آف آڈٹ کمیٹی اور ہیڈ آف انٹرنل آڈٹ نے جائزہ کے تحت سال کے دوران تمام اجلاسوں میں شرکت کی تھی۔ کمیٹی نے چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈٹ کی عدم موجودگی میں ایکٹرنل آڈٹرز سے ملاقات کی تاکہ کمپنی میں مجموعی کنٹرول اور گورننس اسٹریجی پر ان کا فیڈ بیک حاصل کرے۔

آڈٹ کمیٹی کا ٹرمز اور ریفرنس

کمیٹی معیادی گوشواروں کا جائزہ لیتی ہے اور مالی پالیسیوں اور افعال کی موزونیت کی جانچ پڑتال کرتی ہے تاکہ یقینی بنایا جائے کہ انٹرنل کنٹرول کا موثر اور مضبوط نظام قائم رہے۔ کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کی جانب سے جاری کردہ آڈٹ رپورٹس کا جائزہ بھی لیتی ہے۔ اور آڈٹ ایگزیکٹو کی صلاحیت کی تعمیل کرتی ہے۔ آڈٹ کمیٹی کمپنی کے حصص یافتگان کی جانب سے ایکٹرنل آڈٹرز کی تقرری کے لئے بورڈ آف ڈائریکٹرز کو سفارشات پیش کرنے کی بھی ذمہ دار ہے اور ایکٹرنل آڈٹرز کے مستغنی ہونے یا ہٹانے کسی موضوع، آڈٹ فیچر اور اپنے مالی گوشواروں کے آڈٹ کے علاوہ اپنے ایکٹرنل آڈٹرز کی جانب سے کمپنی کے لئے دیگر خدمات حاصل کرنے پر غور کرتی ہے۔

آڈٹ کمیٹی کے ٹرمز آف ریفرنس کارپوریٹ گورننس کے ضابطہ میں بتائے ہوئے ٹرمز سے مطابقت رکھتے ہیں اور واضح طور پر درج ذیل پر مشتمل ہے۔

- بورڈ آف ڈائریکٹرز کی جانب سے منظوری سے قبل کمپنی کے انٹرم اور سالانہ مالی گوشواروں کا جائزہ لینا۔
- انٹرم اور فائل آڈٹس سے پیدا ہونے والے اہم اہر زوبیشن ز پرائیکٹرنل آڈٹرز سے گفت و شنید، ایکٹرنل آڈٹرز کی جانب سے مینجمنٹ کو جاری کردہ لیٹر کا جائزہ اور مینجمنٹ کی جانب سے اس پر رد عمل۔
- وسعت کا جائزہ اور انٹرنل آڈٹ کی حد تک یقینی بنانا کہ انٹرنل آڈٹ کام کے لئے مناسب وسائل رکھتا ہو اور کمپنی میں مناسب مقام رکھتا ہو۔

ڈائریکٹرز کی رپورٹ

- c- سکو رکھنے والے کی مرضی سکو آرڈیزی حصص میں قابل تبادلہ ہوں گے (ایک سکو کے زیادہ سے زیادہ تناسب کے لئے کمپنی کا ایک آرڈیزی حصص)
- d- سکو رکھنے کی مرضی پر سکو ہر تین سال بعد نقد میں تبدیل کروائے جاسکیں گے۔
- e- سکو کمپنی آرڈیزی حصص کے ایک۔ دس کے مساوی ووٹنگ کا حق رکھے گا۔
- f- فی سکو نفع کی نقد میں ادائیگی کی رقم مندرجہ ذیل سے زیادہ ہوگی۔ متعلقہ مالی سال کے دوران فی آرڈیزی حصص کا نقد ڈیویڈنڈ کمپنی کی جانب سے ادا کیا جائے گا (انٹیرم پلس فائل)۔ متعلقہ مالی سال کے مشارکہ کا 6 فیصد (سکو کی بقایا تعداد کی تقسیم سے)
- g- سکو کو نقد میں چھڑانے کے لئے کمپنی کوئی کال آپشن نہیں رکھے گی۔ یا سکو کو کمپنی کے آرڈیزی حصص میں تبدیل نہیں کرے گی۔
- SECP سے حتمی منظوری تک ان فیچرز (غذو خال) میں تبدیلی ہو سکتی ہے۔
- ڈرافٹ کا کتابچہ کمپنی کی ویب سائٹ www.treetonline.com پر دستیاب ہے۔

عمومی مقصد یہ ہے کہ:-

- ☆ لاہور/حیدرآباد کے پلانٹس کی پیداواری صلاحیت کو بڑھانا
- ☆ مارکیٹس کی (بڑھتی ہوئی) بے اصول طلب کو پورا کرنا۔ کسٹمرز بشمول مقامی اور ایکسپورٹ مارکیٹس کو نارگیٹ بنانا
- ☆ نئی پروڈکٹس اور مارکیٹس میں تبدیلی
- ☆ ورکنگ کپینل ضروریات کو پورا کرنا
- ☆ اپنے قرضہ جات بشمول ایکسپورٹ ریفرنس ادا کرنا

PSX پر لوڈز لمیٹڈ (شریک کمپنی) کی فہرست بندی

لوڈز لمیٹڈ (شریک کمپنی) ایک عمدہ ٹریڈ ریکارڈ رکھتی ہے اور حالیہ برسوں میں مستحکم بہتری اور منافع حاصل کیا ہے۔ پاکستان اسٹاک ایکسچینج پر لوڈز لمیٹڈ کی فہرست بندی ہو چکی ہے اسکی فی حصص فلور پرائس 15 روپے مقرر کی گئی تھی لیکن بک بلڈنگ پروسیس میں فی حصص کی اسٹراک پرائس 34 روپے ہو گئی تھی۔ اور یہاں سرمایہ کاروں کا شدید رد عمل تھا۔ ہمیں یقین ہے کہ لوڈز لمیٹڈ کی فہرست بندی آٹو پرائس انڈسٹری کی مزید ترقی میں نمایاں پیش رفت ہے اور فروغ کے ماحول میں اپنا درست اور زبردست مقام حاصل کرنے کا اہل ہوگا۔

تصرفات

روپے ہزار میں	2016-2017	2015-2016
غیر تصرف شدہ منافع b/f	1,083,270	1,235,295
سرپلس کی دوبارہ تخمینہ سازی سے (نیٹ)/سرمایہ کاری کی فروخت سے حاصل کی گئی آمدنی	6,653	8,326
اکاؤنٹنگ پالیسی میں تبدیلی سے استعمال سے متعلق سابقہ اثرا/ملازم کے ریٹائرمنٹ کے مراعات کے اقدامات ٹیکس کا نیٹ	(42,937)	(56,699)
مدت کے دوران نفع	65,681	33,224
تقسیم کیا گیا ڈیویڈنڈ	(137,804)	(134,877)

ڈائریکٹرز کی رپورٹ

ادائیگی درج ذیل تاریخوں پر کی جائے گی:

کیٹیگری A اور کیٹیگری B کے تحت پہلے سال کے لئے حقدار ہونے کی تاریخ اور ادائیگی کی تاریخ نیچے دی گئی ہے۔

سال	کتاب بند ہونے کی تاریخ دونوں دن شامل ہیں	انٹرمیڈیٹ کی تاریخ	نقد میں کم از کم ادائیگی کی تاریخ	تبدیلی کے لئے الٹیمٹ کی تاریخ	کیٹیگری A کی ادائیگی	کیٹیگری B کی ادائیگی (نقد میں) تاریخ
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شروعات اختتام

2017 21-10-2017 28-10-2017 19-10-2017 02-11-2017 02-11-2017 02-11-2017

نقد میں مجموعی ادائیگی کے علاوہ TCLTC رکھنے والے (جو 19 اکتوبر 2017 کو مستحق ہوں گے) درج ذیل کی بنیاد پر کمپنی سے آرڈیزری شیئرز بھی حاصل کریں گے۔

پرنسپل ریڈمشن کے ذریعے تبدیلی

تبدیلی کے ذریعے پرنسپل ریڈمشن تعداد	تبدیلی کے ذریعے حصص کی فی حصص تبدیلی کی قیمت	فی حصص تبدیلی کی قیمت معلومات/ اکاؤنٹنگ/ ٹیکس مقاصد کے لئے ہے۔ PTC رکھنے والوں کی جانب سے کوئی مزید رقم ادا نہیں کی جائے گی۔ یہ PTC چھوڑنے کی پرنسپل قیمت کی موقوف کی لاگت ہے تاکہ کمپنی کا ایک اضافی عام حصص ملے۔
4.14	0.07	59.14

مثال: لہذا TCLTCs 1,000 رکھنے والے کو 2 نومبر 2017 سے پہلے کمپنی کے 70 آرڈیزری حصص ملیں گے جس کی پرنسپل قیمت -/4,140 ہے۔
TCLTCs کمپنی کے موجودہ حصص یافتگان کو پیش کئے گئے تھے۔ کمپنی کی مالیاتی حکمت عملی اپنے قرضہ جات کو کم کرنے سے مالی خطرے کی شدت کو کم کرنا نہیں تھا بلکہ اپنے حصص
رکھنے والوں کے لئے بھاری معاوضے کو یقینی بنانا تھا (ڈیویڈنڈ پلس کیٹیگری A اور کیٹیگری B کی صورت میں ادائیگیاں)

فنانشل منجمنٹ

آپ کی کمپنی نے مختلف منصوبوں کا آغاز کیا ہے

منصوبہ	قسم	مالیاتی ضروریات
ایڈوانسڈ میٹری	نیا منصوبہ	پاک روپے 6.00-6.25 ارب
تعلیمی منصوبہ	نیا منصوبہ	پاک روپے 1.50 ارب
فارماسیٹیکل کاروبار	منصوبے کی توسیع	پاک روپے 0.7-1.0 ارب
کیمیکل کاروبار	نیا تجارتی کاروبار	پاک روپے 0.10 - 0.30 ارب
		پاک روپے 8.30 - 9.05 ارب

ٹریٹ ڈائری سکوک کے اجراء کا مستقبل

539.507 ملین روپے بحساب -/40 روپے نی سکوک کے ٹریٹ ڈائری سکوک کا اجراء ایکویٹی ریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی منظوری سے مشروط ہے۔ اجراء کے اہم
خاکے درج ذیل ہے۔

- a- سکوک رائیٹ کے ذریعے موجودہ حصص یافتگان کو پیش کئے جائیں گے۔ مثلاً ریٹائرس، ایبل آفریٹ (ROL) کے ذریعے اور ROL پاکستان اسٹاک ایکسچینج
میں قابل خرید و فروخت ہوں گے۔
- b- سکوک ڈائری قبضے کے لئے جاری کئے جائیں گے اور اسٹاک ایکسچینج پر فہرست بندی کی جائے گی۔

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی نے ریٹائون فار مالٹیٹڈ کے 58% شیئرز خرید لیے ہیں اس کی خریداری کے بعد کمپنی کے کیپٹل میں ریسٹرکچرنگ اور تنخواہوں میں اضافہ کی وجہ سے کمپنی کی پرفارمنس میں معمولی کمی دیکھی گئی ہے۔

موٹور سائیکل کے شعبے سے سیلز نے حالانکہ مارجنز کے حجم میں کمی دکھائی ہے جس کی وجہ مارکیٹ میں سخت مقابلہ ہے۔ مزید یہ کہ سیلز اور مارکیٹنگ کے لئے حکمت عملی ترتیب دی گئی ہے تاکہ مزید نقصانات سے بچا جائے اور آنے والے وقت میں نئے ماڈلز بھی شامل کئے جائیں گے۔

پورے سال کی بنیاد پر پارٹیسپنٹ ٹرم سٹریٹجی (TCLTC) پر حاصل کئے گئے منافع کے ٹھوس نتائج سالانہ نتائج کی بنیاد پر TCLTC پر حاصل کیا گیا منافع درج ذیل ہے۔

پے آف میٹرکس کیٹیگری "B" کی ادائیگی کا حساب

پے آف سے	پے آف تک	پے آف کی زیادہ رقم پر پے آف کا تناسب (فیصد)
--	179,500,000	کچھ نہیں
179,500,001	250,000,000	179,500,000 روپے سے زیادہ رقم کا 72 فیصد
250,000,001	350,000,000	50,760,000 روپے اور 250,000,000 روپے سے زیادہ رقم پر 25 فیصد
350,000,001	450,000,000	75,760,000 روپے اور 350,000,000 روپے سے زیادہ رقم پر 20 فیصد
450,000,001	550,000,000	95,760,000 روپے اور 450,000,000 روپے سے زیادہ رقم پر 15 فیصد
550,000,001	650,000,000	110,760,000 روپے اور 550,000,000 روپے سے زیادہ رقم پر 10 فیصد
650,000,001	اور اس سے زیادہ	120,760,000 روپے اور 650,000,000 روپے سے زیادہ رقم پر 5 فیصد

روپے ہزاروں میں (000)

کنسولیدیشن پرائٹ 602,661

☆ پرائٹ سے مراد ہے ٹیکس سے پہلے کنسولیدیشن پرائٹ WWF / WPPF اور کسی ہیڈ کوارٹرز یا TCLTC کے حاصل کیا گیا منافع

روپے فی TCLTC	روپے ہزاروں میں (000)	کیٹیگری "B" کی ادائیگی (نقد میں اضافی منافع)
2.77	116,026	کم سے کم منافع کی ادائیگی نقد میں
4.14	173,145	فنانشل چارجز مثلاً مجموعی منافع نقد میں
6.91	289,171	اکاؤنٹ میں فنانشل چارجز
	289,153	

پے آف میٹرکس (فی TCLTC) - مکمل سال کے منافع کی بنیاد پر

بنیادی رقم کی نقد میں دوبارہ وصولی	کم سے کم منافع کی نقد میں ادائیگی	نقد میں کم سے کم ادائیگی	کیٹیگری B کی ادائیگی (نقد میں اضافی منافع)	نقد میں مجموعی منافع	نقد میں مجموعی ادائیگی
(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2) + (4)	(6) = (1) + (5)
0.15	4.14	4.29	2.77	6.91	7.06

ڈائریکٹرز کی رپورٹ

موٹر سائیکل کے شعبے سے بیلز نے حالانکہ مارجنز کے حجم میں کمی دکھائی ہے جس کی وجہ مارکیٹ میں سخت مقابلہ ہے۔ مزید یہ کہ بیلز اور مارکیٹنگ کے لئے حکمت عملی ترتیب دی گئی ہے تاکہ مزید نقصانات سے بچا جائے اور آنے والے وقت میں نئے ماڈلز بھی شامل کئے جائیں گے۔

بیٹریز - تجارت (ٹریڈنگ)

روپے ہزاروں میں	2016-2017	2015-2016	تبدیلی فیصد
کل بیلز	303,287	149,162	103.33%
مجموعی منافع	(71,002)	23,250	-405.38%

آپ کی کمپنی نے "لیڈ ایسڈ بیٹریز" کی ٹریڈنگ شروع کی تھی۔ بالآخر کمپنی نے گاڑیوں اور یو پی ایس کے لئے بہت ہی معیاری "لیڈ ایسڈ بیٹریز" کی تیاری اور فروخت کا منصوبہ بنایا ہے۔ پلانٹ کا تعمیراتی کام، پلانٹ اور مشینری کا کام تقریباً مکمل ہو چکا ہے۔ کمپنی نے ڈاکیومنٹیشن سے براڈ کا نام Daewoo استعمال کرنے کے لئے معاہدہ کیا ہے۔ آپ کی کمپنی اپنی بیٹریز متعارف کروانے سے پہلے اپنی لیڈ ایسڈ بیٹریز کی مارکیٹ قائم کرنے کی منصوبہ بندی کر رہی ہے۔

ایجوکیشنل پروجیکٹ (تعلیمی منصوبہ)

سیکیورٹیز اینڈ اینڈیکس کمیشن آف پاکستان کے لیٹر نمبر EMD/233/613/2002-826 بتاریخ 24 فروری 2016 میں دی گئی ہدایات کی تعمیل میں کمپنی SCE سے متعلق پبلنس شیٹ اور اخراجات کا گوشوارہ کمپنی کے مالیاتی گوشوارے کے ساتھ سرکولٹ کر رہی ہے۔ (تفصیلات کیلئے برائے مہربانی انکسچر A ملاحظہ کیجیے)

GAL کے ترتیب دیئے گئے اسٹیٹ آف آرٹ ایجوکیشنل کمپس کی تعمیر کے مقصد کے لئے 15.29 ایکڑ زمین حاصل کی ہے۔ یہ کمپس / بلڈنگ تعمیر کے بعد قابل استعمال ہوگی۔ سوسائٹی فار کچلر ایجوکیشن (SCE) کو لیز کر دی جائے گی۔ جیسا کہ اوپر بتایا گیا ہے SCE آرٹ کچلر اور آرکائیو کے شعبے میں ایشیاء کی بہترین یونیورسٹیز میں سے ایک ہوگی جو ابھی تعمیر کے مرحلے میں ہے۔ یونیورسٹی کا چارٹر پنجاب اسمبلی کے ایک ایکٹ کی تشہیر کے ذریعے منظور کیا گیا ہے۔ لیز یونیورسٹی کو منتقل کر دی جائے گی۔ ساتھ ہی ساتھ GAL خود اس کی آپرینگ کے کاموں میں بھی مصروف ہے اور دوسرے اداروں کے ساتھ الحاق سے تعلیمی ادارے / پروگرامز چلائے گا۔

زمین بین الاقوامی معیار کے یونیورسٹی کمپس کی تمام سہولیات اور ضروریات سے آراستہ ہے وہاں مستقبل میں توسیع کے لئے کافی جگہ دستیاب ہے۔ کمپس میں تعلیمی سہولیات کے ساتھ اسپورٹس، پارکنگ، دیگر ملکوں کے پودے اور طبی جڑی بوٹیوں کے پودوں کے ساتھ بوٹینکل گارڈن کی سہولت بھی میسر ہوگی۔

موجودہ صورت حال

- ☆ NOC ہائیر ایجوکیشن کمیشن سے لے لیا گیا ہے۔
- ☆ یونیورسٹی کے چارٹر کے منظوری کے لیے درخواست دے دی گئی ہے
- ☆ یونیورسٹی کو چلانے کے حالیہ اخراجات (بشمول تنخواہیں، قانونی اخراجات، آپریشنل اخراجات وغیرہ تک محدود نہیں) آپ کی کمپنی کی جانب سے SCE کو عطیات کے ذریعے پورے کئے جاتے ہیں۔
- ☆ عطیات دینے کا ایک اہم مقصد یہ ہے کہ SCE کی جانب سے طے کئے گئے 50.00 ملین روپے کے وقف فنڈ کی لازمی ضروریات کو پورا کرنا ہے۔

فارماسویٹیکلز

فارماسویٹیکلز پروجیکٹ

روپے ہزاروں میں	2016-2017	2016-2017	2015-2016
بعد از خرید			مکمل سال
کل بیلز	145,205	310,237	272,125
مجموعی منافع	27,159	104,531	58,195
مجموعی منافع / نقصان	(6,228)	36,305	14,688

ڈائریکٹرز کی رپورٹ

ہائیڈرو پاور ایبل ریزر کے برنس میں مقامی اور ایکسپورٹ مارکیٹ میں بہت زیادہ بہتری دیکھی گئی۔ سال کے دوران فیول اور پاور کی قیمتوں میں کمی اور سیلز کے حجم میں اضافے کی وجہ سے مجموعی گراس پرافٹ مارجنز میں اضافہ ہوا۔

صابن

روپے ہزاروں میں	2016-2017	2015-2016	تبدیلی فیصد
نیٹ سیلز	893,458	832,770	7.29%
انٹرگروپ خریداری	(16,793)	(17,457)	-3.80%
مجموعی منافع	153,525	165,863	-7.44%

صابن کے فروخت میں بہتری آئی۔ مارجن میں پام آئل کی پاور اور فیول کی قیمتوں میں کمی کی وجہ سے اضافہ ہوا۔ مزید یہ کہ سیلز کے حجم کی بہتری کے لئے حکمت عملی ترتیب دی گئی ہے اور آپ کی کمپنی کی انتظامیہ پر اعتماد ہے کہ آنے والے مہینوں میں سیلز کے حجم میں بہت بہتری آئے گی۔ مگر پال آئل کی قیمتوں میں اضافہ ہو رہا ہے جو کہ مجموعی منافع کے مارجنز کو کم کر سکتا ہے۔ لیکن آپ کی کمپنی حجم کو بہتر بنانے کی کوشش کرے گی۔ تاکہ مارجنز برقرار رہیں۔

کارو گیشن

روپے ہزاروں میں	2016-2017	2015-2016	تبدیلی فیصد
کل سیلز	1,701,937	1,812,149	-6.08%
انٹرگروپ سیلز	43,133	36,368	18.60%
مجموعی منافع	241,591	246,529	-2.00%

مارکیٹ کے سخت مشکل حالات کے باوجود سیلز کا حجم اور مجموعی منافع کو برقرار رکھا گیا۔ مختصر مدت میں ان اثرات کا ادراک محال ہے لیکن طویل مدت کے لئے آپ کی کمپنی اس قابل ہوگی کہ اپنے مارجنز کو برقرار رکھنے کے لئے قیمتوں میں اضافہ کرے۔

لیڈ (Lead) ایسڈ بیٹری کا پروجیکٹ

فیصل آباد انڈسٹریل اسٹیٹ ڈولپمنٹ اینڈ مینجمنٹ کمپنی (FIEDMC) سے فیصل آباد کے صنعتی شہر میں 140 ایکڑ زمین حاصل کی گئی ہے۔ ہمارا ذیلی ادارہ فرسٹ ٹریٹ میڈیوٹیکرنگ مضاربہ لیڈ ایسڈ بیٹری پلانٹ کا تعمیر و تنصیب کا کام انجام دے رہا ہے جو موٹر گاڑیوں، یو پی ایس کے لئے مختلف سائز اور اینپیزر کی 2.00 ملین بیٹری سالانہ بنانے کی صلاحیت رکھتا ہے۔ پلانٹ اور مشینری خریدی جا چکی ہے۔ تعمیراتی کام تقریباً مکمل ہو چکا ہے۔ توقع ہے کہ 2017 کے آخر تک اس کی پیداوار شروع ہو جائے گی۔ آپ کی کمپنی اسٹیٹ آف آرٹ ٹیکنالوجی لارہی ہے۔ جو نسبتاً بہت اچھی کارکردگی رکھتی ہے اور پاکستان میں بیٹریز کے لئے ملٹی نیشنل برانڈ Daewoo کے نام کے ساتھ مینٹیننس فری سیلڈ بیٹری (MFSB) متعارف کروا رہی ہے۔ جو ملک میں پہلے ہی اچھا نام رکھتا ہے۔ مزید یہ کہ کورین ماہرین اس پروجیکٹ کی نگرانی کریں گے۔ پچھلے پانچ۔ چھ سالوں میں اس انڈسٹری کی نمو کی شرح بہت متاثر کن ہے۔ حالانکہ اس انڈسٹری کا انحصار یو پی ایس پر ہے (جو بجلی کی عدم دستیابی پر منحصر ہے) لیکن آٹوموٹیوز میں نمو کی شرح بھی بہت متاثر کن ہے۔ لہذا مجموعی طور پر بیٹری کی طلب (یو پی ایس اور آٹوموٹیوز/گاڑیوں دونوں کے لئے) مستقبل قریب میں بڑھنے کی امید ہے۔

موٹر سائیکل پروجیکٹ

روپے ہزاروں میں	2016-2017	2015-2016	تبدیلی فیصد
کل سیلز	322,277	235,525	36.83%
مجموعی منافع	(53,822)	(11,618)	363.26%

ڈائریکٹرز کی رپورٹ

مالیاتی نتائج کے موازنے کا خلاصہ

تبدیلی فیصد		2016		2017		
(2) پر (4)	(1) پر (3)	مستحکم (4)	ٹریٹ (3)	مستحکم (2)	ٹریٹ (1)	(روپے ہزاروں میں)
10.54%	13.11%	7,615,231	4,734,787	8,418,188	5,355,311	سیلز (سیلز ٹیکس کا کل)
8.48%	22.46%	1,920,998	1,388,609	2,083,931	1,700,478	مجموعی منافع
11.00%	42.87%	461,281	219,779	511,999	313,996	آپریٹنگ منافع
13.73%	108.93%	267,796	50,149	304,576	104,777	قبل از ٹیکس نفع / (نقصان)
65.79%	131.00%	(53,482)	(16,925)	(88,666)	(39,096)	ٹیکس کے لئے پروویژن
0.74%	97.69%	214,314	33,224	215,910	65,681	بعد از ٹیکس نفع / (نقصان)
		1.59	0.25	1.60	0.47	ای پی ایس (روپوں میں)

سیلز کی کارکردگی کے نتائج طے جلد دیکھے گئے۔ مشرق وسطیٰ اور عالمی معیشت میں عام سست روی کی وجہ سے برآمدت کی سیلز متاثر ہوئیں۔ مگر مقامی مارکیٹ اپنی جگہ پر برقرار رہی۔

میزان	فارماسویٹیکل	بیٹری	بانیک	گتے رڈ	صائبن	بلیڈ	راواں سال میں تبدیلی
11.85%	19.96%	103.33%	36.83%	-5.60%	7.29%	17.25%	مقامی سیلز
-0.49%	-20.27%	0.00%	0.00%	0.00%	0.00%	-0.06%	برآمدت سے سیلز
08.87%	14.01%	103.33%	36.83%	-5.60%	7.29%	10.17%	مجموعی سیلز

☆ سیلز کے حجم میں اضافہ اور پاور، فیول اور خام مال کی قیمتوں میں کمی کی وجہ سے آپریٹنگ منافع میں بہت زیادہ بہتری آئی ہے۔

آپ کی کمپنی نے خاص طور پر درج ذیل عناصر کی وجہ سے اپنے منافع کی صلاحیت کو برقرار رکھنے کا بندوبست کیا ہے۔

☆ بلیڈ کے شعبے میں بہتر مارجنز

☆ ٹیکس کا بہتر انتظام

☆ سرشتہ مال (خزانہ) کا موثر انتظام

آپ کی کمپنی سیلز اور مارجنز کو بہتر بنانے کے لئے پوری جدوجہد کر رہی ہے۔ اگر تیل (عالمی سطح پر دھاتوں اور اجناس کی قیمتوں میں کمی) کی قیمتیں برقرار رہتی ہیں تو آنے والے مہینوں میں مقامی اور برآمدت کی سیلز (اسی مقامی سیلز سے پورا کیا جاتا ہے) میں کمی کے باوجود مارجنز میں بہتری کی توقع کی گئی ہے۔

شعبہ کی ترتیب سے نتائج

بلیڈ / ڈسپوزیبل ریزر

تبدیلی فیصد	2015-2016	2016-2017	روپے ہزاروں میں
10.17%	4,585,625	5,052,024	کل سیلز
29.08%	(19,055)	(24,597)	انٹرگروپ خریداری
19.34%	1,496,974	1,786,480	مجموعی منافع

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو 30 جون 2017 کو ختم ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ٹریٹ کارپوریشن لمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معاشی/اقتصادی نقطہ نظر

2016-17 کے دوران پاکستانی معیشت میں نمایاں کمی دیکھی گئی جیسا کہ CPI پھیلاؤ 2.90 فیصد سے بڑھ کر 4.20 فیصد ہو گیا ہے جو کہ مستحکم زرمبادلہ کے ذخائر سے وابستہ ہے۔ GDP میں 4.71 فیصد کی بہتری آئی۔ مینوفیکچرنگ میں 5.00 فیصد بہتری ریکارڈ کی گئی۔ اسی لئے LSM رجسٹرز میں پچھلے سال 3.29 فیصد کے مقابلے میں 4.61 فیصد بہتری دیکھی گئی ہے۔ بجلی کی پیداوار اور فراہمی اور گیس کی فراہمی میں 12.18 فیصد اضافہ دیکھنے میں آیا جو کہ بہت ہی حوصلہ افزاء علامت ہے۔ مجموعی طور پر بیرونی اور اندرونی عوامل نے معیشت کی بہتری/فروغ میں خاطر خواہ کردار ادا کیا۔ حالانکہ یہاں برآمدات کی نمو میں کمی تھی۔ لیکن اسے تیل اور دھاتوں کی قیمتوں میں کمی سے پورا کیا گیا۔ مزید یہ کہ سال کے دوران KIBOR میں 93bps کی کمی ہوئی تھی جو ظاہر کرتا ہے کہ نقصان کی شرائط کے ساتھ موجودہ قرضوں کی شرح نجی شعبہ کریڈٹ کی رفتار کو بڑھانے میں معاون ہیں۔ امریکی ڈالر کے متبادل کی شرح عمومی طور پر مستحکم رہی۔

اجناس اور دھاتوں کی قیمتوں میں کمی مواقع پیش کرتی ہے (بالخصوص کروڈ/ (خام) تیل، پام آئل وغیرہ کی قیمتوں میں کمی) جس سے فائدہ اٹھانے کی اور چیلنج سے مقابلے کی ضرورت ہے (بالخصوص زرعی اجناس کی قیمتوں میں کمی) اور ملکی اور کمپنی سطح پر ان چیلنجز کا مقابلہ کرنے کے لئے موزوں حکمت عملی کی ضرورت ہوگی۔

آپریٹنگ اور مالیاتی مناظر

آپ کی کمپنی کی انتظامیہ درپیش چیلنجز سے بخوبی آگاہ ہے اور مارکیٹنگ اور ٹریڈ کی سطحوں پر بہت مناسب مارکیٹنگ پالیسی تیار کر رہی ہے اور ان چیلنجز سے نمٹنے کے لئے تمام ممکنہ اقدامات اٹھا رہی ہے۔ مزید یہ کہ آپ کی کمپنی مسلسل اپنے کاروباری حکمت عملی کا جائزہ لے رہی ہے تاکہ ان خطرات کا مقابلہ کرے اور نہ صرف خام مال/ان پٹ کے ہمسری کے متبادل ذرائع کے لئے جدوجہد کر رہی ہے بلکہ پیداوار کو بھی بڑھانے کی کوشش کر رہی ہے

مالی سال 2016-17 کی چند نمایاں کاوشیں

- 1- آپ کی کمپنی نے اس سال میں ایک مارکیٹ لیڈر کمپنی ریناکون فارمالیٹڈ کے 58% خریدے ہیں اس کمپنی کا وسیع پیمانے پر ہیپوڈاکسٹر کنسنٹریٹ کا کاروبار ہے ریناکون فارما آپ کی کمپنی کی سبسڈری بن گئی ہے۔ جسکو موجودہ سال میں پاکستان سٹاک ایکسچینج میں لسٹ کروانے کا منصوبہ کر رکھا ہے۔
- 2- آپ کی کمپنی اپنے ذیلی ادارے فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ کے تحت فیصل آباد میں بیٹری (لیڈ ایسڈ) پروڈیکٹ قائم کر رہے ہیں۔
- 3- آپ کی کمپنی اپنے ذیلی اداروں سوسائٹی فار کچلر ایجوکیشن (SCE) اور گلوبل آرٹس لمیٹڈ (GAL) کے ذریعے تعلیمی منصوبہ قائم کر رہے ہیں۔
- 4- آپ کی کمپنی لیڈ ایسڈ بیٹریز (مینینٹنس فری اور UPS کی مخصوص بیٹریاں) "ڈائمیو" کے نام سے بیٹریز کی درآمد اور تجارت میں مصروف ہے۔ آپ کی کمپنی ڈسٹری بیوشن چینل بلکہ مینوفیکچرنگ پلانٹ بھی قائم کر چکی ہے جس کی 2017 میں کے آخر میں پیداوار شروع ہو جائے گی۔
- 5- سیکورٹیز اینڈ کمیشن آف پاکستان نے ٹریٹ کارپوریشن لمیٹڈ کو اس کے ملازمین کے لئے ایمپلائیز سٹاک آپشن اسکیم (ESOS) کے لئے اپنی اجازت دی۔ آپ کی کمپنی اب تک اپنے ملازمین کو 9,978,300 روپے کے سٹاک آپشن کی منظوری دے چکی ہے۔
- 6- آپ کی کمپنی نے راوی مالی سال میں اوریکل بیڈ فنانسل سسٹم لاگو کروا لیا ہے جس میں ہماری ٹیم نے عبور حاصل کر لیا ہے۔
- 7- آپ کی کمپنی راوی مالی سال میں کیمیکل کی ٹریڈنگ کاربنس ایک ملٹی نیشنل کمپنی کے ساتھ کرنے جارہی ہے اس کا اطلاق سال 2017-2018 میں ہوگا۔

Statement of Compliance with the Code of Corporate Governance as at June 30, 2017

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year. However, election of Directors was held on June 30, 2017 and above mentioned eight Directors were elected for the next term of three years.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year under review no training program was arranged by the Company. All Directors meets the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three Members. All Members are Non-Executive Directors and the Chairman of the Committee is an Independent Director.

Statement of Compliance with the Code of Corporate Governance as at June 30, 2017

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of seven (7) members, of whom four (4) are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of Register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.
25. We confirm that all other material principles enshrined in the CCG have been complied with.



(SYED SHAHID ALI)
Chief Executive Officer

October 05, 2017

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Treet Corporation Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements of rule No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Lahore

Date: October 05, 2017



KPMG Taseer Hadi & Co
Chartered Accountants
(Bilal Ali)

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Tuesday, October 31, 2017 at 11:00 A.M. at 72-B, Industrial Area, Kot Lakhpat, Lahore the Registered Office of the Company to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the Minutes of Extraordinary General Meeting held on June 30, 2017.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Year Ended June 30, 2017, together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2018 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To approve the issue of Bonus Shares in the ratio of 10 Ordinary Shares for every 100 Ordinary Shares held i.e. 10% as recommended by the Board of Directors and, if considered appropriate, to pass with or without modification(s) the following resolutions as Ordinary Resolutions:-

RESOLVED THAT a sum of PKR 142,870,110/- out of the unappropriated profits of the Company be capitalized and applied towards the issue of 14,287,011 Ordinary Shares of Rs. 10/- and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 22, 2017, in the proportion of Ten Shares for every hundred shares held and that such new shares shall rank pari passu with the existing ordinary shares.

FURTHER RESOLVED THAT in the event of any number becoming entitled to a fraction of a share, the Directors be and are authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

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

SPECIAL BUSINESS AND SPECIAL RESOLUTIONS:-

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

GRANT OF STOCK OPTIONS TO THE EMPLOYEES OF SUBSIDIARY COMPANY:

RESOLVED THAT pursuant to recommendations of the compensation committee under the Companies Employees Stock Option Scheme 2015 and the approval of the Board of Directors, approval of shareholders be and is hereby accorded for grant of 1,198,000 Options to the 171 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 66.45 per share, in accordance with sub-rule 3 of Rules 6 of (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for structuring and offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan.

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

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

RESOLVED THAT further donation of up to Rs. 100.00 million in the "Society for Cultural Education" (in addition to previous donation of Rs. 170 million) be and is hereby approved to enable the "Society for Cultural Education" to meet

Notice of Annual General Meeting

day to day requirements and complete all the legal requirements for setting up the proposed educational project, including University.

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

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

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

Lahore: October 05, 2017

By Order of the Board



(Rana Shakeel Shaukat)
Company Secretary

Notes:

1. CLOSURE OF SHARES TRANSFER BOOKS

The share transfer Books of the Company will remain closed from October 24, 2017 to October 31, 2017 (both days inclusive) for the purpose of attending Annual General Meeting and for the entitlement of 10% Bonus Shares. Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on October 22, 2017 will be considered in time for the purpose of above entitlement.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING

All members entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. Proxy form is also available at the Company's website i.e. www.treetonline.com.

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

(i) For Attending the Meeting

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

(ii) For Appointing Proxies

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Notice of Annual General Meeting

- (c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

3. CONSENT FOR VIDEO CONFERENCE

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

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

4. CHANGE OF ADDRESS AND NON-DEDUCTION OF ZAKAT FORM

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

5. WITHHOLDING TAX ON DIVIDEND

Government of Pakistan through Finance Act, 2017 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (a) For filers of income tax returns 15%; and
- (b) For non-filers of income tax returns 20%.

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

6. WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

Notice of Annual General Meeting

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	No. of Shares	Name & CNIC No.	No. of Shares

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE ONLY

The provisions of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further SECP through circular No.18 / 2017 has provided relaxation till October 31, 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 1, 2017 shall be paid through electronic mode only.

Therefore, all Shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC. A standardized "Dividend Mandate Form" is available on Company's website: www.treetonline.com

8. CHANGE OF ADDRESS AND NON-DEDUCTION OF ZAKAT FORM

Members are requested to promptly notify the Company of any change in their addresses if applicable and also requested to provide Non-Deduction of Zakat Declaration Form if not earlier provided. Members holding shares in CDC/Participants accounts are also requested to update their particulars to CDC or Brokers.

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

AGENDA ITEM NO. 4

Your Directors have recommended the issue of Bonus Shares in the proportion of ten new shares for every hundred existing Ordinary Shares held at the close of business on October 22, 2017. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

AGENDA ITEM NO. 5

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

Date of Grant	Date of Entitlement	Weighted Average Price	Minimum Period	Exercise Period	No. of Employees	No. of Options Granted
14/07/2017	01/07/2017	66.45 (Exercise Price)	15/07/2017 to 15/07/2018	16/07/2018 to 15/07/2019	171	1,198,000

Pursuant to the Employees Stock Option Scheme 2015 as approved by Securities and Exchange Commission of Pakistan, the Board of Directors of the Company in their meeting held on July 14, 2017 granted options to the eligible employees of the Company including 1,198,000 Options to the 171 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 66.45 per share, in accordance with sub-rule 3 of Rules 6 of (Employees Stock Option Scheme) Rules, 2001 read with sub-clause 2(i) of Clause 5 of Chapter II of Guidelines for structuring and offering of the Employees Stock

Notice of Annual General Meeting

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

AGENDA ITEM NO. 6

As per applicable requirements, SCE (a non-profit entity) will be the sponsoring body for the University and has applied to the requisite Government Departments for approval for setting up the University, which must eventually be established through promulgation of an Act by the Punjab Assembly.

1. Project

The Company's corporate strategy is to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities. One of the Projects that your Company is envisaging is an "educational project" in field of Art, Culture and Architecture, with initial commencement with affiliation or association with other Universities/ Institutes but ultimately culminating in establishment of its own University for Arts, Culture and Architecture. Keeping this objective in mind as well as requirements of applicable policies and laws, the Project is proposed to be implemented through two subsidiaries i.e. Global Arts Limited (GAL) and Society for Cultural Education (SCE).

2. Global Arts Limited

Global Arts Limited (GAL) is wholly owned subsidiary of Treet Corporation Limited.

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

3. Society for Cultural Education

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

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

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

Notice of Annual General Meeting

As per applicable requirements, SCE (a non-profit entity) will be the sponsoring body for the University and has applied to the requisite Government Departments for approval for setting up the University, which must eventually be established through promulgation of an Act by the Punjab Assembly.

4. Detail of the Project

GAL has acquired 15.29 acres of land for the construction of a purpose designed state of the art educational campus. This campus / building once constructed and ready for operational use will be leased to "Society for Cultural Education" (SCE). As stated above, SCE is under process of establishing one of the Asia's best University in the field of Art, Culture and Architecture Once University charter is granted through promulgation of an Act of Punjab Assembly, lease will be transferred to the University. Concurrently, GAL may itself also engage in activity of operating and running educational institutions / programmes in affiliation with other institutions.

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

5. Project Cost

Below is the break-up of the project cost:

	Rs.
Land	690,801,000
Building	600,000,000
Furniture, Equipment & Computer	150,000,000
Others	59,199,000
	1,500,000,000

6. Project Implementation Schedule

Implementation Schedule	
Acquisition of Land	Land was acquired in December 2014
Start of civil works	Began in November 2015
Completion of civil work	July 31, 2017
Starting commercial activities	December 31, 2017 (Expected)

Current Status:

- NOC from Higher Education Commission (HEC) is already obtained.
- Procedure for the Charter for the University is underway.

7. Means of Funding

The project will be funded entirely through equity. The parent Company has already injected net equity (in the GAL) amounting to Rs. 1,503.44 million. This amount is generated from the internal sources. Remaining amount (including working capital) will either be generated through internal sources or through external sources.

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

Notice of Annual General Meeting

8. Benefits to the Company

GAL will be receiving revenues from the following sources:

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

Management of your Company is confident that such form of investment will be beneficial to the shareholders of the Company in the form of dividends and appreciation of share's value. Moreover, GAL can also be listed on the Stock Exchange, if Board of Directors of the Company (GAL and Treet) think necessary.

Rs. 170.00 million donation is already approved by the shareholders. Financial Statements of the SCE is attached herewith that shows the actual disbursement of Rs. 134.731 million is made. Rs. 50.00 million will be transferred to Endowment Fund as and when required (as a legal requirement for setting up a University). Detail of expenses are elaborated in the attached Income & Expenditure Account and Balance Sheet of the SCE.

This amount will be utilized to meet the further day to day expenses for the year 2017-2018 including but not limited to salaries, utilities, rent & taxes, legal & professional charges etc.

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

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

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

Sr. No.	Date of Grant	Financial Year	Expiry Period	Name of Entitled Employees	Option Granted (Nos.)	Option Granted (Nos.)
1	7/14/2017	2016-2017	7/15/2019	1073	Asad Asghar	2,600.00
2	7/14/2017	2016-2017	7/15/2019	1077	Rehan Rasheed	3,700.00
3	7/14/2017	2016-2017	7/15/2019	1091	Qassar Abbas	5,700.00
4	7/14/2017	2016-2017	7/15/2019	1095	Mohammad Mansha	3,200.00
5	7/14/2017	2016-2017	7/15/2019	1096	Hafiz Shahid Mahmood	2,700.00
6	7/14/2017	2016-2017	7/15/2019	1097	Amer Saeed	3,400.00
7	7/14/2017	2016-2017	7/15/2019	1106	Adnan Rashid Khan	3,000.00
8	7/14/2017	2016-2017	7/15/2019	1123	Kamran Kaleem	3,500.00
9	7/14/2017	2016-2017	7/15/2019	1126	Zaheer Ahmed Malik	4,300.00
10	7/14/2017	2016-2017	7/15/2019	1158	Saleem Fazal	4,700.00
11	7/14/2017	2016-2017	7/15/2019	1160	Tariq Hameed Khan	5,000.00
12	7/14/2017	2016-2017	7/15/2019	1180	Waqar Sahi	3,100.00
13	7/14/2017	2016-2017	7/15/2019	1204	Muhammad Hanif Awan	3,000.00
14	7/14/2017	2016-2017	7/15/2019	1269	Sajjad Haider Khan	33,400.00
15	7/14/2017	2016-2017	7/15/2019	1314	Sohail Habib	45,900.00
16	7/14/2017	2016-2017	7/15/2019	1329	Israr-Ul-Haq	28,600.00
17	7/14/2017	2016-2017	7/15/2019	1330	Abu Asfar-Ullah Alam	18,000.00
18	7/14/2017	2016-2017	7/15/2019	1352	Imran Munawar	8,100.00
19	7/14/2017	2016-2017	7/15/2019	1355	Shakeel Ahmed	27,100.00
20	7/14/2017	2016-2017	7/15/2019	1360	Imran Aziz	51,800.00
21	7/14/2017	2016-2017	7/15/2019	1361	S.ali Zulqarnain	21,700.00
22	7/14/2017	2016-2017	7/15/2019	2098	Imran Ahmed Toor	5,900.00
23	7/14/2017	2016-2017	7/15/2019	2144	Nisar Ul Haq	7,400.00
24	7/14/2017	2016-2017	7/15/2019	2154	Muhammad Amir Anis	2,100.00
25	7/14/2017	2016-2017	7/15/2019	2231	Zubair Hassan	5,800.00
26	7/14/2017	2016-2017	7/15/2019	2376	Danish. C. Attaullah	4,900.00
27	7/14/2017	2016-2017	7/15/2019	2383	Mohammad Adeel Amjad	5,400.00
28	7/14/2017	2016-2017	7/15/2019	2384	Umar Farooq	6,700.00
29	7/14/2017	2016-2017	7/15/2019	5001	Sajjad Ahmed Fakhri	13,100.00
30	7/14/2017	2016-2017	7/15/2019	5006	Ghazanfar Ali	3,700.00
31	7/14/2017	2016-2017	7/15/2019	5015	Muhammad Shamrose	5,900.00
32	7/14/2017	2016-2017	7/15/2019	5016	Rehan Tariq Ghory	9,500.00
33	7/14/2017	2016-2017	7/15/2019	5018	Nasar Hayat	10,600.00
34	7/14/2017	2016-2017	7/15/2019	5019	Aslam Tufail	3,800.00

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

Sr. No.	Date of Grant	Financial Year	Expiry Period	Name of Entitled Employees	Option Granted (Nos.)	Option Granted (Nos.)
35	7/14/2017	2016-2017	7/15/2019	5020	Pervez Terloka	3,200.00
36	7/14/2017	2016-2017	7/15/2019	5035	Uzma Sheikh	4,600.00
37	7/14/2017	2016-2017	7/15/2019	5056	Zulqarnain Afzal	2,600.00
38	7/14/2017	2016-2017	7/15/2019	5060	Hammad Ahmed	6,800.00
39	7/14/2017	2016-2017	7/15/2019	5118	Muhammad Aslam	3,700.00
40	7/14/2017	2016-2017	7/15/2019	5119	Zafar Iqbal	4,000.00
41	7/14/2017	2016-2017	7/15/2019	5171	Kamran Ahmed	4,200.00
42	7/14/2017	2016-2017	7/15/2019	5187	Salman Asif	3,500.00
43	7/14/2017	2016-2017	7/15/2019	5220	Ahmed Ali	3,200.00
44	7/14/2017	2016-2017	7/15/2019	5279	Mobeen Akhtar	21,300.00
45	7/14/2017	2016-2017	7/15/2019	5297	Azam Tariq Ghori	35,500.00
46	7/14/2017	2016-2017	7/15/2019	5323	Khawaja Amer	7,000.00
47	7/14/2017	2016-2017	7/15/2019	5324	Ahmed Ali	2,300.00
48	7/14/2017	2016-2017	7/15/2019	5334	Waqas Ali	2,900.00
49	7/14/2017	2016-2017	7/15/2019	5356	Waqar Ahmed Rana	5,100.00
50	7/14/2017	2016-2017	7/15/2019	5371	Muhammad Latif	2,300.00
51	7/14/2017	2016-2017	7/15/2019	5380	Adnan Khan	8,200.00
52	7/14/2017	2016-2017	7/15/2019	5382	Syed Basharat	7,100.00
53	7/14/2017	2016-2017	7/15/2019	5388	Mahmood Aslam	5,600.00
54	7/14/2017	2016-2017	7/15/2019	5402	Muhammad Ali Raza	4,800.00
55	7/14/2017	2016-2017	7/15/2019	5517	Azhar Iqbal	2,600.00
56	7/14/2017	2016-2017	7/15/2019	5520	Tariq Mahmood	4,400.00
57	7/14/2017	2016-2017	7/15/2019	5522	Muhammad Hussain	3,900.00
58	7/14/2017	2016-2017	7/15/2019	5581	Sohail Khalid	3,100.00
59	7/14/2017	2016-2017	7/15/2019	5593	Kashif Saleem	2,800.00
60	7/14/2017	2016-2017	7/15/2019	5598	Zia Ur Rehman	2,300.00
61	7/14/2017	2016-2017	7/15/2019	5604	Muhammad Sohaib	3,100.00
62	7/14/2017	2016-2017	7/15/2019	5610	Hajra Noreen	4,900.00
63	7/14/2017	2016-2017	7/15/2019	5636	Wajahat Raza	1,400.00
64	7/14/2017	2016-2017	7/15/2019	5637	Waqas Khalid Khan	5,300.00
65	7/14/2017	2016-2017	7/15/2019	5638	Muhammad Kashif	2,700.00
66	7/14/2017	2016-2017	7/15/2019	5720	Muhammad Bilal	2,000.00
67	7/14/2017	2016-2017	7/15/2019	5772	Zaheer Ahmad	2,500.00
68	7/14/2017	2016-2017	7/15/2019	5890	Ali Waqas	2,000.00

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

Sr. No.	Date of Grant	Financial Year	Expiry Period	Name of Entitled Employees	Option Granted (Nos.)	Option Granted (Nos.)
69	7/14/2017	2016-2017	7/15/2019	5892	Aijaz Uddin	6,000.00
70	7/14/2017	2016-2017	7/15/2019	5913	Misbah Khan	2,000.00
71	7/14/2017	2016-2017	7/15/2019	5914	Muhammad Ammar	3,200.00
72	7/14/2017	2016-2017	7/15/2019	5961	Umar Ali Javed	3,500.00
73	7/14/2017	2016-2017	7/15/2019	5962	Abdul Qadoos	3,800.00
74	7/14/2017	2016-2017	7/15/2019	6064	Muhammad Shoaib	10,900.00
75	7/14/2017	2016-2017	7/15/2019	6069	Aamer Haseeb Qazi	4,100.00
76	7/14/2017	2016-2017	7/15/2019	6110	Saud Ahmad	2,800.00
77	7/14/2017	2016-2017	7/15/2019	6114	Muhammad Arif	6,000.00
78	7/14/2017	2016-2017	7/15/2019	6128	Asghar Mushtaq	4,500.00
79	7/14/2017	2016-2017	7/15/2019	6141	Ch.kamran Hafeez	2,200.00
80	7/14/2017	2016-2017	7/15/2019	6152	Rohail Ilyas	3,500.00
81	7/14/2017	2016-2017	7/15/2019	6154	Ali Raza Wahid	7,500.00
82	7/14/2017	2016-2017	7/15/2019	6171	Syed Waseem Tahir	1,800.00
83	7/14/2017	2016-2017	7/15/2019	6232	Syed Muhammad	5,100.00
84	7/14/2017	2016-2017	7/15/2019	6245	Farhaan Abid Rao	9,000.00
85	7/14/2017	2016-2017	7/15/2019	6262	Hadiqa Tul Anaab	2,000.00
86	7/14/2017	2016-2017	7/15/2019	6280	Nauman Akbar	1,400.00
87	7/14/2017	2016-2017	7/15/2019	6281	Muhammad Irfan	2,800.00
88	7/14/2017	2016-2017	7/15/2019	6282	Muhammad Ishaq	2,800.00
89	7/14/2017	2016-2017	7/15/2019	6303	M. Ali Imran	5,300.00
90	7/14/2017	2016-2017	7/15/2019	6304	Naveed Ahmad Khan	2,500.00
91	7/14/2017	2016-2017	7/15/2019	6337	Atta Ur Rehman	1,900.00
92	7/14/2017	2016-2017	7/15/2019	6343	Sheikh Tamoor	2,500.00
93	7/14/2017	2016-2017	7/15/2019	6352	Hamad Mehmood	12,400.00
94	7/14/2017	2016-2017	7/15/2019	6358	Saulat Said	70,000.00
95	7/14/2017	2016-2017	7/15/2019	6360	Qanbar Abbas	1,900.00
96	7/14/2017	2016-2017	7/15/2019	6362	Asad Nawaz	1,900.00
97	7/14/2017	2016-2017	7/15/2019	6371	Rafia Azhar	1,600.00
98	7/14/2017	2016-2017	7/15/2019	6381	Masood Ul Hassan	14,500.00
99	7/14/2017	2016-2017	7/15/2019	6386	Sohaib Ijaz	2,000.00
100	7/14/2017	2016-2017	7/15/2019	6390	Muhammad Ahmad	4,800.00
101	7/14/2017	2016-2017	7/15/2019	6393	Jamal Arshad	5,200.00
102	7/14/2017	2016-2017	7/15/2019	6404	Muhammad Usman	8,800.00

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

Sr. No.	Date of Grant	Financial Year	Expiry Period	Name of Entitled Employees	Option Granted (Nos.)	Option Granted (Nos.)
103	7/14/2017	2016-2017	7/15/2019	6433	Amjad Zaman	2,400.00
104	7/14/2017	2016-2017	7/15/2019	6438	Muhammad Asad	2,000.00
105	7/14/2017	2016-2017	7/15/2019	6464	Muhammad Tarique	1,300.00
106	7/14/2017	2016-2017	7/15/2019	6467	Shahid Shafique	2,300.00
107	7/14/2017	2016-2017	7/15/2019	6478	Ansar Hameed	5,100.00
108	7/14/2017	2016-2017	7/15/2019	6480	Usman Riaz	3,400.00
109	7/14/2017	2016-2017	7/15/2019	6493	Sheikh Azhar	6,600.00
110	7/14/2017	2016-2017	7/15/2019	6505	M. Ahmad Masoom	2,700.00
111	7/14/2017	2016-2017	7/15/2019	6506	Muhammad Tayyab	14,000.00
112	7/14/2017	2016-2017	7/15/2019	6512	Muhammad Mohsin	2,200.00
113	7/14/2017	2016-2017	7/15/2019	6515	Nabeel Ahmad	10,400.00
114	7/14/2017	2016-2017	7/15/2019	6522	Fahad Farooq	1,200.00
115	7/14/2017	2016-2017	7/15/2019	6524	Faraz Hussain	19,300.00
116	7/14/2017	2016-2017	7/15/2019	6531	Muhammad Awais	3,100.00
117	7/14/2017	2016-2017	7/15/2019	6540	Ahmad Iftikhar	1,500.00
118	7/14/2017	2016-2017	7/15/2019	6565	Usman Butt	2,200.00
119	7/14/2017	2016-2017	7/15/2019	6566	Muhammad Zubair	9,100.00
120	7/14/2017	2016-2017	7/15/2019	6583	Farid Rasheed	32,800.00
121	7/14/2017	2016-2017	7/15/2019	6587	Umar Farooq	10,900.00
122	7/14/2017	2016-2017	7/15/2019	6593	Khawaja Azhar	3,900.00
123	7/14/2017	2016-2017	7/15/2019	6603	Farhan Athar	14,000.00
124	7/14/2017	2016-2017	7/15/2019	6604	Syed Qamar Abbas	7,800.00
125	7/14/2017	2016-2017	7/15/2019	6606	Ali Aslam	173,900.00
126	7/14/2017	2016-2017	7/15/2019	6622	Hafiz Muhammad	1,600.00
127	7/14/2017	2016-2017	7/15/2019	6642	Muhammad Jahanzeb	1,700.00
128	7/14/2017	2016-2017	7/15/2019	6645	Muhammad Ahsan	2,800.00
129	7/14/2017	2016-2017	7/15/2019	6650	Rana Ziab Hassan	3,000.00
130	7/14/2017	2016-2017	7/15/2019	6652	Shahzada Kamran	2,200.00
131	7/14/2017	2016-2017	7/15/2019	6657	Ali Akram Khan	1,400.00
132	7/14/2017	2016-2017	7/15/2019	6659	Saleem Shahzad	1,400.00
133	7/14/2017	2016-2017	7/15/2019	6662	Asad Ali	2,100.00
134	7/14/2017	2016-2017	7/15/2019	6674	Muneeb Najam	3,200.00
135	7/14/2017	2016-2017	7/15/2019	6675	Naveed Akhtar	1,700.00
136	7/14/2017	2016-2017	7/15/2019	6687	Syed Khurram	800.00

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

Sr. No.	Date of Grant	Financial Year	Expiry Period	Name of Entitled Employees	Option Granted (Nos.)	Option Granted (Nos.)
137	7/14/2017	2016-2017	7/15/2019	6689	Sheikh Taimoor	2,300.00
138	7/14/2017	2016-2017	7/15/2019	6695	Muhammad Haseeb	900.00
139	7/14/2017	2016-2017	7/15/2019	6699	Muneer Ahmad	1,000.00
140	7/14/2017	2016-2017	7/15/2019	6706	Muhammad Bilal	800.00
141	7/14/2017	2016-2017	7/15/2019	6707	Irfan Habib	1,900.00
142	7/14/2017	2016-2017	7/15/2019	6711	Yahya Khan	600.00
143	7/14/2017	2016-2017	7/15/2019	6717	Farooq Furjad	2,800.00
144	7/14/2017	2016-2017	7/15/2019	6718	Jamil Ahmad	1,300.00
145	7/14/2017	2016-2017	7/15/2019	6721	Sheikh Muhammad	2,800.00
146	7/14/2017	2016-2017	7/15/2019	6725	Imran Zafar	4,400.00
147	7/14/2017	2016-2017	7/15/2019	6731	Abid Ali	1,100.00
148	7/14/2017	2016-2017	7/15/2019	6732	Rana Irfan Ahmed	12,200.00
149	7/14/2017	2016-2017	7/15/2019	6736	Mumtaz Hassan	3,300.00
150	7/14/2017	2016-2017	7/15/2019	6743	Nuaman Hussan	1,000.00
151	7/14/2017	2016-2017	7/15/2019	6746	Muhammad Waseem	800.00
152	7/14/2017	2016-2017	7/15/2019	6812	Syed Muhammad Ali Mujataba	900.00
153	7/14/2017	2016-2017	7/15/2019	6813	Waseem Ahmad	3,000.00
154	7/14/2017	2016-2017	7/15/2019	9997	Uzair Hassan	1,600.00
155	7/14/2017	2016-2017	7/15/2019	9998	Zaid Aslam	2,200.00
156	7/14/2017	2016-2017	7/15/2019	9999	Rehan Iqbal	3,700.00
157	7/14/2017	2016-2017	7/15/2019	10001	Hafiz Faheem Javed	1,500.00
158	7/14/2017	2016-2017	7/15/2019	10025	Zaheer Ahmad	1,000.00
159	7/14/2017	2016-2017	7/15/2019	10094	Imran Ali	1,300.00
160	7/14/2017	2016-2017	7/15/2019	10112	Tariq Mehmood	1,100.00
161	7/14/2017	2016-2017	7/15/2019	10142	Salman Ahmed Rabbani	3,700.00
162	7/14/2017	2016-2017	7/15/2019	10148	Malik Muhammad Muslim	4,400.00
163	7/14/2017	2016-2017	7/15/2019	10164	Muhammad Waqas	600.00
164	7/14/2017	2016-2017	7/15/2019	10165	Muhammad Amnan	1,400.00
165	7/14/2017	2016-2017	7/15/2019	10211	Asma Shamim	600.00
166	7/14/2017	2016-2017	7/15/2019	10221	Faizan Khalid	2,800.00
167	7/14/2017	2016-2017	7/15/2019	10238	Muhammad Suleman Sarroya	600.00
168	7/14/2017	2016-2017	7/15/2019	10265	Muhammad Hamza	800.00
169	7/14/2017	2016-2017	7/15/2019	10329	Syed Saqib Abbas	1,700.00
170	7/14/2017	2016-2017	7/15/2019	10360	Muhammad Shoaib Mahmood	4,200.00
171	7/14/2017	2016-2017	7/15/2019	10279	Imran Nazir Saqib	1,300.00

NOTICE FOR MANDATORY REQUIREMENT OF DIVIDEND MANDATE

Date: October 05, 2017

Dear Shareholders,

Under Section 242 of the companies Act, 2017, listed companies are required to PAY CASH DIVIDEND ONLY THROUGH ELCTRONIC MODE directly into the bank accounts designated by the entitled shareholders, and therefor, all the valuable shareholders of Treet Corporation Limited (Treet) are requested to kindly authorize Treet for direct credit of their cash dividend(s) in your bank account by providing following compulsory information to Treet otherwise their dividend will be kept on hold till the time mandatory dividend mandate information is reached to Treet or its share registrar M/s Share Registrar Department, Central Depository of Pakistan Limited, CDC House,

Also please note that all those shareholders who have already provided their mandate are requested to check correctness and activeness of their bank accounts for credit fo their future cash dividend(s) without any delay and complications.

PLEASE NOTE THAT THE DIVIDEND MANDATE INFORMATION IS A MANDATORY REQUIREMENT FOR ALL THE SHAREHOLDERS IRRESPECTIVE OF CDC ACCOUNT/SUBACCOUNT HOLDERS AND PHYSICAL SHARE CERTIFICATE HOLDERS.

Details of Shareholders	
Name of Shareholders	
Folio / CDS Account No.	
CNIC No. (Copy attached)	
Cell number of shareholders	
Landline number of shareholders, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK_____ (24 digit) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and address	
It is stated that the above mentioned information is correct and in case of any change herein, I / We will immediately intimate Participant / Share Registrar accordingly.	
----- Signature of Shareholders	

If people Like you
they will listen you,
but if they Trust You,
they'll do business
with you.

Thank You



Treet Corporation Limited

FINANCIAL STATEMENTS 2017



TREET GROUP
OF COMPANIES

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Society for Cultural Education

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Treet Corporation Limited ("the Holding Company") and its subsidiary companies as at 30 June 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Treet Corporation Limited and its subsidiary companies, Treet Holdings Limited and Global Arts Limited. The financial statements of other subsidiary companies, First Treet Manufacturing Modaraba, Treet HR Management (Private) Limited, Treet Power Limited and Renacon Pharma Limited were audited by another firm of auditors, whose audit reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Group's share of income from investment in associate accounted for under equity method of Rs. 52.95 million included in the consolidated profit and loss account and note 8.2 to the consolidated financial statements is based on un-audited financial statements of the associate.

In our opinion these consolidated financial statements present fairly the consolidated financial position of Treet Corporation Limited and its subsidiary companies as at 30 June 2017 and the consolidated results of their operations for the year then ended.

Lahore
Date: October 05, 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Consolidated Balance Sheet

As at 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Assets			
Non-current assets			
Property, plant and equipment	6	11,364,388	7,821,227
Investment property	7	19,384	19,384
Intangible assets	8	171,297	-
Long term investments	9	426,625	297,410
Long term loans and advances	10	15,316	12,674
Long term deposits	11	38,099	34,268
Deferred taxation	12	25,109	24,269
		12,060,218	8,209,232
Current assets			
Stores and spares	13	268,707	273,836
Stock in trade	14	1,350,427	1,098,072
Trade debts	15	888,344	616,893
Short term investments	16	571,687	498,009
Loans, advances, deposits, prepayments and other receivables	17	1,591,799	1,197,815
Cash and bank balances	18	1,002,213	650,509
		5,673,177	4,335,134
Non current assets held for sale	19	44,240	-
Liabilities			
Current liabilities			
Current portion of long term liabilities	20	254,082	247,364
Short term borrowings	21	6,049,596	1,557,993
Trade and other payables	22	997,322	714,010
Accrued mark-up	23	350,859	297,720
Provision for taxation		78,167	49,652
		7,730,026	2,866,739
Net current assets		(2,012,609)	1,468,395
Non-current liabilities			
Long term deposits	24	1,214	1,037
Long term liability against purchase of land	25	56,426	112,670
Redeemable capital	26	357,583	537,000
Retention money	27	-	11,346
Deferred liabilities - Employee retirement benefits	28	251,939	216,881
		667,162	878,934
Contingencies and commitments	30		
		9,380,447	8,798,693
Represented by:			
Authorized capital			
250,000,000 (2016: 150,000,000) ordinary shares of Rs. 10 each		2,500,000	1,500,000
150,000,000 (2016: 10,000,000) preference shares of Rs. 10 each		1,500,000	100,000
		4,000,000	1,600,000
Issued, subscribed and paid up capital	31	1,421,436	1,378,043
Reserves	32	5,101,250	4,811,771
Advance against issue of shares		98,914	-
Unappropriated profit		1,255,027	1,285,310
Equity attributable to owners of the Company		7,876,627	7,475,124
Non-controlling interest	33	192,174	3,341
		8,068,801	7,478,465
Surplus on revaluation of land and buildings - net of tax	34	1,311,646	1,320,228
		9,380,447	8,798,693

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Consolidated Profit and Loss Account

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Sales - net	35	8,418,188	7,615,231
Cost of sales	36	6,334,257	5,694,233
Gross profit		2,083,931	1,920,998
Administrative expenses	37	440,019	446,895
Distribution cost	38	1,131,913	1,012,822
		1,571,932	1,459,717
Operating profit		511,999	461,281
Finance cost	39	390,848	349,904
Other operating expenses	40	86,618	75,398
		477,466	425,302
Other income	41	121,391	178,865
Gain on dilution of equity interest in associate	9.2	101,463	-
Share of profit of associate	9.2	47,189	52,952
Profit before taxation		304,576	267,796
Taxation			
- Group		79,758	37,175
- Associate		8,908	16,307
	42	88,666	53,482
Profit after taxation		215,910	214,314
<i>Attributable to:</i>			
Equity holders of the Parent Company		223,399	213,984
Non-controlling interest	33	(7,489)	330
		215,910	214,314
Earnings per share - basic and diluted (Rupees)	43	1.60	1.59

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	2017 (Rupees in thousand)	2016
Profit after taxation	215,910	214,314
<i>Other comprehensive income</i>		
<i>Items that are or may be reclassified to profit or loss account:</i>		
Unrealized gain on available for sale investments - Group's share in associate	5,397	-
<i>Items that will never be reclassified to profit or loss account:</i>		
Remeasurement of defined benefit obligation - net of tax	(43,247)	(58,699)
Total comprehensive income for the year	178,060	155,615
<i>Attributable to:</i>		
Equity holders of the Parent Company	185,549	155,285
Non-controlling interest	(7,489)	330
	178,060	155,615

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Consolidated Cash Flow Statement

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Cash generated from operations	49	122,689	885,405
Finance cost paid		(337,709)	(354,592)
Taxes paid		(82,496)	(90,343)
WPPF and WWF - net		4,728	4,698
Payment to gratuity fund and superannuation fund		(65,829)	(47,943)
Long term loans and deposits - net		1,361	(597)
		(479,945)	(488,777)
Net cash (used in) / generated from operating activities		(357,256)	396,628
Cash flows from investing activities			
Fixed capital expenditure		(3,880,492)	(3,940,961)
Proceeds from sale of property, plant and equipment		46,764	30,982
Proceeds from sale of investment property		-	18,500
Acquisition of subsidiary		(23,805)	-
Profit received on bank deposits		22,066	110,983
Dividend received		20,155	2,586
Net cash used in investing activities		(3,815,312)	(3,777,910)
Cash flows from financing activities			
Long term deposits		(956)	287
Advance against issue of shares		98,914	-
Proceeds from issue of shares under employee stock option scheme		73,118	-
Proceeds from issue of right shares		-	1,623,786
Loan from Chief Executive Officer - Interest free		390,000	-
Redemption of participation term certificates		(6,273)	(6,272)
Short term borrowings - net		682,545	(42,281)
Dividend paid		(132,134)	(127,915)
Net cash generated from financing activities		1,105,214	1,447,605
Net decrease in cash and cash equivalents		(3,067,354)	(1,933,677)
Cash and cash equivalents at beginning of year		113,015	2,046,692
Cash and cash equivalents at end of year	50	(2,954,339)	113,015

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Share Capital	Advance against issue of share capital	Capital Reserves			Revenue Reserves		Total equity attributable to shareholders of Holding Company	Non - controlling Interest	Total shareholders equity	
			Share premium	Capital Reserve	Share in capital reserve of associate	Statutory Reserve	General Reserve				Un-appropriated Profit
------(Rupees in thousand)-----											
Balance as at 30 June 2015	539,507	2,421,612	735,192	629	(1,184)	313,436	266,400	1,371,939	5,647,531	2,388	5,649,919
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	213,984	213,984	330	214,314
Other comprehensive loss	-	-	-	-	-	-	-	(58,699)	(58,699)	-	(58,699)
Incremental depreciation relating to surplus on revaluation of building - net of tax	-	-	-	-	-	-	-	155,285	155,285	330	155,615
Transactions with owners of the Company, Contributions and distributions											
Issuance of right shares / share subscription received	809,261	(2,421,612)	3,236,137	-	-	-	-	-	1,623,786	740	1,624,526
Conversion of PTCs into ordinary shares @ 0.07 shares per PTC	29,275	-	143,869	-	-	-	-	-	173,144	-	173,144
Final cash dividend @ 10 % for the year ended 30 June 2015	-	-	-	-	-	-	-	(134,877)	(134,877)	-	(134,877)
Transferred to statutory reserve	-	-	-	-	-	117,292	-	(117,292)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(117)	(117)
	838,536	(2,421,612)	3,380,006	-	-	117,292	-	(252,169)	1,662,053	623	1,662,676
Balance as at 30 June 2016	1,378,043	-	4,115,198	629	(1,184)	430,728	266,400	1,285,310	7,475,124	3,341	7,478,465
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)
Incremental depreciation relating to surplus on revaluation of building - net of tax	-	-	-	-	5,397	-	-	180,152	185,549	(7,489)	178,060
Changes in ownership interest											
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	-	196,487	196,487
Transactions with owners of the Company, Contributions and distributions											
Advance received during the year	-	98,914	-	-	-	-	-	-	98,914	-	98,914
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 non-controlling interest	-	-	-	-	-	-	-	-	-	(165)	(165)
	43,393	98,914	202,869	-	-	81,213	-	(219,017)	207,372	(165)	207,207
Balance as at 30 June 2017	1,421,436	98,914	4,318,067	629	4,213	511,941	266,400	1,255,027	7,876,627	192,174	8,068,801

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

1 Status and nature of the business

The Group comprises of :

Holding Company

- Treet Corporation Limited

	2017 (Holding percentage)	2016
Subsidiary Companies		
- Treet Holdings Limited	100	100
- First Treet Manufacturing Modaraba	99.87	99.87
- Treet HR Management (Private) Limited	100	100
- Global Arts Limited	100	100
- Treet Power Limited	100	100
- Renacon Pharma Limited	58.16	-
Associate		
- Loads Limited	12.49	20.82

Treet Corporation Limited ("the Holding Company") was incorporated in Pakistan on 22 January 1977 as a Public Limited Company under the repealed 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 as a Private Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its commercial operations from 01 January 2005. The principal activity of the company is the business of manufacturing and sale of bikes. The company was converted into public limited company (unlisted), and the name and objects of the company have also been changed. 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 wholly owned subsidiary of Treet Corporation Limited), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes and soaps and is in the process of establishing a battery manufacturing unit in Faisalabad. The commercial production is expected to commence in next financial year.

Treet HR Management (Private) Limited was incorporated in Pakistan on September 18, 2006 as a Private Company Limited by shares under the repealed 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 October 26, 2007 as a private company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company was converted into public limited company (unlisted), and the name and the objects of the company had also been changed. The Company is now engaged to promote, establish, run, manage, and maintain educational institutions, colleges of arts, research, sciences, information technology and business administration. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a subsidiary of Treet Corporation Limited - an ultimate parent, a listed company.

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

Renacon Pharma Limited is incorporated on 07 July 2009 as a private limited company under the repealed 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.

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 2017.

(a) 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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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 recorded at proportionate share of 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 profit and loss account. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit and loss account. 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.

(b) 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 and loss account where appropriate.

The Group's share of its associates post acquisition profits or losses is recognized in the consolidated profit and loss account 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. 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 balance sheet date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying and fair value.

Dilution gains and losses arising in investments in associates are recognized in the consolidated profit and loss account.

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

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

On 30 May 2017 the Companies Act, 2017 was enacted which replaced and repealed the Companies Ordinance, 1984 (the "repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular 17 dated 20 July 2017 and press release of the said date, has clarified that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements in accordance with the provisions of the repealed Ordinance.

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 5.7, the measurement of certain items of property, plant and equipment as referred to in note 5.3 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 5.1 at present value. In these consolidated financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentational currency

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

3 Use of estimates and judgments

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

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	5.1
- Taxation	5.2
- Residual values and useful lives of property, plant and equipment	5.3
- Impairment	5.8
- Provisions	5.15
- Contingent liabilities	5.22

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

4.1 The Companies Act, 2017 applicable for financial year beginning on 01 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – "Property, plant and equipment". This would have resulted in reclassification of surplus on revaluation of land and building – net of tax to equity by restating the corresponding figures which would result in increase in equity by Rs. 1,330.48 million, Rs. 1,320.23 million and Rs. 1,311.65 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. Further set off of loss in one class with another class of assets no longer allowed.

4.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment 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.
- 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.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2017). The new cycle of improvements contain amendments to the following standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.
- 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 or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.
- 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.
- 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 above amendments are not considered to have an impact on these consolidated financial statements, except for the application of certain additional disclosures and treatment of surplus on revaluation of fixed assets as required by Companies Act, 2017.

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 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 2017

- ii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employee Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Group and employees at 10% of basic salary from the date the employee gets permanent status. Additional contributions may be made by the Group for those employees who have at most 15 years of service remaining before reaching retirement age, however, employees can start their additional contribution above the threshold limit of 10% of the basic salary at any time.
- iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Group to all the employees in any year, not exceeding one month 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 2017. 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 and 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 and loss account, such employee compensation expense is reversed in the profit and 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.

5.2 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 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 and 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

5.3 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 and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and 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 and loss account, 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 and 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 and 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.

5.4 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 and loss account.

5.5 Intangible assets

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

5.6 Non-current assets held for sale

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

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

5.7 Investments

Investments intended to be held for less than twelve months from the balance sheet 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 account". 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 and loss as and when incurred. At subsequent reporting date, these investments are remeasured at fair value and changes therein are recognized in the profit and 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 2017

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 and 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 profit and loss account. Impairment losses on available for sale investments are recognized by reclassifying the losses accumulated in the fair value reserve to profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments classified as available for sale are not reversed through the profit and loss account.

5.8 Impairment

Financial assets

Financial assets not carried at fair value through profit and loss account 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 and loss account.

All impairment losses are recognized in profit and loss account. 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 profit and loss account. 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.

5.9 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.

5.10 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.

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.

5.11 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.

5.12 Cash and cash equivalents

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

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5.13 Borrowings

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

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

5.14 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.

5.15 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.

5.16 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 and 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.

5.17 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 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.
- (iv) Other revenues are recorded on accrual basis.

5.18 Borrowing costs

Borrowing costs are interest or other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs that are directly attributable to qualifying assets are capitalized as part of costs of that asset.

5.19 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 and 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 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 and loss account as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognized in profit and loss account.

5.20 Research and development costs

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

5.21 Dividends

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

5.22 Contingent liabilities

A contingent liability is disclosed when:

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

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

5.23 Segment reporting

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

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

6 Property, plant and equipment

	Note	2017 (Rupees in thousand)	2016
Operating fixed assets	6.1	3,984,287	3,836,248
Capital work in progress	6.2	7,380,101	3,984,979
		11,364,388	7,821,227

6.1 Property, plant and equipment

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2016	Asset acquired on business combination (note - 8.2)	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2017	Accumulated depreciation as at 01 July 2016	Asset acquired on business combination (note - 8.2)	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 (44,240)*	2,534,571	-	-	-	-	2,534,571
Building on freehold land	5	555,389	-	25,825	581,214	74,156	-	38,709	112,865	468,349
Buildings on leasehold land	10	4,791	-	-	4,791	2,396	-	479	2,875	1,916
Plant and machinery	10	1,631,397	24,233	159,161 (2,328)	1,812,463	911,384	-	122,630 (2,328)	1,031,686	780,777
Furniture and equipment	10 - 25	89,941	9,055	20,460 (824)	118,632	47,983	3,378	11,212 (405)	62,168	56,464
Vehicles	20	236,043	4,008	107,457 (63,693)	283,815	123,550	2,676	49,653 (34,274)	141,605	142,210
2017		4,995,717	43,696	407,158 (111,085)	5,335,486	1,159,469	6,054	222,683 (37,007)	1,351,199	3,984,287

* As referred to in note 20, piece of land measuring 15 kanal and 16 marlas situated in Gujranwala is classified as held for sale.

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2015	Asset acquired on business combination	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2016	Accumulated depreciation as at 01 July 2015	Asset acquired on business combination	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2016	Book value as at 30 June 2016
------(Rupees in thousand)-----										
Owned										
Freehold land	-	2,219,832	-	258,324	2,478,156	-	-	-	-	2,478,156
Building on freehold land	5	538,017	-	17,372	555,389	35,832	-	38,324	74,156	481,233
Buildings on leasehold land	10	4,791	-	-	4,791	1,917	-	479	2,396	2,395
Plant and machinery	10	1,565,719	-	83,127 (17,449)	1,631,397	790,900	-	127,089 (6,605)	911,384	720,013
Furniture and equipment	10 - 25	69,364	-	21,892 (1,315)	89,941	40,977	-	7,777 (771)	47,983	41,958
Vehicles	20	214,855	-	45,792 (24,604)	236,043	95,320	-	43,308 (15,078)	123,550	112,493
2016		4,612,578	-	426,507 (43,368)	4,995,717	964,946	-	216,977 (22,454)	1,159,469	3,836,248

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	Note	2017 (Rupees in thousand)	2016
6.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	36.1	142,885	138,849
Cost of goods sold - soaps	36.2	2,992	2,977
Cost of goods sold - corrugated boxes	36.3	25,495	28,642
Cost of goods sold - bikes	36.4	2,044	2,044
Cost of goods sold - pharmaceutical products	36.5	1,389	-
		174,805	172,512
Batteries (capital work in progress)		558	-
Administrative expenses	37	35,230	35,394
Distribution cost	38	12,090	9,071
		222,683	216,977

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

Land		1,385,126	1,328,711
Buildings		277,910	280,764
		1,663,036	1,609,475

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / Profit	Mode of disposal	Sold to employees
----- (Rupees in thousand) -----							
Plant							
Absorption Chiller	1,728	1,728	-	840	840	Third party sale	Saifullah Engineers
Air Compressor	600	599	1	200	199	Third party sale	Superior Technology
Vehicles							
	Third party / Employees						
Land Cruiser	19,319	232	19,087	16,600	(2,487)	Third Party Sale	Excellent Machinery
Honda Civic	2,494	1,715	779	1,169	390	Company scheme	Mr. Tariq Aziz
Toyota GLI	1,869	1,387	482	500	18	Company scheme	Mr. Babur Mansoor
Honda CITI	1,623	1,523	100	573	473	Company scheme	Mr. Shahid Mehmood
Suzuki Cultus	1,004	935	69	367	298	Company scheme	Mr. S.M. Ijaz
Suzuki Cultus	625	66	559	625	66	Company scheme	Mr. Qamar Ullah Khan
Suzuki Wagon R	625	70	555	625	70	Company scheme	Mr. Abdul Qayyum
Honda Civic	625	185	440	625	185	Company scheme	Mr. Imran Munawar
Toyota Corolla	500	140	360	500	140	Company scheme	Mr. Muzaffar Iqbal Hassan
Suzuki Cultus	650	564	86	567	481	Company scheme	Mr. Saifullah Khan
Toyota Corolla	780	548	232	388	156	Company scheme	Mr. Azhar Saeed Butt
Suzuki Mehran	455	372	83	455	372	Company scheme	Mr. Ifftikhar Sardar
Toyota Corolla	780	701	79	377	298	Company scheme	Mr. Waqar Aftab
Suzuki Cultus	1,039	907	132	475	343	Company scheme	Mr. Tareeq Rasheed
	32,388	9,345	23,043	23,846	803		
Other assets with book value less than Rs. 50,000	32,129	25,335	6,794	21,878	15,084		
2017	66,845	37,007	29,838	46,764	16,926		
2016	43,368	22,454	20,914	30,982	10,068		

	Note	2017 (Rupees in thousand)	2016
6.2	Capital work-in-progress		
	Civil works	2,107,823	618,713
	Plant and machinery	4,015,995	3,217,076
	Advances for capital expenditure	808,974	35,461
	Unallocated project related expenditures	447,309	113,729
		7,380,101	3,984,979
6.2.1	These mainly relates to construction work in progress related to development and construction of buildings for ongoing Battery and University projects.		
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	The are interest free in the normal course of business for machinery and equipment.		
6.2.4	The breakup of unallocated expenditures relating to Battery project is as follows:		
	Salaries and wages	202,158	73,275
	Travelling and conveyance	56,102	22,356
	Insurance	23,428	-
	Rent Rates & Taxes	26,193	958
	Others	139,428	17,140
		447,309	113,729

6.2.5 It includes borrowing cost capitalized amounting to Rs. 94.26 million (2016: Rs. Nil).

7	Investment property		
	Cost as at 01 July	19,384	28,100
	Additions during the year	-	-
	Disposals	-	(8,716)
	Cost as at 30 June	19,384	19,384

These represent the following pieces of land:

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

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

Notes to the Consolidated Financial Statements

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	Note	2017 (Rupees in thousand)	2016
8 Intangible assets			
Oracle computer software and implementation	8.1	37,684	-
Goodwill acquired on acquisition	8.2	133,613	-
		171,297	-

8.1 Oracle computer software and implementation

Intangible asset represents computer software (ERP system) that is capitalized effective 01 February 2017.

Cost			
Addition during the year		41,110	-
Accumulated amortisation			
Amortisation for the year		(3,426)	-
Balance at end of the year		37,684	-
Rate of amortisation		20%	-

8.2 Goodwill acquired on acquisition

8.2.1 Acquisition of Renacon Pharma Limited

Renacon Pharma Limited (RPL) is a pharmaceutical manufacturing Company incorporated on 07 July 2009. On 18 January 2017 the Company acquired 58.16% equity interest in RPL through right issue. The Board of Directors of RPL, on 28 December 2016, announced right issue to the existing shareholders of the company at 139% i.e. 139 right shares for every 100 shares held. The right issue was not exercised by the existing shareholders of RPL and instead was renounced in the favour of the Treet Corporation Limited which was fully subscribed by them. Taking control of Renacon Pharma limited will enable the Group to diversify in Pharma industry as the Group see strong potential in the same.

The total consideration transferred for the acquisition of RPL was Rs. 406.74 million in cash and the total fair value of identifiable net assets at the date of acquisition was Rs. 469.62 million. The proportionate share of identifiable net assets acquired was Rs. 273.13 million resulting in a goodwill of Rs. 133.61 million. Furthermore, the identifiable assets acquired and liabilities assumed at the date of acquisition equals its carrying amounts except for land and plant and machinery resulting in net fair value gain of Rs. 13.40 million and comprises majorly of operating fixed assets, cash and bank and net current assets other than cash and cash equivalents amounting to Rs. 37.64 million, Rs. 382.94 million and Rs. 21.83 million respectively. Replacement value method has been used for valuation of land and plant and machinery.

The Group incurred acquisition - related costs of Rs. 5.5 million on legal fees and due diligence costs. These costs have been included in "administrative expenses".

8.2.2 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 2017 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 10.67% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2017 (Rupees in thousand)	2016
9 Long term investments			
Available for sale - at cost	9.1	1,555	1,555
Investment in associate - Loads Limited	9.2	425,070	295,855
		426,625	297,410
9.1 Available for sale - at cost			
Techlogix International Limited - unquoted			
748,879 (2016: 748,879) fully paid ordinary shares of par value of USD 0.00015.	9.1.1	8,593	8,593
Equity Held: 0.73 % (2016: 0.74 %)			
Less: Provision for impairment		(7,038)	(7,038)
		1,555	1,555
9.1.1	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 (2016: Rs. 4.11) per share. The shares have par value of USD 0.00015.		
9.2 Investment in associate - Loads Limited			
Loads Limited- quoted			
17,177,325 (2016: 15,615,750) fully paid ordinary shares of Rs. 10 each			
Equity held: 12.49% (2016: 20.82%)	9.2.1	425,070	295,855
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 profit and loss accounts		133,326	96,681
		295,855	259,210
Share of profit for the year		47,189	52,952
- before taxation		(8,908)	(16,307)
- provision for taxation		38,281	36,645
Share of other comprehensive income		5,087	-
Dividend received during the year		(15,616)	-
Gain on dilution of share in equity interest		101,463	-
Balance as at 30 June		425,070	295,855

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The Group's investment in Load Limited is less than 20% but it is considered to be an associate as per the requirements of IAS - 28 "Investments in Associates" because the Group has significant influence over its financial and operating policies through representation on the Board. During the year, Loads Limited has been listed on Pakistan Stock Exchange and market value at reporting date is Rs. 41.47 per share. The dilution in equity held of the Group is for the reason of initial public offering (IPO) by Loads Limited.

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	2017 (Rupees in thousand)	2016
Percentage interest held		12.49%	20.82%
Non-current assets		1,450,808	1,006,295
Current assets		2,403,812	1,779,764
Non-current liabilities		(94,812)	(94,462)
Current liabilities		(357,229)	(1,270,583)
Net assets (100%)		3,402,579	1,421,014
Group's share of net assets		425,070	295,855
Carrying amount of interest in associate		425,070	295,855
Revenue		4,405,127	4,035,658
Profit from operations		306,427	180,714
Other comprehensive income		7,436	(4,705)
Total comprehensive income (100%)		313,863	176,009
Group's share of total comprehensive income		39,210	36,645
10 Long term loans and advances			
Loans to employees - secured, considered good	10.1	17,548	10,017
Long term advance - unsecured, considered good	10.4	19,673	16,492
Less: Current portion			
Loan to employees - secured, considered good	17	(13,679)	(8,212)
Long term advance - unsecured, considered good	17	(8,226)	(5,623)
		(21,905)	(13,835)
		15,316	12,674

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. 15.93 million (2016: Rs. 8.04 million) receivable from the executives of the Group. No loan has been given to directors or chief executive of the Group.

	Note	2017 (Rupees in thousand)	2016
10.2	Reconciliation of the carrying amount of loans to executives:		
	Balance as at 01 July	8,037	7,965
	Disbursements during the year	20,161	11,485
	Repayments during the year	(12,265)	(11,413)
	Balance as at 30 June	15,933	8,037
10.3	The maximum amount due from the executives at the end of any month during the year was Rs. 15.93 million (2016: Rs. 8.04 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. 6.85 million, Rs. 0.63 million, Rs. 7.10 million, Rs. 0.42 million and Rs. 4.67 million respectively. The remaining balances are adjustable against rent payable to KIL in lieu of use of soaps manufacturing facility in 39, 36, 18, 07 and 23 equal monthly installments, respectively.		
11	Long term deposits		
	Utility deposits	23,698	24,244
	Others	14,401	10,024
		38,099	34,268
12	Deferred taxation		
	Deferred tax asset	12.1 25,109	24,269
12.1	Deferred tax liability arising in respect of the following items:		
	- Accelerated tax depreciation including surplus on revaluation of property, plant and equipment	(80,377)	(83,808)
	- Post acquisition profits of associates	(32,818)	(23,080)
		(113,195)	(106,888)
	Deferred tax asset arising in respect of the following items:		
	- Unused tax losses	90,587	97,556
	- Capital loss on short term investments	11,489	6,690
	- Employee retirement benefits	36,005	26,692
	- Provision for doubtful debts	223	219
		138,304	131,157
		25,109	24,269

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.

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	Note	2017 (Rupees in thousand)	2016
12.1.2 Movement in deferred tax asset / (liability) is as follows:			
Balance as at 01 July		24,269	18,649
Recognized in profit and loss account:			
- Accelerated tax depreciation including surplus		3,431	16,636
- Capital loss		4,799	11,424
- Unused tax losses		(6,969)	(22,700)
- Post acquisition reserves of associates		(9,738)	(10,995)
- Provision for doubtful debts		4	(178)
		(8,473)	(5,813)
Recognized in other comprehensive income:			
- Net off against Re-measurement of employee retirement benefits recognized		9,313	11,433
Balance as at 30 June		25,109	24,269
13 Stores and spares			
Stores		79,086	58,455
Spares	13.2	189,621	215,381
	13.1	268,707	273,836

13.1 It includes provision for obsolete store items amounting to Rs. 5.52 million (2016: Rs. 5.52 million).

13.2 It includes spares in transit amounting to Rs. 36.35 million (2016: Rs. 34.86 million).

14 Stock-in-trade

Blades:

Raw and packing material	14.1	518,058	418,284
Work in process	36.1	61,311	53,071
Finished goods	14.2	234,914	201,245
		814,283	672,600

Battery

Raw and packing materials		145,445	-
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Soaps

Raw and packing materials	14.1	58,230	68,987
Work in process	36.2	1,438	3,432
Finished goods		22,544	37,611
		82,212	110,030

Packaging solutions-corrugated boxes

Raw and packing materials	14.1	159,397	184,191
Work in process	36.3	35,353	36,865
Finished goods		32,711	27,758
		227,461	248,814

	Note	2017 (Rupees in thousand)	2016
Bike			
Raw and packing materials		44,372	8,873
Work in process	36.4	9,228	57,205
Finished goods		1,979	550
		55,579	66,628
Pharmaceutical products			
Raw and packing materials	14.1	19,874	-
Work in process	36.5	675	-
Finished goods		4,898	-
		25,447	-
		1,350,427	1,098,072
14.1	It includes raw material in transit as follows:		
Blades		51,230	47,670
Soaps		-	6,890
Corrugated boxes		8,990	320
Pharmaceutical products		7,920	-
		68,140	54,880
14.2	It includes finished goods-batteries in transit amounting to Rs. 188.41 million (2016: Rs. Nil).		
15 Trade debts			
Foreign debtors			
- secured, considered good		36,267	29,567
- unsecured, considered good		69,095	110,517
		105,362	140,084
Local debtors			
- Considered good	15.1	782,982	476,809
- Considered doubtful		25,918	50,173
		808,900	526,982
		914,262	667,066
Provision for doubtful debts	15.2	(25,918)	(50,173)
		888,344	616,893
15.1	It includes receivable from following related parties:		
Liaqat National Hospital		15,530	25,807
Loads Limited		807	34
Multiple Autoparts Industries (Private) Limited		655	-
Specialized Autoparts Industries (Private) Limited		44	-
		17,036	25,841
Aging of related party balances			
One to three months		2,370	5,600
More than three months		14,666	20,241
		17,036	25,841

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	Note	2017 (Rupees in thousand)	2016
15.2	The movement in provision for doubtful debts for the year is as follows:		
Balance as at 01 July		50,173	38,536
Provision for the year - net of recoveries	38	585	11,741
Written off against provision		(22,417)	(104)
Reversal of provision for doubtful debts	41	(2,423)	-
Balance as at 30 June		25,918	50,173
16	Short term investments		
Investments at fair value through profit or loss:			
Listed equity securities	16.1	571,687	492,399
Mutual funds	16.2	-	5,610
		571,687	498,009

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

	Share/Certificates		Market value	
	2017 Number	2016 Number	2017 (Rupees in thousand)	2016
Sector /Companies				
Banks				
Silk Bank Limited	247,601,000	202,206,314	415,969	343,751
Bank of Khyber	-	87,000	-	1,092
NIB Bank Limited	-	1,852,000	-	3,537
Cement industry				
Fauji Cement Limited	-	40,000	-	1,432
Flying Cement Limited	-	500	-	4
Textile				
Indus Dyeing and Manufacturing Company Limited	-	110	-	57
Sunrays Textiles Mills Limited	30,600	29,500	6,044	5,975
Shahtaj Textile Limited	868,400	852,500	115,003	102,411
Maqbool Textiles Mills Limited	648,500	379,500	19,941	6,452
Kohinoor Spinning Mills Limited	3,000,000	4,150,000	14,730	23,904
National Silk & Rayon Mills Limited	-	50,000	-	2,311
Miscellaneous				
Transmission Engineering Industries Limited	133,000	133,000	-	-
Aisha Steel Mills Limited	-	102,000	-	1,377
Huffaz Seamless Pipe Industries Limited	-	5,500	-	96
			571,687	492,399

16.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2017 Number	2016 Number	2017 (Rupees in thousand)	2016
AGHP Capital Conservative Fund	-	32,890	-	3,496
HBL Mustahkum Sarmaya Fund	-	20,916	-	2,114
			-	5,610

16.3 Investments to the extent of Rs. 250 million are pledged in favour or under lien of the trustee as security against Participation Term Certificates as referred to in note 26.

	Note	2017 (Rupees in thousand)	2016
17 Loans, advances, deposits, prepayments and other receivables			
Current portion of long term advances - unsecured, considered good		8,226	5,623
Current portion of loan to employees - secured, considered good		13,679	8,212
	10	21,905	13,835
Advances to employees - secured, considered good	17.1	74,027	77,027
Advances to suppliers - unsecured, considered good	17.2	180,995	123,440
Margin deposits - Letter of credits		11,236	1,967
Insurance claim receivable - IGI Insurance Limited - an associated undertaking		1,221	-
Security deposits		1,780	-
Prepayments	17.3	22,559	13,106
Advances to related parties - unsecured considered good			
- Loads Limited		-	70
- IGI Insurance Limited		3,496	16,350
- Employees Benevolent Fund		-	836
- Superannuation Fund		1,159	5,751
- Gratuity Fund		20,369	18,461
- Employees Housing Fund		1,043	12,755
	17.4	26,067	54,223
Balance with statutory authorities			
- Export rebate		54,392	62,654
- Collector of customs		108,298	2,393
- Advance income tax		509,110	467,201
- Sales tax		528,524	304,150
		1,200,324	836,398
Workers profit participation fund	17.5	-	7,444
Receivable from broker against sale of investments		50,961	59,801
Other receivables		724	10,574
		1,591,799	1,197,815

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. 2.91 million (2016: Rs. 7.13 million) receivable from executives of the Group. These also include an amount of Rs. Nil (2016: Rs. 1.45 million) given to Chief Executive Officer (CEO) for travelling for business purpose. Reconciliation of advance given to CEO is as under:

Notes to the Consolidated Financial Statements

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	Note	2017 (Rupees in thousand)	2016
Balance as at 01 July		1,448	1,100
Advances given during the year		-	3,074
Adjustments during the year		(1,448)	(2,726)
Balance as at 30 June		-	1,448

17.2 It includes advance given to foreign suppliers amounting to Rs. 1.04 million (2016: Rs. 36.84 million) for modaraba operations.

17.3 Prepayments includes amount paid to IGI Insurance Limited (associated undertaking) of Rs. 7.60 million (2016: Nil).

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.

17.5 Workers' profit participation fund

Balance as at 01 July		7,444	17,030
Add: Interest on funds unutilized		(467)	(182)
Add: Charge for the year		(6,952)	(3,910)
	40	(7,419)	(4,092)
Less: Paid during the year		(4,728)	(5,494)
Balance as at 30 June		(4,703)	7,444

18 Cash and bank balances

Cash in hand		71,478	21,468
Cash at bank - local currency			
Current accounts		452,509	160,017
Saving accounts	18.1	478,226	469,024
		930,735	629,041
		1,002,213	650,509

18.1 These carry mark-up at the rates ranging from 3.5% to 6% per annum (2016: 4% to 6.5% per annum).

These deposits include Rs. 129.92 million (2016: Rs. 91.97 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.5% to 6.0% per annum (2016: 2.7% to 6.7% per annum).

19 Non-Current assets held for sale

	19.1	44,240	-
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19.1 During the 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. The management expects that the sale will be materialized in near future probably within the next twelve months after the reporting date.

Notes to the Consolidated Financial Statements

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21.6 As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions 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 to the arranging bank on the Notional amount of Rs. 100 million for the purposes of the interest rate swap 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 2017 is Rs. 0.01 million (2016: Nil).

	Note	2017 (Rupees in thousand)	2016
22 Trade and other payables			
Trade creditors			
- Related parties	22.1	3,525	101
- Others		332,889	174,496
		336,414	174,597
Other creditors			
- Related parties	22.2	4,357	39
- Others		51,038	91,390
		55,395	91,429
Accrued liabilities		328,174	311,855
Advances from customers		52,184	18,066
Advance against sale of land		15,893	6,593
Employees deposits		50,303	47,712
Unclaimed dividend		18,643	12,808
Withholding sales tax payable		11,542	12,889
Income tax deducted at source		10,534	12,050
Retention money		38,128	7,327
Workers profit participation fund	17.5	4,703	-
Workers' welfare fund	22.3	1,513	-
Security deposits		15,000	-
Other payables		46,720	11,841
Payable to employee retirement benefit funds			
- Service fund		3,086	1,830
- Employees Benevolent Fund		885	-
- Superannuation fund - II		1,020	-
- Employees provident fund	22.4	7,185	5,013
		12,176	6,843
		997,322	714,010
22.1 Related parties - associated undertakings			
Packages Limited		967	101
IGI Insurance Limited		2,558	-
		3,525	101

These are interest free in the normal course of business.

	Note	2017 (Rupees in thousand)	2016
22.2 Related parties - associated undertakings			
Packages Limited		4,357	-
IGI Insurance Limited		-	39
		4,357	39
These are interest free in the normal course of business.			
22.3 Workers' welfare fund			
Balance as at 01 July		-	313
Add: Charge for the year	40	1,513	483
Less: paid during the year		-	(796)
Balance as at 30 June		1,513	-

22.4 The Group has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 24.36 million (2016: Rs. 21.28 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2017 amount to Rs. 418 million (2016: Rs. 384 million). The fair value of investments of provident fund was Rs. 377.57 million (2016: Rs. 351.45 million) and the cost of the investment was Rs. 366.18 million (2016: Rs. 299.83 million). The above investments out of provident fund have been made in accordance with the requirement of section 227 of the repealed Companies Ordinance, 1984 (section 218 of the Companies Act, 2017) and the rules formulated for this purpose.

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

	2017 (Rupees in thousand)	2016	2017 %	2016 %
National saving bonds / Special saving bonds	46,300	46,300	12%	13%
Pakistan investment bonds	10,000	25,000	3%	7%
National investment trust units	21,583	8,684	6%	2%
NIT government treasury fund	5,248	-	1%	0%
Mutual funds	5,011	5,076	1%	1%
Listed securities	53,459	83,424	14%	24%
Term finance certificates	50,000	50,000	13%	14%
Term deposit certificates	15,415	20,281	4%	6%
Participation term certificates	13,157	49,935	3%	14%
Account with broker for investment	81	1,324	1%	1%
	220,254	290,024		
Cash at bank	157,319	61,427	42%	18%
	377,573	351,451	100%	100%

This includes ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2017 is Rs. 6.83 million (2016: Rs. 26.56 million) and Rs. 13.16 million (2016: Rs. 32.59 million) respectively.

Notes to the Consolidated Financial Statements

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	Note	2017 (Rupees in thousand)	2016
23 Accrued mark-up			
Accrued markup / return on:			
Participation term certificates		289,153	284,578
Short term borrowings		61,706	13,142
		350,859	297,720
24 Long term deposits			
These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.			
25 Long term liability against purchase of land			
Long term liability		169,272	225,695
Less: Payment made during the year		(56,423)	(56,423)
		112,849	169,272
Less: Current maturity of liability	20	(56,423)	(56,602)
		56,426	112,670
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. 152.68 million and the remaining amount of Rs. 112.85 million is payable in 8 equal quarterly installments ending on 4 June 2019.		
26 Redeemable capital			
Participation term certificates		537,000	716,417
Less: Current portion shown under current liabilities	20	(179,417)	(179,417)
		357,583	537,000

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, along with 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" payment in cash	Category "B" payment in cash
	(----- Rupees in thousand -----)			Shares	(----- Rupees in thousand -----)			
2017	6,272	173,145	179,417	2,927,557	29,276	143,869	173,145	116,008
2016	6,272	173,145	179,417	2,927,557	29,276	143,869	173,145	111,433

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 (2016: 17,479,611) PTCs of the Company. Finance cost paid to them during the year is Rs 119.76 million (2016: Rs 115.68 million). Loads Limited, an associated company, holds 1,831,500 (2016: 1,831,500) participation term certificates of the Holding Company.

Securities

The PTCs are secured by the following:

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

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

Pledge of Rs. 250 million over the liquid assets (i.e. listed securities having value of at least Rs. 250 million pledged in favor, or under lien, of the Security Trustee, which may include shares of Packages Limited, IGI Insurance Limited, ZIL Limited, Indus Dyeing Manufacturing Company Limited and/or any other liquid securities) pursuant to the letter of lien and pledge dated 16 May 2011. However, currently shares of Silk Bank Limited and Shahtaj Textile Limited are pledged with the Trustee as referred in note 16.

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

	Note	2017 (Rupees in thousand)	2016
27 Retention money - Global Arts Limited			
Balance as at 30 June	27.1	18,242	22,691
Less: current portion shown under current liabilities	20	(18,242)	(11,345)
		-	11,346

Notes to the Consolidated Financial Statements

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27.1 Retention money represents amount retained from contractors as per the terms of the contract. The 50% of the retained amount will be repaid after the successful completion of the civil work contract and remaining amount will be repaid one year after the completion of the contract. It is expected that the proposed civil work will be completed within the next twelve months from the reporting date.

	Note	2017 (Rupees in thousand)	2016
28 Deferred liabilities - Employee retirement benefits			
Gratuity fund		122,823	115,417
Superannuation fund		129,116	101,464
	28.1	251,939	216,881

28.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2017	2016	2017	2016
	------(Rupees in thousand)-----			
Amounts recognized in balance sheet are as follows:				
Present value of defined benefit obligation	311,121	262,883	296,556	251,409
Fair value of plan assets	(188,298)	(147,466)	(167,440)	(149,945)
Net retirement benefit obligation	122,823	115,417	129,116	101,464

28.2 Movement in net obligation

Net liability as at 01 July	115,417	81,463	101,464	72,172
Charge to profit and loss account	26,537	22,179	22,100	18,879
Re-measurements chargeable in other comprehensive income	12,080	37,241	40,170	32,890
Contribution made by the Group	(31,212)	(25,466)	(34,617)	(22,477)
Net liability as at 30 June	122,822	115,417	129,117	101,464

28.3 Movement in the liability for funded defined benefit obligations

Liability for defined benefit obligations as at 01 July	262,883	221,828	251,409	209,784
Benefits paid by the plan	(31,212)	(25,466)	(34,617)	(22,477)
Current service costs	19,301	15,478	15,999	12,938
Interest cost	17,928	20,387	16,972	19,358
Re-measurements on obligation:				
Actuarial losses on present value				
- Changes in demographic assumptions	-	-	-	-
- Changes in financial assumptions	124	-	123	-
- Experience adjustments	42,097	30,656	46,670	31,806
	42,221	30,656	46,793	31,806
Present value of defined benefit obligations as at 30 June	311,121	262,883	296,556	251,409

	Gratuity		Superannuation	
	2017	2016	2017	2016
------(Rupees in thousand)-----				
28.4 Movement in fair value of plan assets				
Fair value of plan assets as at 01 July	147,466	140,365	149,945	137,612
Contributions into the plan	31,212	25,466	34,617	22,477
Benefits paid by the plan	(31,212)	(25,466)	(34,617)	(22,477)
Interest income on plan assets	10,691	13,686	10,871	13,417
Return on plan assets excluding interest income	30,141	(6,585)	6,624	(1,084)
Fair value of plan assets as at 30 June	188,298	147,466	167,440	149,945
28.5 Plan assets				
Plan assets comprise:				
Term finance certificates	-	-	-	50,000
Listed securities	45,961	57,477	42,302	48,623
Deposits with banks	56,511	15,694	49,012	11,581
Investment in mutual funds	38,492	31,319	30,530	-
Government securities	45,815	60,500	20,000	39,500
Commercial paper	-	-	25,000	-
Others	1,519	(17,524)	596	241
	188,298	147,466	167,440	149,945
<p>Plan assets of gratuity fund include ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2017 is Rs. 1.14 million (2016: Rs. 55.90 million) and Rs. 12.72 million (2016: Rs. 11.80 million) respectively.</p> <p>Plan assets of superannuation fund include ordinary shares and participation term certificates of the Holding Company whose fair value as at 30 June 2017 is Rs. 5.12 million (2016: Rs. 5.91 million) and Rs. 9.85 million (2016: Rs. 8.73 million) respectively.</p> <p>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.</p>				
28.6 Profit and loss account includes the following in respect of retirement benefits:				
Interest cost	17,928	20,387	16,972	19,358
Current service cost	19,301	15,478	15,999	12,938
Interest income on plan assets	(10,691)	(13,686)	(10,871)	(13,417)
Total, included in salaries and wages	26,538	22,179	22,100	18,879
28.7 Actual return on plan assets	40,832	7,101	17,495	12,333
28.8 Actuarial losses recognized directly in other comprehensive income				
Cumulative amount at 01 July	(94,769)	(57,528)	(82,645)	(49,755)
Losses recognized during the year	(12,080)	(37,241)	(40,170)	(32,890)
Cumulative amount at 30 June	(106,849)	(94,769)	(122,815)	(82,645)

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28.9 Historical Information for Gratuity fund

	2017	2016	2015	2014	2013
------(Rupees in thousand)-----					
Present value of defined benefit obligation	311,121	262,883	221,828	188,515	151,409
Fair value of the plan assets	(188,298)	(147,466)	(140,365)	(116,436)	(101,762)
Deficit	122,823	115,417	81,463	72,079	49,647
Experience adjustments arising on plan liabilities	42,097	30,656	7,716	24,439	14,346
Experience adjustments arising on plan assets	30,141	(6,585)	8,501	1,227	1,600

The Group expects to pay Rs. 35.38 million in contributions to gratuity fund in 2018.

28.10 Historical Information for Superannuation fund

Present value of defined benefit obligation	296,556	251,409	209,784	172,551	143,977
Fair value of plan assets	(167,440)	(149,945)	(137,612)	(115,991)	(96,189)
Deficit in the plan	129,116	101,464	72,172	56,560	47,788
Experience adjustments arising on plan liabilities	46,670	31,806	13,052	17,918	16,711
Experience adjustments arising on plan assets	6,624	(1,084)	6,252	8,177	(189)

The Group expects to pay Rs. 29.46 million in contributions to superannuation fund in 2018.

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

	2017		2016	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit and loss charge	7.25%	7.25%	9.75%	9.75%
Discount rate used for year-end obligation	7.75%	7.75%	7.25%	7.25%
Expected rates of salary increase	6.75%	6.75%	6.25%	8.75%
Expected rates of return on plan assets	7.75%	7.75%	7.25%	7.25%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005 with 1 year setback.

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 2017 would have been as follows:

	Change	Impact on present value of defined benefit obligation as at 30 June 2017			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
		------(Rupees in thousand)-----			
Discount rate	100 bps	(286,568)	339,564	(272,250)	324,780
Future salary increase	100 bps	339,564	(286,137)	324,780	(271,824)

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 2017 is as follows:

	Granted in year 2016	Granted in year 2015 *(Modified October 2016)
	(Rupees in thousand)	
Original grant date	16 July 2016	14 July 2015
Modified grant date	N/A	31 October 2016
Options issued	4,114	1,605
Options no longer in issue	-	-
Options vested	N/A	1,605
Options exercised	N/A	1,412

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		Granted in year 2016	Granted in year 2015 (Modified October 2016)
(Rupees in thousand)			
Shares issued under the scheme	note 31.4	N/A	1,412
Original exercise price per share	Rs.	51.79	90.58
Market value per share at grant date	Rs.	51.63	77.09
Option discount per share at grant date	Rs.	NIL	NIL
Modified exercise price per share	Rs.	N/A	51.79
Market value per share at modified grant date	Rs.	N/A	47.08
Option discount per share at modified grant date	Rs.	N/A	NIL
Options issued to key management personnel		3,224	1,223
Options exercised by key management personnel		N/A	1,192

*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 4.26 million stock options to its eligible employees at an exercise price of Rs. 66.45 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015". These options will have a vesting period of one year from grant date and an exercise period of one year from the date the options are vested. These options shall be exercisable after completion of vesting period i.e. one year from date of grant.

30 Contingencies and commitments

30.1 Contingencies

Contingencies - The Holding Company

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.
- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company has 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.

- In 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 2009, the Additional Commissioner Inland Revenue had passed an order under section 122(5A) on various issues i.e. allocation of expenses between export and local sales, unexplained debtors, rental income and finance cost of export refinance and created a tax demand of Rs 15.72 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the matter is pending for adjudication.
- For the tax period July to October 2011, a sales tax demand amounting to Rs. 1.56 million was 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 Inland Revenue (CIR) (Appeals) against this order and obtained relief of Rs. 1.14 million. Against the order of the CIR (Appeals), both the Company and the department filed appeals before Appellate Tribunal Inland Revenue which are pending adjudication. However, the Company 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 during the year, 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 is in the process of filing an appeal with Commissioner Inland Revenue (Appeals) against this order.

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 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 with Commissioner Inland Revenue (CIR) Appeals who decided the matters in the favor of the Modaraba by deleting the tax demands. Tax department filed appeals against the decision of CIR Appeals with Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. The management and tax advisor of Modaraba are of the view that favorable outcome is expected as the Modaraba is fully compliant of withholding tax provisions.

Contingencies - Treet Holdings Limited

- A tax demand amounting to Rs. 43.26 million had been created by Additional Commissioner Inland Revenue (ACIR) through the order passed u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) Lahore.
- A tax demand amounting to Rs. 26.60 million had been raised by Commissioner Inland Revenue - Appeals - 1, through the order passed u/s 221 of the Income Tax Ordinance, 2001 for the tax year 2011. The Company has filed an appeal before Appellate Tribunal Inland Revenue, Lahore being unlawful and illegal demand created by the department.

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- For the tax year 2009, the Deputy Commissioner Inland Revenue, Enforcement unit-4 and unit-8, Zone-1, LTU Lahore 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, deleted tax demand of Rs. 32.36 million. The Company has filed second appeal before the Appellate Tribunal Inland Revenue for the remaining amount.
- A sales tax demand of Rs. 161.52 million was created by Deputy Commissioner Inland Revenue, Audit-03, Zone-1, LTU, Lahore for the tax period July 2010 to June 2011, after conducting audit u/s 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 appeals 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, Audit-03, Zone-01, LTU, Lahore issued an order to recover Rs. 12.51 million as inadmissible input sales tax which was adjusted in the electronic sales tax return, as previously sales tax returns were being filed manually on the directions of Honorable Lahore High Court in response to the Company's writ petition challenging the amendments made in the Sales Tax Special Procedure Withholding rules, 2007 wide SRO 505(1)-2013. The Company has filed an appeal before the Commissioner Inland Revenue(Appeals 1), Lahore which is pending adjudication.
- For the tax period 2011 and 2012, a sales tax demand of Rs. 13.38 million and Rs. 1.8 million respectively was created by Deputy Commissioner Inland Revenue, Audit-02, Zone-1, LTU, Lahore 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. 12.87 million and Rs. 1.2 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 financial statements.

30.2 Commitments

- Outstanding letters of credit as at 30 June 2017 amounted to Rs. 946.11 million (2016:Rs. 1,065.46 million).
- Outstanding guarantees amounting to Rs. 22.43 million (2016: 14.70 million) have been issued and unutilized limit of said guarantees amounts to Rs. 212.57 million (2016: Rs. 95.30 million).

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.

		2017	2016		
		(Rupees in thousand)			
Future lease payments under the lease agreements are:					
	Not later than one year	9,796	9,796		
	Later than one year but not later than five years	19,591	29,387		
		29,387	39,183		
31	Issued, subscribed and paid-up capital				
		2017	2016		
		(Number of shares)			
	89,793,463	89,793,463	Ordinary shares of Rs. 10 each fully paid-up in cash	897,935	897,935
	12,805,228	9,877,671	Ordinary shares of Rs. 10 each issued on conversion of PTCs	128,052	98,777
	38,133,175	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,331	381,331
	1,411,800	-	Ordinary shares of Rs. 10 each issued against employee share option scheme	14,118	-
	142,143,666	137,804,309		1,421,436	1,378,043
31.1	Reconciliation of number of shares				
	At 01 July			1,378,043	539,507
	Issued against right issue			-	809,261
	Issued on conversion of PTCs	31.3		29,275	29,275
	Issued against employee share option scheme	31.4		14,118	-
	At 30 June			1,421,436	1,378,043
31.2	Loads Limited, an associated company, holds 7,748,885 (2016: 7,620,680) ordinary shares of Rs. 10 each representing 5.45% (2016: 5.53%) 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 (2016: 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 (2016: Rs. 143.87 million).				
31.4	Under the terms of the scheme as referred in note 29, the Holding Company, during the year, issued 1,411,800 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. 59.00 million.				

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
32 Reserves			
Capital reserves	32.1	4,834,850	4,545,371
General reserves		266,400	266,400
		5,101,250	4,811,771
32.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Fair value reserves		4,213	(1,184)
Share premium	32.1.1	4,318,067	4,115,198
Statutory reserves	32.1.2	511,941	430,728
		4,834,850	4,545,371

32.1.1 This reserve can be utilized by the Group only for the purposes specified under section 83(2) of the repealed Companies Ordinance, 1984. The increase in reserve represents share premium at the rate of Rs. 49.14 (2016: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 31.3 and 31.4 respectively.

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

33 Non-controlling interest

Group entities

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

30 June 2017 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon	Effect of consolidation adjustments	Total
NCI percentage	0.13%	41.84%		
Non current assets	6,851,792	149,395		
Current assets	2,015,513	544,652		
Non-current liabilities	56,426	-		
Current liabilities	4,268,125	157,447		
Net assets	4,542,754	536,600		
Carrying amount of NCI	5,906	224,513	(38,245)	192,174
Revenue - net	2,621,736	145,205		
Profit after taxation	204,578	(18,534)		
Other comprehensive income	-	-		
Total comprehensive income	204,578	(18,534)		

30 June 2017 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon	Effect of consolidation adjustments	Total
Total comprehensive income 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's 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.

As referred to in note 1 to these consolidated financial statements, the Group has immaterial non-controlling interest as on 30 June 2016 in its subsidiary First Treet Manufacturing Modaraba, accordingly, disclosures required by IFRS 12 "Disclosure of Interests in Other Entities" was not presented for the comparative year.

	Note	2017 (Rupees in thousand)	2016
34 Surplus on revaluation of land and buildings -net of tax			
Surplus attributed to:			
Land and buildings		1,307,071	1,320,228
Land classified as held for sale		4,575	-
		1,311,646	1,320,228
Balance as at 01 July		1,350,113	1,362,321
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of tax		(8,582)	(10,255)
- related deferred tax liability		(1,647)	(1,953)
		(10,229)	(12,208)
Surplus on revaluation of operating fixed assets		1,339,884	1,350,113
Less: Related deferred tax liability on revaluation surplus as at 01 July		(29,885)	(31,838)
Deferred tax on incremental depreciation		1,647	1,953
		(28,238)	(29,885)
Balance as at 30 June		1,311,646	1,320,228

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

This revaluation surplus on land and buildings shall be utilized only in accordance with the provisions of applicable laws. For the reasons explained in note 4.1, the revaluation surplus on land and buildings will be reclassified as part of equity for financial year ending after 30 June 2017.

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	Note	2017 (Rupees in thousand)	2016
35	Sales - net		
	Blades	5,355,311	4,734,787
	Soaps	893,458	832,770
	Corrugated boxes	1,701,937	1,812,149
	Bikes	322,277	235,525
	Hemodialysis concentrates (Pharmaceutical products)	145,205	-
		8,418,188	7,615,231
35.1	Blades		
	Blades and razors		
	Export sales	1,874,204	1,875,341
	Local sales	3,839,329	3,285,826
	Less: Sales tax	(592,048)	(506,146)
	Trade discount	(69,461)	(69,396)
		3,177,820	2,710,284
	Trading income		
	Sale of batteries - gross	378,731	180,234
	Less: Sales tax	(56,679)	(28,615)
	Trade discount	(18,765)	(2,457)
		303,287	149,162
		5,355,311	4,734,787
35.2	Soaps		
	Local Sales	1,087,568	1,008,296
	Less: Sales tax	(191,134)	(175,526)
	Trade discount	(2,976)	-
		(194,110)	(175,526)
		893,458	832,770
35.3	Corrugated boxes		
	Local Sales	1,985,562	2,086,960
	Less: Sales tax	(283,169)	(274,690)
	Trade discount	(456)	(121)
		(283,625)	(274,811)
		1,701,937	1,812,149

	Note	2017 (Rupees in thousand)	2016
35.4 Bikes			
Local Sales		388,175	279,549
Less: Sales tax		(61,868)	(44,024)
Trade discount		(4,030)	-
		(65,898)	(44,024)
		322,277	235,525
35.5 Hemodialysis concentrates (Pharmaceutical products)			
Export sales		2,986	-
Local sales		143,221	-
Less: Sales tax		-	-
Less: Trade discount		(1,002)	-
		142,219	-
		145,205	-
36 Cost of goods sold			
Blades	36.1	3,615,236	3,195,508
Soaps	36.2	723,140	649,450
Corrugated boxes	36.3	1,503,479	1,601,988
Bikes	36.4	376,099	247,287
Pharmaceutical products	36.5	116,303	-
		6,334,257	5,694,233
36.1 Cost of goods sold - blades			
Raw and packing material consumed		1,733,519	1,618,270
Stores and spares consumed		156,114	148,401
Salaries, wages and other benefits	36.1.1	854,225	701,189
Fuel and power		234,178	228,285
Repair and maintenance		37,104	33,841
Rent, rates and taxes		7,636	3,788
Insurance		51,504	50,152
Travelling and conveyance		29,117	21,638
Printing and stationery		2,163	3,368
Postage and telephone		6,989	6,507
Legal and professional charges		5,631	1,513
Entertainment		702	2,906
Staff training		965	679
Subscriptions		2,083	608
Depreciation on property, plant and equipment	6.1.1	142,885	138,849
Expenses for computerization		6,258	11,223
Others		24,591	15,700
		3,295,664	2,986,917

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	Note	2017 (Rupees in thousand)	2016
Opening stock of work-in-process		53,071	49,925
Closing stock of work-in-process	14	(61,311)	(53,071)
Cost of goods manufactured		3,287,424	2,983,771
Opening stock of finished goods		201,245	203,947
Purchase of batteries for trading		361,481	209,035
Closing stock of finished goods		(234,914)	(201,245)
		3,615,236	3,195,508

36.1.1 Salaries, wages and other benefits include Rs. 38.74 million (2016: Rs. 32.27 million) and Rs. 31.34 million (2016: Rs. 27.19 million) in respect of defined benefit schemes and defined contribution schemes respectively.

36.2 Cost of goods sold - soaps

Raw and packing material consumed		639,747	563,381
Stores and spares consumed		2,986	4,540
Salaries, wages and other benefits	36.2.1	36,896	59,341
Fuel and power		6,218	9,885
Travelling and conveyance		645	767
Repair and maintenance		667	519
Plant rental		9,796	8,979
Insurance		1,063	591
Fee and subscriptions		-	19
Depreciation on property, plant and equipment	6.1.1	2,992	2,977
Rent, rates and taxes		184	96
Manufacturing charges		4,885	3,909
Legal and professional expenses		-	21
		706,079	655,025
Opening stock of work-in-process		3,432	12,007
Closing stock of work-in-process	14	(1,438)	(3,432)
Cost of goods manufactured		708,073	663,600
Opening stock of finished goods		37,611	23,461
Closing stock of finished goods		(22,544)	(37,611)
		723,140	649,450

36.2.1 Salaries, wages and other benefits include Rs. 0.36 million (2016: Rs. 0.01 million) in respect of contribution to staff retirement benefit plans.

36.3 Cost of goods sold - Corrugated boxes

Raw and packing material consumed		1,134,476	1,311,609
Stores and spares consumed		57,411	40,385
Salaries, wages and other benefits	36.3.1	200,146	178,455
Fuel and power		52,971	52,461
Repair and maintenance		14,294	12,399

	Note	2017 (Rupees in thousand)	2016
Rent rates and taxes		5,217	336
Insurance		1,509	2,469
Travelling and conveyance		2,674	2,836
Depreciation on property, plant and equipment	6.1.1	25,495	28,642
Other expenses		12,727	8,143
		1,506,920	1,637,735
Opening stock of work in process		36,865	4,676
Closing stock of work in process	14	(35,353)	(36,865)
Cost of goods manufactured		1,508,432	1,605,546
Opening stock of finished goods		27,758	24,200
Closing stock of finished goods		(32,711)	(27,758)
		1,503,479	1,601,988

36.3.1 Salaries, wages and other benefits include Rs. 1.07 million (2016: Rs. 0.92 million) in respect of contribution to staff retirement benefit plans.

36.4 Cost of goods sold - bike			
Raw and packing material consumed	36.4.1	309,341	220,595
Carriage inward		2,247	349
Salaries, wages and other benefits	36.4.2	14,138	13,890
Repair and maintenance		1,007	1,160
Printing and stationery		119	86
Travelling and conveyance		268	321
Depreciation on property, plant and equipment	6.1.1	2,044	2,044
Other expenses		387	711
		329,551	239,156
Opening stock of work-in-process		57,205	65,886
Closing stock of work-in-process	14	(9,228)	(57,205)
Cost of goods manufactured		377,528	247,837
Opening stock of finished goods		550	-
Closing stock of finished goods		(1,979)	(550)
		376,099	247,287

36.4.1 This includes import of engines of motor bikes amounting to Rs. 25.6 million (2016: Rs. 70.91 million).

36.4.2 Salaries, wages and other benefits include Rs. 0.10 million (2016: Rs. 0.08 million) and Rs. 0.30 million (2016: Rs. 0.28 million) in respect of defined benefit schemes and defined contribution schemes respectively.

36.5 Cost of goods sold - Hemodialysis concentrates (Pharmaceutical products)			
Raw and packing material consumed		99,770	-
Salaries wages and other benefits		18,366	-
Repair and maintenance		41	-
Fuel and power		912	-
Rent, Rates and taxes		851	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Legal and professional		12	-
Travelling		535	-
Depreciation on property, plant and equipment	6.1.1	1,389	-
		121,876	-
Opening stock of work in process		-	-
Closing stock of work in process	14	(675)	-
Cost of goods manufactured		121,201	-
Opening stock of finished goods		-	-
Closing stock of finished goods		(4,898)	-
		116,303	-
37 Administrative expenses			
Salaries, wages and other benefits	37.1	263,281	223,550
Electricity and gas		58	155
Repairs and maintenance		2,517	2,829
Rent, rates and taxes		1,718	6,034
Traveling and conveyance		7,402	10,672
Entertainment		1,121	1,079
Postage and telephone		1,509	764
Printing and stationery		5,965	3,792
Legal and professional charges	37.2	47,788	55,709
Donations	37.3	53,015	95,531
Computer expenses		5,014	5,401
Directors' fee		350	280
Subscription		510	1,529
Depreciation on property, plant and equipment	6.1.1	35,230	35,394
Amortization on intangible asset		3,426	-
Other expenses		11,115	4,176
		440,019	446,895

37.1 Salaries and other benefits include Rs. 4.42 million (2016: Rs. 2.43 million) and Rs. 11.32 million (2016: Rs. 9.25 million) in respect of defined benefit schemes and defined contribution schemes respectively.

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

Audit fees of holding company		1,601	1,601
Audit fees of subsidiary companies		2,270	2,080
Half yearly reviews		655	634
Out of pocket expenses		320	295
Other services		2,997	744
		7,843	5,354

	Note	2017 (Rupees in thousand)	2016
37.3	Name of donee in which a director or his spouse has an interest:		
	Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)	573	1,505
	Institute of Islamic Culture (IIC) 158- Shah Jamal, Lahore. (Syed Shahid Ali, CEO is also Chairman of IIC)	700	1,200
	Society for Cultural Education	48,171	86,560
		49,444	89,265

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 Group 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 2016.

38 Distribution cost

Salaries, wages and other benefits	38.1	260,434	234,045
Repair and maintenance		29,989	3,337
Freight, octroi and handling		225,545	212,929
Electricity and gas		257	174
Export commission		27,707	12,990
Advertising		453,924	431,387
Provision for doubtful debt	15.2	585	11,741
Rent, rates and taxes		36,832	30,991
Traveling and conveyance		34,057	38,853
Printing and stationery		833	1,205
Postage and telephone		6,403	5,906
Depreciation on property, plant and equipment	6.1.1	12,090	9,071
Legal and professional charges		1,895	306
Other expenses		41,362	19,887
		1,131,913	1,012,822

38.1 Salaries and other benefits include Rs. 6.62 million (2016: Rs. 4.25 million) and Rs. 15.02 million (2016: Rs. 12.07 million) in respect of defined benefit schemes and defined contribution schemes respectively.

39 Finance cost

Markup on short term borrowings		82,389	48,380
Markup on participation term certificates		289,153	284,578
Bank charges		19,306	16,946
		390,848	349,904

Notes to the Consolidated Financial Statements

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	Note	2017 (Rupees in thousand)	2016
40 Other operating expenses			
Realized exchange loss	40.1	1,033	2,326
Workers' profit participation fund	17.5	7,419	4,092
Workers' welfare fund	22.3	1,513	483
Loss on disposal of long term investments		-	9,716
Unrealized loss on short term investments at fair value through profit or loss		76,653	41,887
Realized loss on disposal of short term investments at fair value through profit or loss		-	16,894
		86,618	75,398
40.1	This represents loss incurred due to actual currency fluctuations.		
41 Other income			
<i>Income from financial assets</i>			
Profit on bank deposits	41.1	22,066	93,430
Profit on term deposits	41.2	-	17,553
Realized gain on short term investments at fair value through profit or loss		14,557	-
Dividend income	41.3	4,539	2,586
		41,162	113,569
<i>Income from non-financial assets</i>			
Profit on disposal of property, plant and equipment		16,926	10,068
Profit on disposal of investment property		-	9,784
Rental income - related party		-	113
Scrap sale		16,939	16,602
Export rebate		19,680	27,184
Liabilities no longer payable written back		23,219	-
Reversal of provision for doubtful debts	15.2	2,423	-
Others		1,042	1,545
		80,229	65,296
		121,391	178,865

41.1 The income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 6.56 million (2016: Rs. 47.93 million).

41.2 This includes Rs. Nil million (2016: Rs. 7.51 million) earned on deposits placed under non-shariah based arrangement.

	Note	2017 (Rupees in thousand)	2016
41.3 Dividend income is received from the following:			
Related parties			
Packages Limited		-	496
Techlogix International Limited		184	-
		184	496
Others			
Shahtaj Textile Limited		3,876	2,018
Sunrays Textile		305	-
Indus Dying and Manufacturing Limited		1	-
HBL Mustahukum Sarmaya Fund		173	72
		4,355	2,090
		4,539	2,586
42 Taxation			
For the year			
- Current		72,470	35,487
- Deferred	12.1.2	8,473	5,813
		80,943	41,300
Prior year			
- Current		(1,185)	(4,125)
		79,758	37,175
Associate	9.2.1	8,908	16,307
	42.1	88,666	53,482
42.1 Tax charge reconciliation			
Numerical reconciliation between tax expense and accounting profit			
Profit before taxation		304,576	267,796
Tax at 31% (2016: 32%)		94,419	85,695
Tax effect of:			
- Income under Final Tax Regime		26,530	3,475
- Exempt income		-	(73,307)
- Tax credits		(15,106)	(7,115)
- Impact of tax related to associate		8,908	16,307
- Prior year tax		(1,185)	(4,125)
- Permanent difference		(15,048)	30,570
- Not adjustable for tax purposes		(9,852)	1,982
		88,666	53,482

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.

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		2017	2016
		(Rupees in thousand)	
43	Earnings per share - basic and diluted		
	<i>i-Profit attributable to ordinary share holders:</i>		
	Profit for the year after taxation attributable to equity holders of the parent	Rupees in thousand	
		223,399	213,984
	<i>ii-Weighted-average number of ordinary shares:</i>		
	Weighted average number of shares	Number in thousand	
		140,043	134,732
	Earnings per share	Rupees	
		1.60	1.59

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 earnings per share.

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	----- (Rupees in thousand) -----							
Managerial remuneration	34,909	27,273	24,457	25,345	-	-	197,587	158,803
Provident fund	-	-	1,058	848	-	-	9,582	7,859
Service fund	-	-	1,058	848	-	-	9,513	7,797
Housing fund	-	-	-	-	-	-	11,008	8,418
Superannuation fund - II	-	-	-	-	-	-	3,564	2,916
Benevolent fund	-	-	-	-	-	-	2,802	2,409
Bonus	-	-	7,155	5,225	-	-	73,563	49,506
Utilities	-	-	1,398	1,503	-	-	9,580	8,281
Medical	3,491	2,727	1,430	1,503	-	-	10,212	8,665
Fees	-	-	-	-	350	280	-	-
	38,400	30,000	36,556	35,272	350	280	327,411	254,654
Number of persons	1	1	2	3	5	4	91	69

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 Group has contributed Rs. 1.43 million and Rs. 1.12 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:

	2017	2016
	(Number of persons)	
- As at 30 June	2,179	1,963
- Average number of employees	2,071	2,044

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46 Transactions with related parties

The related parties comprise associated undertakings, 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	Nature of transactions	2017 (Rupees in thousand)	2016
I	Associated undertakings		
	Packages Limited	185,212	152,042
	Sale of goods	255	198
	IGI Insurance Limited	80,314	26,931
	Cutting Edge (Private) Limited	2,789	2,360
	Wazir Ali Industries Limited	18	-
	Liaquat National Hospital	3,344	18,013
	Speacialized Autoparts Industries (Private) Limited	44	-
	Multiple Autoparts Industries (Private) Limited	655	-
	Loads Limited	1,686	-
		12,462	12,037
		7,621	7,492
II	Post employment benefit plans		
	Superannuation fund	34,617	21,946
	Gratuity fund	31,212	20,515
	Provident fund	24,355	21,697
	Service fund	12,996	11,465
	Housing fund	12,629	9,926
	Benevolent fund	3,150	2,578
	Superannuation fund-II	4,052	3,404

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. 2,564.82 million (2016: Rs. 1,873.58 million), the financial assets which are subject to credit risk amounted to Rs. 2,493.34 million (2016: Rs. 1,852.11 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.

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(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:

	2017	2016
	(Rupees in thousand)	
Long term available for sale investments	1,555	1,555
Long term deposits	38,099	34,268
Trade debts	888,344	616,893
Short term investments	571,687	498,009
Loans, advances, deposits, prepayments and other receivables	62,921	72,342
Bank balances	930,735	629,041
	2,493,341	1,852,108

Trade debts at the balance sheet 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	782,982	476,809
- Foreign parties	105,362	140,084
	888,344	616,893

The aging of trade debts at the reporting date is:

Not past due	330,074	263,115
Less than 30 days	337,374	192,207
Past due 1 - 3 months	135,852	89,183
Above 3 months	110,962	122,561
Trade debts - gross	914,262	667,066
Less: Impairment	(25,918)	(50,173)
Trade debts - net	888,344	616,893

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.

(ii) Credit quality of major financial assets

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

Banks	Rating		Rating Agency	2017	2016
	Short term	Long term		(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	7,706	33,691
Faysal Bank Limited	A-1+	AA	JCR-VIS	407,800	135,777
United Bank Limited	A-1+	AAA	JCR-VIS	10,004	105,124
Habib Bank Limited	A-1+	AAA	JCR-VIS	20,453	21,359
Askari Bank Limited	A1+	AA+	PACRA	53,937	62,274
National Bank of Pakistan	A-1+	AAA	JCR-VIS	58,252	41,243
Bank of Punjab	A1+	AA	PACRA	897	36
MCB Bank Limited	A1+	AAA	PACRA	25,256	11,171
Silk Bank Limited	A-2	A-	JCR-VIS	978	949
Samba Bank Limited	A-1	AA	JCR-VIS	6	5
Bank Alfalah Limited	A-1+	AA+	PACRA	22,437	58,453
Bank Islami Pakistan Limited	A1	A+	PACRA	522	407
Soneri Bank Limited	A1+	AA-	PACRA	77,479	59,301
JS Bank Limited	A1+	AA-	PACRA	771	1,537
Sindh Bank Limited	A-1+	AA	JCR-VIS	127	284
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	91,366	62,928
Allied Bank Limited	A1+	AA+	PACRA	150,920	2,171
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,535	1,304
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	289	31,027
				930,735	629,041

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:

	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	850,650	850,650	850,650	-	-
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	886,275	295,425	590,850	-
Retention money	18,242	18,242	18,242	-	-
	7,920,410	8,269,685	7,621,195	648,490	-

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	2016				
	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	1,557,993	1,557,993	1,557,993	-	-
Trade and other payables	616,700	616,700	616,700	-	-
Accrued mark-up	297,720	297,720	297,720	-	-
Long term deposits	1,037	1,037	-	1,037	-
Liability against purchase of land	169,272	169,272	56,602	112,670	-
Redeemable capital	716,417	1,163,400	290,850	872,550	-
Retention money	22,691	22,691	11,345	11,346	-
	3,381,830	3,828,813	2,831,210	997,603	-

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, 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.

	2017	2016
	(Rupees in thousand)	
Outstanding letters of credit and creditors (US dollars)	539,010	497,340
Outstanding letters of credit (Euros)	-	32,241

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
Rupees per USD	104.85	103.20	105.00	104.70
Rupees per Euro	118.23	115.05	120.14	116.31

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the above mentioned currencies with all other variables held constant, pre-tax profit would have been higher/ lower by Rs. 53.90 million (2016: Rs. 49.63 million) and Rs. Nil (2016: Rs. 0.18 million) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit 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:

	2017 Effective rate (Percentage)	2016	2017 (Rupees in thousand)	2016
Financial assets				
<i>Fixed rate instruments</i>				
Bank balances - deposit accounts	3.5 - 6	4 - 6.5	478,226	469,024
Financial liabilities				
<i>Floating rate instrument</i>				
Short term borrowings	2.4 - 7.5	6.75 - 9.01	6,049,596	1,557,993

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% higher/ lower with all the other variables held constant, pre-tax profit for the year would have been higher/ lower by Rs. 16.64 million (2016: Rs 6.14 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:

	2017 (Rupees in thousand)	2016
Effect on profit and loss	(57,169)	(49,801)
Effect on investments	(57,169)	(49,801)

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

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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 Group to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

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

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

	Note	Carrying amount				Fair value						
		Available for sale	Fair value through profit and loss account	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- Rupees in thousands -----												
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	-	-	-	-	571,687	-	-	1,555	573,242
Financial assets - not measured at fair value												
Long term deposits	11	-	-	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	-	-	-	-	-	-
Trade and other payables	22	-	-	-	-	850,650	-	-	-	-	-	-
Accrued mark-up	23	-	-	-	-	350,859	-	-	-	-	-	-
Long term deposits		-	-	-	-	1,214	-	-	-	-	-	-
Liability against purchase of land	25	-	-	-	-	112,849	-	-	-	-	-	-
Redeemable capital	26	-	-	-	-	537,000	-	-	-	-	-	-
Retention money	27	-	-	-	-	18,242	-	-	-	-	-	-
		-	-	-	-	7,920,410	-	-	-	-	-	-

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	Note	Carrying amount				Fair value				
		Fair value through profit and loss account	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----										
30-Jun-16										
Financial assets - measured at fair value										
Long term investments	9	1,555	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	16	-	498,009	-	-	498,009	492,399	5,610	-	498,009
		1,555	498,009	-	-	499,564	492,399	5,610	1,555	499,564
Financial assets - not measured at fair value										
Long term deposits	11	-	-	34,268	-	-	-	-	-	-
Trade debts	15	-	-	616,893	-	-	-	-	-	-
Advances, prepayments and other receivables	17	-	-	72,342	-	-	-	-	-	-
Cash and bank balances	18	-	-	-	650,509	-	-	-	-	-
		-	-	723,503	650,509	-	-	-	-	-
Financial liabilities - measured at fair value										
Financial liabilities - not measured at fair value										
Short term borrowings	21	-	-	-	1,557,993	1,557,993	-	-	-	-
Trade and other payables	22	-	-	-	616,700	616,700	-	-	-	-
Accrued mark-up	23	-	-	-	297,720	297,720	-	-	-	-
Long term deposits		-	-	-	1,037	1,037	-	-	-	-
Liability against purchase of land	25	-	-	-	169,272	169,272	-	-	-	-
Redeemable capital	26	-	-	-	716,417	716,417	-	-	-	-
Retention money	27	-	-	-	22,691	22,691	-	-	-	-
		-	-	-	3,381,830	3,381,830	-	-	-	-

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 the 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.

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The debt to equity ratios were as follows:

	2017	2016
	(Rupees in thousand)	
Total debt	6,661,261	2,342,357
Total equity and debt	14,537,888	9,817,481
Debt to equity ratio	46%	24%

The Group is not subject to externally imposed capital requirements.

48 Operating Segments

48.1 Geographical Information

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

Pakistan	6,540,998	5,867,006
Saudi Arabia	386,922	350,103
United Arab Emirates	275,747	327,533
China	225,502	239,644
Bangladesh	165,789	174,811
Jordan	66,483	118,633
Vietnam	36,506	88,565
Yemen	54,415	78,665
Brazil	42,930	43,062
Taiwan	19,760	16,262
Morocco	33,873	12,786
Other countries	569,263	298,161
	8,418,188	7,615,231

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 2017 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 (capital work-in- progress)
- (vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products)

48.3	Note	Blades		Soaps		Corrugated boxes		Bikes		Pharmaceutical Products		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		----- Rupees in thousand -----											
Sales		6,092,264	5,338,944	1,087,568	1,008,296	1,968,769	2,069,503	380,166	279,549	146,207	-	9,674,974	8,696,292
- external customers		-	-	-	-	16,793	17,457	8,009	-	-	-	24,802	17,457
- inter segment		6,092,264	5,338,944	1,087,568	1,008,296	1,985,562	2,086,960	388,175	279,549	146,207	-	9,699,776	8,713,749
Less : Sales tax		648,727	534,761	191,134	175,526	283,169	274,690	61,868	44,024	-	-	1,184,898	1,029,001
Trade discount		88,226	69,396	2,976	-	456	121	4,030	-	1,002	-	96,690	69,517
		736,953	604,157	194,110	175,526	283,625	274,811	65,898	44,024	1,002	-	1,281,588	1,098,518
Net sales		5,355,311	4,734,787	893,458	832,770	1,701,937	1,812,149	322,277	235,525	145,205	-	8,418,188	7,615,231
Cost of sales		3,615,236	4,734,787	893,458	832,770	1,701,937	1,812,149	322,277	235,525	145,205	-	8,418,188	7,615,231
Gross profit / (loss)		1,740,075	3,195,508	723,140	649,450	1,503,479	1,601,988	376,099	247,287	116,303	-	6,334,257	5,694,233
Inter company / inter segment - net sales		-	-	-	-	43,133	36,368	8,009	144	-	-	51,142	36,512
Inter company / inter segment - purchases		(24,597)	(19,055)	(16,793)	(17,457)	-	-	(8,009)	-	(1,743)	-	(51,142)	(36,512)
Gross profit / (loss) - segment wise		1,715,478	1,520,224	153,525	165,863	241,591	246,529	(53,822)	(11,618)	27,159	-	2,083,931	1,920,998
Administrative expenses	37	387,040	403,958	13,922	15,836	11,359	12,804	2,710	9,447	21,267	-	436,298	442,045
Unallocated		999,442	881,488	8,977	7,813	94,955	105,173	16,419	18,348	12,120	-	1,131,913	1,012,822
Distribution cost	38	328,996	234,778	130,626	142,214	135,277	128,552	(7,295)	(39,413)	(6,228)	-	511,999	461,281
Segment results - Operating profit / (loss)													
Finance cost	39												
Other operating expenses	40												
Other income	41												
Share of profit of associate including dilution gain													
Profit before taxation													
Taxation													
Profit after taxation													
		----- Rupees in thousand -----											
48.3.1	Segment assets	1,149,980	1,045,596	320,890	305,824	1,739,513	1,703,568	107,336	170,154	6,569,623	3,181,330	113,890	6,406,472
	Unallocated assets												6,137,894
	Total Assets												12,544,366
48.3.2	Segment liabilities	6,638,676	2,325,263	116,903	59,324	266,637	393,408	23,888	14,684	300,000	277,173	141,763	3,069,852
	Unallocated liabilities												675,821
	Total Liabilities												3,745,673
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. The battery segment is expected to commence production in the next financial year for this reason there is no operational results.												
48.3.2.2	Unallocated liabilities include deferred liabilities, redeemable capital, unclaimed dividend and long term deposits.												

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
49 Cash generated from operations			
Profit before taxation		304,576	267,796
<i>Adjustments for non cash items:</i>			
Finance cost		390,848	349,904
Depreciation on property, plant and equipment	6.1.1	222,683	216,977
Amortization on intangible asset	8	3,426	-
Provision for gratuity		26,537	20,410
Provision for superannuation		22,100	18,542
Profit on bank deposits		(22,066)	(110,983)
Provision for doubtful debt		585	11,741
Profit on sale of property, plant and equipment		(16,926)	(10,068)
Profit on disposal of investment property		-	(9,784)
Reversal of provision for doubtful debt		(2,423)	-
Liabilities no longer payable written back		(23,219)	-
Provision for WPPF and WWF		8,932	4,575
Unrealized loss on investment at fair value through profit and loss account		76,653	41,887
Gain on dilution of equity interest in associate		(101,463)	-
Share of profit from associate		(47,189)	(52,952)
Dividend income		(4,539)	(2,586)
		533,939	477,663
Operating profit before working capital changes		838,515	745,459
<i>(Increase) / decrease in current assets:</i>			
Stores and spares		5,130	(52,043)
Stock in trade		(232,090)	188,769
Trade debtors		(195,247)	(145,816)
Short term investment		(150,331)	304,206
Loans, advances, deposits, prepayments and other receivables		(352,216)	(322,606)
		(924,754)	(27,490)
<i>Increase in current liabilities:</i>			
Trade and other payables		208,928	167,436
		122,689	885,405
50 Cash and cash equivalent			
Cash and bank balances	18	1,002,213	650,509
Short term running finance - secured	21	(3,956,552)	(537,494)
		(2,954,339)	113,015

	Production capacity		Actual production	
	2017	2016	2017	2016
51 Plant capacity and production				
Blades - units in millions	2,093	1,880	1,911	1,749
Corrugated boxes - in metric tones	30,000	30,000	25,824	25,920
Bikes - in units	18,000	18,000	10,466	7,284
Soap - in metric tones	5,000	5,000	4,556	4,762
Hemodialysis concentrates - in thousand session	1,560	-	1,076	-

52 Date of authorization for issue

These consolidated financial statements were authorized for issue on October 05, 2017 by the Board of Directors of the Holding Company.

53 Events after balance sheet date

- (i) The Board of Directors has proposed a bonus issue of 10% (i.e. 1 ordinary share for every 10 ordinary shares held on entitlement date) for the year ended June 30, 2017 (2016: Nil per share) amounting to Rs. 142.870 million (2016: NIL) in its meeting held on October 05, 2017 for the approval of the members at the annual general meeting. The financial statements for the year ended June 30, 2017 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2018.
- (ii) Subsequent to the year end, the Holding Company has granted 4.259 million stock options to its eligible employees at an exercise price of Rs. 66.45 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015". 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.

54 General

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

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Financial Statements

For the year ended 30 June 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of Treet Corporation Limited ("the Company") as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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 2017 and of the profit, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
Date: October 05, 2017

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Balance Sheet

As at 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Assets			
Non-current assets			
Property, plant and equipment	6	2,816,446	2,760,894
Investment property	7	19,384	19,384
Intangible asset	8	37,684	-
Long term investments	9	6,302,578	5,692,872
Long term loans	10	3,869	1,805
Long term security deposits	11	16,304	16,323
Deferred taxation	12	58,633	48,013
		9,254,898	8,539,291
Current assets			
Stores and spares	13	203,164	206,946
Stock in trade	14	814,283	672,600
Trade debts	15	132,533	166,050
Short term investments	16	566,773	465,415
Loans, advances, deposits, prepayments and other receivables	17	4,366,459	1,149,885
Cash and bank balances	18	347,967	198,174
		6,431,179	2,859,070
Liabilities			
Current liabilities			
Current portion of redeemable capital		179,417	179,417
Short term borrowings	19	5,749,596	1,557,993
Trade and other payables	20	499,785	456,464
Accrued mark-up	21	348,639	297,720
Provision for taxation		41,622	26,769
		6,819,059	2,518,363
Net current (liabilities) / assets		(387,880)	340,707
Non-current liabilities			
Long term deposits	22	1,214	1,037
Redeemable capital	23	357,583	537,000
Deferred liabilities - Employee retirement benefits	24	251,939	216,881
		610,736	754,918
Contingencies and commitments	26		
		8,256,282	8,125,080
Represented by:			
Authorised capital			
250,000,000 (2016: 150,000,000) ordinary shares of Rs. 10 each		2,500,000	1,500,000
150,000,000 (2016: 10,000,000) preference shares of Rs. 10 each		1,500,000	100,000
		4,000,000	1,600,000
Issued, subscribed and paid-up capital	27	1,421,436	1,378,043
Reserves	28	4,586,001	4,383,132
Unappropriated profit		974,863	1,083,270
		6,982,300	6,844,445
Surplus on revaluation of land and buildings - net of tax	29	1,273,982	1,280,635
		8,256,282	8,125,080

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Profit and Loss Account

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Sales - net	30	5,355,311	4,734,787
Cost of sales	31	3,654,833	3,229,562
Gross profit		1,700,478	1,505,225
Administrative expenses	32	387,040	403,958
Distribution cost	33	999,442	881,488
		1,386,482	1,285,446
Operating profit		313,996	219,779
Finance cost	34	478,349	348,139
Other operating expenses	35	82,438	54,683
		560,787	402,822
Other income	36	351,568	233,192
Profit before taxation		104,777	50,149
Taxation	37	(39,096)	(16,925)
Profit after taxation		65,681	33,224
Earnings per share - basic and diluted (Rupees)	38	0.47	0.25

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

For the year ended 30 June 2017

	2017	2016
	(Rupees in thousand)	
Profit after taxation	65,681	33,224
<i>Other comprehensive income</i>		
<i>Items that will never be reclassified to profit or loss account:</i>		
Re-measurement of employee retirement benefits - net of tax	(42,937)	(58,698)
Total comprehensive Income / (loss) for the year	22,744	(25,474)

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Cash Flow Statement

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
Cash (used in) / generated from operations	39	(2,667,674)	263,331
Finance cost paid		(427,430)	(352,827)
Taxes paid		(74,160)	(70,509)
WPPF (paid) / refund		1,891	6,947
Payment to gratuity fund		(31,212)	(25,466)
Payment to superannuation fund		(34,617)	(22,477)
Long term loans and deposits - net		(2,045)	(2,488)
		(567,573)	(466,820)
Net cash used in operating activities		(3,235,247)	(203,489)
Cash flows from investing activities			
Fixed capital expenditure		(313,429)	(225,863)
Proceeds from disposal of property, plant and equipment		46,747	30,982
Proceeds from disposal of investment property		-	18,500
Investment in equity instruments of subsidiaries		(609,706)	(3,369,373)
Profit received on bank deposits		4,604	62,257
Dividend received		130,175	75,147
Net cash used in investing activities		(741,609)	(3,408,350)
Cash flows from financing activities			
Long term deposits		177	437
Proceeds from issue of share capital - right issue		-	1,624,691
Proceeds from issue of share capital under ESOS		73,117	-
Short term borrowings - net		682,545	(42,281)
Loan from Chief Executive Officer - Interest free		390,000	-
Redemption of participation term certificates		(6,273)	(6,272)
Dividend paid		(131,975)	(128,538)
Net cash generated from financing activities		1,007,591	1,448,037
Net decrease in cash and cash equivalents		(2,969,265)	(2,163,802)
Cash and cash equivalents at beginning of year		(339,320)	1,824,482
Cash and cash equivalents at end of year	40	(3,308,585)	(339,320)

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Statement of Changes in Equity

For the year ended 30 June 2017

	Capital Reserves			Revenue Reserves		Total	
	Share Capital	Advance against issue of share capital	Share Premium	Capital Reserve	General Reserve		Un-appropriated Profit
------(Rupees in thousand)-----							
Balance as at 30 June 2015	539,507	2,421,612	735,192	629	266,400	1,235,295	5,198,635
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	33,224	33,224
Other comprehensive loss	-	-	-	-	-	(58,698)	(58,698)
	-	-	-	-	-	(25,474)	(25,474)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	-	8,326	8,326
Transactions with owners of the Company, Contributions and distributions							
Issuance of right shares / share subscription received	809,261	(2,421,612)	3,237,042	-	-	-	1,624,691
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	-	143,869	-	-	-	173,144
Final cash dividend @ 10% for the year ended 30 June 2015	-	-	-	-	-	(134,877)	(134,877)
	838,536	(2,421,612)	3,380,911	-	-	(134,877)	1,662,958
Balance as at 30 June 2016	1,378,043	-	4,116,103	629	266,400	1,083,270	6,844,445
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	1,421,436	-	4,318,972	629	266,400	974,863	6,982,300

The annexed notes 1 to 48 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Financial Statements

For the year ended 30 June 2017

1 Status and nature of the business

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

2 Basis of preparation

2.1 Separate financial statements

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

The Company has the following long term investments:

Name of Company	2017 (Direct holding percentage)	2016
Subsidiaries		
- Treet Holdings Limited	85.93	85.93
- First Treet Manufacturing Modaraba	89.85	89.85
- Global Arts Limited	94.08	93.28
- Renacon Pharma Limited	58.16	-
Associate		
- Loads Limited	12.49	20.82

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

On 30 May 2017 the Companies Act, 2017 was enacted which replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However the Securities and Exchange Commission of Pakistan vide its circular 17 dated 20 July 2017 and press release of the same date, has clarified that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance.

2.3 Basis of measurement

These 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 5.7, the measurement of certain items of property, plant and equipment as referred to in note 5.3 at revalued amounts and recognition of certain employee retirement benefits as referred to in note 5.1 at present value. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

Notes to the Financial Statements

For the year ended 30 June 2017

2.4 Functional and presentation currency

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

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

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

	Note
- Employee retirement benefits	5.1
- Taxation	5.2
- Residual values and useful lives of depreciable assets	5.3
- Impairment	5.8
- Provisions	5.15
- Contingent liabilities	5.22

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

- 4.1 The Companies Act, 2017 applicable for financial year beginning on 01 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This would have resulted in reclassification of surplus on revaluation of land and building – net of tax to equity by restating the corresponding figures which would result in increase in equity by Rs. 1,288.96 million, Rs. 1,280.64 million and Rs. 1,273.98 million as at 30 June 2015, 30 June 2016 and 30 June 2017 respectively. Further set off of loss in one class with another class of assets no longer allowed.

4.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment 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.
- 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.

Annual improvements to IFRS standards 2014-2016 cycle (amendments are effective for annual periods beginning on or after 01 January 2017). The new cycle of improvements contain amendments to the following standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'.
- 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.

Notes to the Financial Statements

For the year ended 30 June 2017

- 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.
- 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 above amendments are not considered to have an impact on these financial statements, except for the application of certain additional disclosures and treatment of surplus on revaluation of fixed assets as required by Companies Act, 2017.

5 Summary of significant accounting policies

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

5.1 Employee benefits

Defined contribution plans

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

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

- iv) An unrecognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Superannuation Fund - II" is in operation for the benefit of employees if the employee opts for it. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 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 Company and on option of the employee. Equal contributions are made monthly both by the Company and employees in accordance with the rules of the scheme at 20% of the basic pay.

Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2017. 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 and 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.

Notes to the Financial Statements

For the year ended 30 June 2017

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 and loss account, such employee compensation expense is reversed in the profit and loss account equal to the amortized portion with a corresponding effect to employee stock option compensation reserve equal to the unamortized 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.

5.2 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 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 and 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.

5.3 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 and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Capitalization threshold

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

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

Depreciation is charged to profit and loss account, 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 and 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 and loss account.

Notes to the Financial Statements

For the year ended 30 June 2017

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.

5.4 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 and loss account.

5.5 Intangible assets

Intangible assets represent the cost of computer software (ERP system) and are stated at cost less accumulated amortization and any identified impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and 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. Amortisation on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

5.6 Non-current assets held for sale

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

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

5.7 Investments

Investments intended to be held for less than twelve months from the balance sheet 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 and 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 and loss account on investments in subsidiaries and associates are reversed through the profit and 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 profit and loss as and when incurred. At subsequent reporting date, these investments are remeasured at fair value and changes therein are recognized in the profit and 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.

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 and 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.

Notes to the Financial Statements

For the year ended 30 June 2017

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 and loss account. Impairment losses on available for sale investments are recognized by reclassifying the losses accumulated in the fair value reserve to profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments classified as available for sale are not reversed through the profit and loss account.

5.8 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 and loss account.

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

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

5.9 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.

5.10 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.

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.

5.11 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.

5.12 Cash and cash equivalents

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

5.13 Borrowings

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

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

5.14 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.

5.15 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 balance sheet date and adjusted to reflect the current best estimate.

Notes to the Financial Statements

For the year ended 30 June 2017

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.

5.16 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 balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

5.17 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.
- (iv) Other revenues are recorded on accrual basis.

5.18 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 and loss account in the period in which they are incurred.

5.19 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 and 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 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.

5.20 Research and development costs

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

5.21 Dividends

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

5.22 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.

5.23 Segment reporting

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

	Note	2017 (Rupees in thousand)	2016
6 Property, plant and equipment			
Operating fixed assets	6.1	2,465,457	2,379,132
Capital work-in-progress	6.2	350,989	381,762
		2,816,446	2,760,894

Notes to the Financial Statements

For the year ended 30 June 2017

6.1 Property, plant and equipment

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2016	Additions/ (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 (2,328)	1,521,966	772,212	98,176 (2,328)	868,060	653,906
Furniture and equipment	10 - 25	76,085	17,737 (824)	92,998	46,089	8,408 (405)	54,092	38,906
Vehicles	20	235,941	108,459 (63,637)	280,763	123,548	48,716 (34,225)	138,039	142,724
2017		3,382,987	303,092 (66,789)	3,619,290	1,003,855	186,936 (36,958)	1,153,833	2,465,457

	Annual rate of depreciation %	Cost/ revalued amount as at 01 July 2015	Additions/ Adjustments/ (Deletions)	Cost as at 30 June 2016	Accumulated depreciation as at 01 July 2015	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2016	Book value as at 30 June 2016
----- (Rupees in thousand) -----								
Owned								
Freehold land	-	1,227,805	-	1,227,805	-	-	-	1,227,805
Buildings on free hold land	5	452,561	17,372	469,933	30,755	31,251	62,006	407,927
Plant & machinery	10	1,319,526	71,146 (17,449)	1,373,223	677,221	101,596 (6,605)	772,212	601,011
Furniture and equipment	10 - 25	65,556	11,844 (1,315)	76,085	40,025	6,835 (771)	46,089	29,996
Vehicles	20	214,753	45,792 (24,604)	235,941	95,318	43,308 (15,078)	123,548	112,393
2016		3,280,201	146,154 (43,368)	3,382,987	843,319	182,990 (22,454)	1,003,855	2,379,132

	Note	2017 (Rupees in thousand)	2016
6.1.1	Depreciation charge for the year has been allocated as follows:		
Cost of sales	31	142,885	138,849
Administrative expenses	32	32,395	35,070
Distribution cost	33	11,656	9,071
		186,936	182,990

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

Freehold land	111,933	111,933
Buildings on freehold land	220,774	218,579
	332,707	330,512

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / Profit	Mode of disposal	Sold to
----- (Rupees in thousand) -----							
Plant							
Absorption Chiller	1,728	1,728	-	840	840	Third party sale	Saifullah Engineers
Air Compressor	600	599	1	200	199	Third party sale	Superior Technology
Vehicles							
						Third party / Employees	
Land Cruiser	19,319	232	19,087	16,600	(2,487)	Third Party Sale	Excellent Machinery
Honda Civic	2,494	1,715	779	1,169	390	Company scheme	Mr. Tariq Aziz
Toyota GLI	1,869	1,387	482	500	18	Company scheme	Mr. Babur Mansoor
Honda city	1,623	1,523	100	573	473	Company scheme	Mr. Shahid Mehmood
Suzuki Cultus	1,004	935	69	367	298	Company scheme	Mr. S.M. Ijaz
Suzuki Cultus	625	66	559	625	66	Company scheme	Mr. Qamar Ullah Khan
Suzuki Wagon R	625	70	555	625	70	Company scheme	Mr. Abdul Qayyum
Honda Civic	625	185	440	625	185	Company scheme	Mr. Imran Munawar
Toyota Corolla	500	140	360	500	140	Company scheme	Mr. Muzaffar Iqbal Hassan
Suzuki Cultus	650	564	86	567	481	Company scheme	Mr. Saifullah Khan
Toyota Corolla	780	548	232	388	156	Company scheme	Mr. Azhar Saeed Butt
Suzuki Mehran	455	372	83	455	372	Company scheme	Mr. Iftikhar Sardar
Toyota Corolla	780	701	79	377	298	Company scheme	Mr. Waqar Aftab
Suzuki Cultus	1,039	907	132	475	343	Company scheme	Mr. Tariq Rasheed
	32,388	9,345	23,043	23,846	803		
Other assets with book value less than Rs. 50,000	32,073	25,286	6,787	21,861	15,074		
2017	66,789	36,958	29,831	46,747	16,916		
2016	43,368	22,454	20,914	30,982	10,068		

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
6.2 Capital work-in-progress			
Civil works		6,768	29,587
Plant and machinery	6.2.1	285,899	298,053
Advances for capital expenditure - considered good	6.2.2	58,322	54,122
		350,989	381,762

6.2.1 These represent plant & 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	28,100
Additions during the year		-	-
Disposals during the year		-	(8,716)
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 44.5

8 Intangible asset

Intangible asset represents computer software (ERP system) that is capitalized effective 01 February 2017.

8.1 Oracle computer software and implementation

Cost			
Addition during the year		41,110	-
Accumulated amortisation			
Amortisation for the year		(3,426)	-
Balance at end of the year		37,684	-
Rate of amortisation		20%	-
9 Long term investments			
In equity instruments of subsidiaries - at cost	9.1	6,138,494	5,528,788
In equity instruments of associate - at cost	9.2	162,529	162,529
Available for sale - at cost	9.3	1,555	1,555
		6,302,578	5,692,872

	Note	2017 (Rupees in thousand)	2016
9.1 In equity instruments of subsidiaries - at cost			
Treet Holdings Limited - unquoted			
61,101,712 (2016: 61,101,712) fully paid ordinary shares of Rs. 10 each	9.1.1	611,017	611,017
Equity held: 85.93 % (2016: 85.93 %)			
Chief Executive Officer - Syed Shahid Ali			
First Treet Manufacturing Modaraba - quoted			
175,745,700 (2016: 175,745,700) fully paid certificates of Rs. 10 each	9.1.2	3,515,332	3,515,332
Equity held: 89.85 % (2016: 89.85 %)			
Chief Executive Officer - Syed Shahid Ali			
Global Arts Limited - unquoted			
160,540,320 (2016: 140,243,860) fully paid ordinary shares of Rs. 10 each	9.1.3	1,605,403	1,402,439
Equity held: 94.08 % (2016: 93.28 %)			
Chief Executive Officer - Syed Shahid Ali			
Renacon Pharma Limited - unquoted			
83,400 (2016: Nil) fully paid ordinary shares of Rs. 10 each	9.1.4	406,742	-
Equity held: 58.16 %			
Chief Executive Officer - Dr. Salman Shakoh			
		6,138,494	5,528,788

9.1.1 The Company directly owns 85.93% (2016: 85.93%) equity interest in Treet Holdings Limited (THL) while the remaining 14.07% (2016: 14.07%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Global Arts Limited.

9.1.2 The Company directly owns 89.85% (2016: 89.85%) equity interest in First Treet Manufacturing Modaraba (FTMM) while the remaining 10.02% (2016: 10.02%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Treet Holdings Limited.

9.1.3 The Company directly owns 94.08% (2016: 93.28%) equity interest in Global Arts Limited (GAL) while the remaining 5.92% (2016: 6.72%) equity interest is indirectly owned through the Company's wholly owned subsidiary, Treet Holdings Limited. During the current year, GAL made right issue in the month of November, 2016 which was fully subscribed by the Company. The increase in investment represents subscription of 20.3 million ordinary shares of GAL at face value of Rs.10 each.

9.1.4 Renacon Pharma Limited (RPL) is a pharmaceutical manufacturing company incorporated on 07 July 2009. On 18 January 2017 the Company acquired 58.16% equity interest in RPL through right issue. The Board of Directors of RPL, on 28 December 2016, announced right issue to the existing shareholders of the company at 139% i.e. 139 right shares for every 100 shares held. The right issue was not exercised by the existing shareholders of RPL and instead was renounced in the favour of the Company which was fully subscribed by them. This investment represents subscription of 83,400 ordinary shares of RPL at Rs. 4,877 per share having face value of Rs. 100 per share.

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For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
9.2 In equity instruments of associate - at cost			
<u>Loads Limited - quoted</u>			
17,177,325 (2016: 15,615,750) fully paid ordinary shares of Rs. 10 each	9.2.1	162,529	162,529
Equity Held: 12.49 % (2016: 20.82 %)			
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 as per the requirements of IAS - 28 "Investments in Associates" because the Company has significant influence over its financial and operating policies through representation on the Board. During the year, the company has been listed on Pakistan Stock Exchange and market value at reporting date is Rs. 41.47 per share. The dilution in equity held of Company is for the reason of initial public offering (IPO) by Loads Limited.		
9.3 Available for sale - at cost			
<u>Techlogix International Limited - unquoted</u>			
748,879 (2016: 748,879) fully paid ordinary shares of par value of USD 0.00015.	9.3.1	8,593	8,593
Equity Held: 0.71 % (2016: 0.73 %)			
Less: Provision for impairment		(7,038)	(7,038)
		1,555	1,555
9.3.1	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 (2016: Rs. 4.11) per share. The shares have par value of USD 0.00015.		
10 Long term loans			
Loans to employees - secured, considered good	10.1	17,548	10,017
Less : current portion			
Loan to employees - secured, considered good	17	(13,679)	(8,212)
		3,869	1,805
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. 15.93 million (2016:Rs. 8.04 million) receivable from the executives of the Company. No loan has been given to directors or chief executive of the Company.		
10.2 Reconciliation of the carrying amount of loans to executives:			
Balance as at 01 July		8,037	7,965
Disbursements during the year		20,161	11,485
Repayments during the year		(12,265)	(11,413)
Balance as at 30 June		15,933	8,037
10.3	The maximum amount due from the executives at the end of any month during the year was Rs. 15.93 million (2016: Rs. 8.04 million).		

	Note	2017 (Rupees in thousand)	2016
11 Long term security deposits			
Long term security deposits	11.1	16,304	16,323
11.1 This represents deposits against utilities.			
12 Deferred taxation			
Deferred tax asset	12.1	58,633	48,013
12.1 Deferred tax liability arising in respect of the following items:			
- Accelerated tax depreciation including surplus on revaluation of property, plant and equipment		(79,671)	(83,144)
Deferred tax asset arising in respect of the following items:			
- Unused tax losses		90,587	97,556
- Capital loss on short term investments		11,489	6,690
- Employee retirement benefits		36,005	26,692
- Provision for doubtful debts		223	219
		138,304	131,157
		58,633	48,013
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.			
12.1.2 Movement in deferred tax asset / (liability) is as follows:			
Balance as at 01 July		48,013	30,734
Recognized in profit and loss account:			
- Accelerated tax depreciation including surplus		3,473	17,300
- Capital loss		4,799	11,424
- Unused tax losses		(6,969)	(22,700)
- Provision for doubtful debts		4	(178)
		1,307	5,846
Recognized in other comprehensive income:			
- Net off against re-measurement of employee retirement benefits recognized		9,313	11,433
Balance as at 30 June		58,633	48,013
13 Stores and spares			
Stores		46,234	30,182
Spares	13.1	156,930	176,764
		203,164	206,946

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016	
13.1	It includes stores and spares in transit amounting to Rs. 36.35 million (2016: Rs. 32.83 million).			
14	Stock-in-trade			
	Raw and packing material	14.1	518,058	418,284
	Work-in-process		61,311	53,071
	Finished goods	14.2	234,914	201,245
			814,283	672,600
14.1	It includes raw material in transit amounting to Rs. 51.23 million (2016: Rs. 47.67 million).			
14.2	It includes finished goods-batteries in transit amounting to Rs. 188.41 million (2016: Rs. Nil).			
15	Trade debts			
	Foreign debtors			
	- secured - considered good		36,267	29,567
	- unsecured - considered good		69,095	110,517
			105,362	140,084
	Local debtors			
	- unsecured - considered good		27,171	25,966
			132,533	166,050
	Considered doubtful	15.1	1,785	1,320
	Less: Provision for doubtful debts		134,318	167,370
			(1,785)	(1,320)
			132,533	166,050
15.1	The movement in provision for doubtful debts for the year is as follows:			
	Balance as at 01 July		1,320	1,320
	Charge for the year	33	465	-
	Balance as at 30 June		1,785	1,320
16	Short term investments			
	<u>Investments at fair value through profit or loss</u>			
	Listed equity securities	16.1	566,773	461,919
	Mutual funds	16.2	-	3,496
			566,773	465,415

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

	Share / certificates		Market value	
	2017	2016	2017	2016
	Number	Number	(Rupees in thousand)	
Sector /Companies				
a) Banks				
Silk Bank Limited	244,676,000	186,814,807	411,055	317,585
Bank of Khyber	-	87,000	-	1,092
NIB Bank Limited	-	1,852,000	-	3,537
b) Cement				
Fauji Cement Limited	-	40,000	-	1,432
Flying Cement Limited	-	500	-	4
c) Textile				
Indus Dyeing and Manufacturing Company Limited	-	110	-	57
Sunrays Textile Mills Limited	30,600	8,200	6,044	1,661
Shahtaj Textile Limited	868,400	852,500	115,003	102,411
Maqbool Textile Mills Limited	648,500	379,500	19,941	6,452
National Silk & Rayon Mills Limited	-	50,000	-	2,311
Kohinoor Spinning Mills Limited	3,000,000	4,150,000	14,730	23,904
d) Miscellaneous				
Transmission Engineering Industries Limited	133,000	133,000	-	-
Aisha Steel Mills Limited	-	102,000	-	1,377
Huffaz Seamless Pipe Industries Limited	-	5,500	-	96
			566,773	461,919

16.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2017	2016	2017	2016
	Number	Number	(Rupees in thousand)	
AGHP Capital Conservative Fund	-	32,890	-	3,496
			-	3,496

16.3 Investments to the extent of Rs. 250 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 2017

	Note	2017 (Rupees in thousand)	2016
17 Loans, advances, deposits, prepayments and other receivables			
Current portion of loan to employees - secured, considered good	10	13,679	8,212
Advances to employees - secured, considered good	17.1	68,177	76,161
Advances to suppliers - unsecured, considered good		67,271	73,225
Margin deposits against letters of credits		3,785	1,958
Prepayments	17.2	13,581	8,914
Advances to associated undertakings - unsecured, considered good:			
Loads Limited		-	70
IGI Insurance Limited		3,496	16,350
	17.3	3,496	16,420
Workers' profit participation fund	17.4	-	7,444
Balances with statutory authorities:			
Export rebate		54,392	62,654
Collector of customs - custom duty		76,771	2,393
Advance income tax		377,212	328,602
Sales tax receivable		8,316	46,573
		516,691	440,222
Receivable from broker against sale of investments		49,542	59,630
Receivable from subsidiary company - First Treet Manufacturing Modaraba , unsecured - considered good	17.5	3,564,666	305,331
<u>Other receivable - unsecured, considered good</u>			
- Related parties			
Treet Holdings Limited		36,638	42,315
Global Arts Limited		1,749	48,020
Treet Power Limited		4,154	22,855
Employees Benevolent Fund		-	836
Superannuation Fund		1,159	5,751
Gratuity Fund		20,369	18,461
Employees Housing Fund		1,043	12,755
	17.6	65,112	150,993
- Others		459	1,375
		4,366,459	1,149,885

- 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. 2.91 million (2016: Rs. 7.13 million) receivable from executives of the Company. These also include an amount of Rs. Nil (2016: Rs. 1.45 million) given to Chief Executive Officer (CEO) for travelling for business purpose. Reconciliation of advance given to CEO is as under:

	Note	2017 (Rupees in thousand)	2016
Balance as at 01 July		1,448	1,100
Advances given during the year		-	3,074
Adjustments during the year		(1,448)	(2,726)
Balance as at 30 June		-	1,448

17.2 Prepayments include amount paid to IGI Insurance Limited (associated undertaking) of Rs. 5.58 million (2016: Nil).

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	2017 (Rupees in thousand)	2016
17.4 Workers profit participation fund			
Balance as at 01 July		7,444	17,030
Charge for the year		(5,553)	(2,639)
		1,891	14,391
Payments during the year		(4,361)	(6,947)
Balance as at 30 June	20	(2,470)	7,444

17.5 It includes Rs. 3,104 million (2016: Nil) advanced to First Treet Manufacturing Modarba 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.

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.

	Note	2017 (Rupees in thousand)	2016
18 Cash and bank balances			
Cash in hand		58,417	11,367
Cash at bank - local currency			
Current accounts	18.1	53,455	43,965
Saving accounts	18.2	236,095	142,842
		289,550	186,807
		347,967	198,174

18.1 These include bank accounts of Rs. 0.53 million (2016: Rs. 0.93 million) maintained under Shariah compliant arrangements.

18.2 These carry mark-up at the rates ranging from 3.5% to 6% per annum (2016: 4% to 6.5% per annum).

These deposits include Rs. 3.82 million (2016: Rs. 7.98 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.5% to 5.4% per annum (2016: 2.7% to 5.8% per annum).

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
19 Short term borrowings			
Short term running finance - secured	19.2	3,656,552	537,494
Export refinance - secured	19.2	1,703,044	1,020,499
Loan from Chief Executive Officer - Interest free	19.3	390,000	-
	19.4	5,749,596	1,557,993
19.1 Particulars of borrowings			
Interest / markup based financing		4,527,719	1,524,053
Islamic mode of financing		831,877	33,940
Interest free		390,000	-
		5,749,596	1,557,993

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. 5,955 million (2016: Rs. 4,230 million). The running finance facilities carried mark-up at the rates ranging from 6.30% to 7.55% per annum (2016: 6.75% to 9.01% per annum). Running finance amounting to Rs. 2,725 million (2016: Rs. 2,600 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate of 2.40% to 3.86% per annum (2016: 3.9% to 5.5% per annum).

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. 8,371 million (2016: Rs. 6,069 million) on the entire present and future current assets of the Company.

19.5 The facilities for opening letters of credits and guarantees as at 30 June 2017 amounts to Rs. 3,007 million (2016: Rs. 1307 million) of which unutilized amount as at this date was Rs. 2,266 million.

19.6 As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions 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 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 2017 is Rs. 0.01 million (2016: Nil).

	Note	2017 (Rupees in thousand)	2016
20 Trade and other payables			
<i>Trade creditors:</i>			
Related parties	20.1	4,410	913
Others		9,527	10,788
		13,937	11,701
<i>Other creditors:</i>			
Related parties	20.2	4,438	39
Others		50,946	90,315
		55,384	90,354
Accrued liabilities		267,330	253,274
Advances from customers		40,909	12,597
Advance against sale of land		6,593	6,593
Employees deposits		49,239	47,712
Unclaimed dividend		18,629	12,800
Withholding sales tax payable		3,285	3,956
Workers profit participation fund	17.4	2,470	-
Security deposit		15,000	-
Other payables		14,833	10,634
<i>Payable to employee retirement benefit funds:</i>			
- Service fund		3,086	1,830
- Employees Benevolent Fund		885	-
- Superannuation Fund (SF-II)		1,020	-
- Employees Provident Fund	20.3	7,185	5,013
		12,176	6,843
		499,785	456,464
20.1 Related parties			
<i>Associated Undertakings</i>			
Packages Limited		967	31
IGI Insurance Limited		2,558	-
<i>Subsidiary company</i>			
Treet HR Management (Private) Limited		885	882
		4,410	913
These are interest free in the normal course of business.			
20.2 Related parties			
<i>Associated Undertakings</i>			
Packages Limited		4,357	-
IGI Insurance Limited		-	39
<i>Subsidiary company</i>			
First Treet Manufacturing Modaraba		81	-
		4,438	39
These are interest free in the normal course of business			

Notes to the Financial Statements

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- 20.3** The Company has set up provident fund for its permanent employees. The total charge against provident fund for the year was Rs. 24.36 million (2016: Rs. 21.28 million). The net assets based on audited financial statements of provident fund for the year ended 30 June 2017 amount to Rs. 418 million (2016: Rs. 384 million). The fair value of investments of provident fund was Rs. 377.57 million (2016: Rs. 351.45 million) and the cost of the investment was Rs. 366.18 million (2016: Rs. 299.83 million). The above investments out of provident fund have been made in accordance with the requirement of section 227 of the repealed Companies Ordinance, 1984 (section 218 of the Companies Act, 2017) and the rules formulated for this purpose.

	2017 (Rupees in thousand)	2016	2017 %	2016 %
20.3.1 The break-up of fair value of investments is:				
National savings bonds / special savings bonds	46,300	46,300	12%	13%
Pakistan investment bonds	10,000	25,000	3%	7%
National investment trust units	21,583	8,684	6%	2%
NIT government treasury fund	5,248	-	1%	0%
Mutual funds	5,011	5,076	1%	1%
Listed securities	53,459	83,424	14%	24%
Term finance certificates	50,000	50,000	13%	14%
Term deposit certificates	15,415	20,281	4%	6%
Participation term certificates	13,157	49,935	3%	14%
Account with broker for investment	81	1,324	1%	1%
	220,254	290,024		
Cash at bank	157,319	61,427	42%	18%
	377,573	351,451	100%	100%

This includes ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2017 is Rs. 6.83 million (2016: Rs. 26.56 million) and Rs. 13.16 million (2016: Rs. 32.59 million) respectively.

	2017 (Rupees in thousand)	2016
21 Accrued mark-up		
Accrued markup / return on:		
Participation term certificates	289,153	284,578
Short term borrowings	59,486	13,142
	348,639	297,720

22 Long term deposits

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

		2017	2016
		(Rupees in thousand)	
23	Redeemable capital		
	Participation term certificates	537,000	716,417
	Less: Current portion shown under current liabilities	(179,417)	(179,417)
		357,583	537,000

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 PTC's prematurely. PTC holders shall have no preemptive right in any further issue of capital of the Company.

Terms of redemption

The principal amount of PTCs 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, along with 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:

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	29,276	143,869	173,145	116,008	2017
6,272	173,145	179,417	2,927,557	29,276	143,869	173,145	111,433	2016

The 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 Company holds 17,601,611 (2016: 17,479,611) PTCs of the Company. Finance cost paid to them during the year is Rs 119.76 million (2016: Rs 115.68 million). Loads Limited, an associated company, holds 1,831,500 (2016: 1,831,500) participation term certificates of the Company.

Notes to the Financial Statements

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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. 250 million over the liquid assets (i.e. listed securities having value of at least Rs. 250 million pledged in favor, or under lien, of the Security Trustee, which may include shares of Packages Limited, IGI Insurance Limited, ZIL Limited, Indus Dyeing Manufacturing Company Limited and/or any other liquid securities) pursuant to the letter of lien and pledge dated 16 May 2011. However, currently shares of Silk Bank Limited and Shahtaj Textile Limited are pledged with the Trustee as referred in note 16.

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

	Note	2017 (Rupees in thousand)	2016
24	Deferred Liabilities - Employee retirement benefits		
	Gratuity fund	122,823	115,417
	Superannuation fund	129,116	101,464
	24.1	251,939	216,881

24.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2017	2016	2017	2016
	------(Rupees in thousand)-----			
Amounts recognized in balance sheet are as follows:				
Present value of defined benefit obligation	311,121	262,883	296,556	251,409
Fair value of plan assets	(188,298)	(147,466)	(167,440)	(149,945)
Net retirement benefit obligation	122,823	115,417	129,116	101,464

	Gratuity		Superannuation	
	2017	2016	2017	2016
------(Rupees in thousand)-----				
24.2 Movement in net obligation				
Net liability as at 01 July	115,418	81,463	101,463	72,172
Charge to profit and loss account				
Treet Corporation Limited	25,030	20,410	21,426	18,542
Treet HR Management (Private) Limited	1,507	1,769	674	337
	26,537	22,179	22,100	18,879
Re-measurements chargeable in other comprehensive income				
Treet Corporation Limited	11,476	35,379	38,162	31,246
Treet HR Management (Private) Limited	604	1,862	2,008	1,644
	12,080	37,241	40,170	32,890
Contribution made by the Company	(31,212)	(25,465)	(34,617)	(22,478)
Net liability as at 30 June	122,823	115,418	129,116	101,463
24.3 Movement in the liability for funded defined benefit obligations				
Liability for defined benefit obligations as at 01 July	262,883	221,828	251,409	209,784
Benefits paid by the plan	(31,212)	(25,466)	(34,617)	(22,477)
Current service costs	19,301	15,478	15,999	12,938
Interest cost	17,928	20,387	16,972	19,358
Re-measurements on obligation:				
Actuarial losses on present value				
- Changes in demographic assumptions	-	-	-	-
- Changes in financial assumptions	124	-	123	-
- Experience adjustments	42,097	30,656	46,670	31,806
	42,221	30,656	46,793	31,806
Present value of defined benefit obligations as at 30 June	311,121	262,883	296,556	251,409
24.4 Movement in fair value of plan assets				
Fair value of plan assets as at 01 July	147,466	140,365	149,945	137,612
Contributions into the plan	31,212	25,466	34,617	22,477
Benefits paid by the plan	(31,212)	(25,466)	(34,617)	(22,477)
Interest income on plan assets	10,691	13,686	10,871	13,417
Return on plan assets excluding interest income	30,141	(6,585)	6,624	(1,084)
Fair value of plan assets as at 30 June	188,298	147,466	167,440	149,945

Notes to the Financial Statements

For the year ended 30 June 2017

	Gratuity		Superannuation	
	2017	2016	2017	2016
------(Rupees in thousand)-----				
24.5 Plan assets				
Plan assets comprise:				
Term finance certificates	-	-	-	50,000
Listed securities	45,961	57,477	42,302	48,623
Deposits with banks	56,511	15,694	49,012	11,581
Investment in mutual funds	38,492	31,319	30,530	-
Government securities	45,815	60,500	20,000	39,500
Commercial paper	-	-	25,000	-
Others	1,519	(17,524)	596	241
	188,298	147,466	167,440	149,945

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2017 is Rs. 1.14 million (2016: Rs. 55.90) and Rs. 12.72 million (2016: Rs. 11.80 million) respectively.

Plan assets of superannuation fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2017 is Rs. 5.12 million (2016: Rs. 5.91 million) and Rs. 9.85 million (2016: Rs. 8.73 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.

24.6 Profit and loss account includes the following in respect of retirement benefits:				
Interest cost	17,928	20,387	16,972	19,358
Current service cost	19,301	15,478	15,999	12,938
Interest income on plan assets	(10,691)	(13,686)	(10,871)	(13,417)
Total, included in salaries and wages	26,538	22,179	22,100	18,879
24.7 Actual return on plan assets	40,832	7,101	17,495	12,333
24.8 Actuarial losses recognized directly in other comprehensive income				
Cumulative amount at 01 July	(94,769)	(57,528)	(82,645)	(49,755)
(Losses) / gains recognized during the year	(12,080)	(37,241)	(40,170)	(32,890)
Cumulative amount at 30 June	(106,849)	(94,769)	(122,815)	(82,645)

24.9 Historical Information for Gratuity fund

	2017	2016	2015	2014	2013
------(Rupees in thousand)-----					
Present value of defined benefit obligation	311,121	262,883	221,828	188,515	151,409
Fair value of the plan assets	(188,298)	(147,466)	(140,365)	(116,436)	(101,762)
Deficit	122,823	115,417	81,463	72,079	49,647
Experience adjustments arising on plan liabilities	42,097	30,656	7,716	24,439	14,346
Experience adjustments arising on plan assets	30,141	(6,585)	8,501	1,227	1,600

The Company expects to pay Rs. 35.38 million in contributions to gratuity fund in 2018.

24.10 Historical Information for Superannuation fund

	2017	2016	2015	2014	2013
------(Rupees in thousand)-----					
Present value of defined benefit obligation	296,556	251,409	209,784	172,551	143,977
Fair value of plan assets	(167,440)	(149,945)	(137,612)	(115,991)	(96,189)
Deficit	129,116	101,464	72,172	56,560	47,788
Experience adjustments arising on plan liabilities	46,670	31,806	13,052	17,918	16,711
Experience adjustments arising on plan assets	6,624	(1,084)	6,252	8,177	(189)

The Company expects to pay Rs. 29.46 million in contributions to superannuation fund in 2018.

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

	2017		2016	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	7.25%	7.25%	9.75%	9.75%
Discount rate used for year-end obligation	7.75%	7.75%	7.25%	7.25%
Expected rates of salary increase	6.75%	6.75%	6.25%	6.25%
Expected rates of return on plan assets	7.75%	7.75%	7.25%	7.25%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005 with 1 year setback.

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 2017 would have been as follows:

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For the year ended 30 June 2017

	Change	Impact on present value of defined benefit obligation as at 30 June 2017			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
------(Rupees in thousand)-----					
Discount rate	100 bps	(286,568)	339,564	(272,250)	324,780
Future salary increase	100 bps	339,564	(286,137)	324,780	(271,824)

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

25 Employee Stock Option Scheme

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

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

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

The details of the share options granted under the scheme together with the status as at 30 June 2017 is as follows:

		"Granted in year 2016"	"Granted in year 2015" (*Modified October 2016)
(Rupees in thousand)			
Original grant date		16 July 2016	14 July 2015
Modified grant date		N/A	31 October 2016
Options issued		4,114	1,605
Options no longer in issue		-	-
Options vested		N/A	1,605
Options exercised		N/A	1,412
Shares issued under the scheme	note 27.5	N/A	1,412
Original exercise price per share	Rs.	51.79	90.58
Market value per share at grant date	Rs.	51.63	77.09
Option discount per share at grant date	Rs.	NIL	NIL
Modified exercise price per share	Rs.	N/A	51.79
Market value per share at modified grant date	Rs.	N/A	47.08
Option discount per share at modified grant date	Rs.	N/A	NIL
Options issued to key management personnel		3,224	1,223
Options exercised by key management personnel		N/A	1,192

- * 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 4.26 million stock options to its eligible employees at an exercise price of Rs. 66.45 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015". These options will have a vesting period of one year from grant date and an exercise period of one year from the date the options are vested. These options shall be exercisable after completion of vesting period i.e one year from date of grant.

26 Contingencies and commitments

26.1 Contingencies

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.
- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company has 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.

Notes to the Financial Statements

For the year ended 30 June 2017

- 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.
- In 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 2009, the Additional Commissioner Inland Revenue had passed an order under section 122(5A) on various issues i.e. allocation of expenses between export and local sales, unexplained debtors, rental income and finance cost of export refinance and created a tax demand of Rs 15.72 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the matter is pending for adjudication.
- For the tax period July to October 2011, a sales tax demand amounting to Rs. 1.56 million was 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 Inland Revenue (CIR) (Appeals) against this order and obtained relief of Rs. 1.14 million. Against the order of the CIR (Appeals), both the Company and the department filed appeals before Appellate Tribunal Inland Revenue which are pending adjudication. However, the Company 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 during the year, 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 is in the process of filing an appeal with Commissioner Inland Revenue (Appeals) against this order.

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 financial statements.

26.2 Commitments

- Outstanding letters of credit as at 30 June 2017 amounted to Rs. 510.79 million (2016: Rs. 423.88 million).

27 Issued, subscribed and paid-up capital

	2017 (Number of shares)	2016	Note	2017 (Rupees in thousand)	2016
	89,793,463	89,793,463		897,935	897,935
	12,805,228	9,877,671		128,052	98,777
	38,133,175	38,133,175		381,331	381,331
	1,411,800	-		14,118	-
	142,143,666	48,010,846		1,421,436	1,378,043
27.1	Reconciliation of number of shares				
	At 01 July			1,378,043	539,507
	Issued against right issue			-	809,261
	Issued on conversion of PTCs		27.4	29,275	29,275
	Issued against employee share option scheme		27.5	14,118	-
	At 30 June			1,421,436	1,378,043

- 27.2** Syed Shahid Ali (Chief Executive Officer) holds 40,102,002 (2016: 38,241,817) and Syed Sheharyar Ali (Executive Director) holds 10,898,674 (2016: 10,743,787) ordinary shares of Rs. 10 each representing 28.21% (2016: 27.75%) and 7.67% (2016: 7.80%) of the paid up capital of the Company respectively.
- 27.3** Loads Limited, an associated company, holds 7,748,885 (2016: 7,620,680) ordinary shares of Rs. 10 each representing 5.45% (2016: 5.53%) 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 (2016: 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 (2016: Rs. 143.87 million).
- 27.5** Under the terms of the scheme as referred in note 25, the Company, during the year, issued 1,411,800 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. 59.00 million.

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
28 Reserves			
Capital reserves	28.1	4,319,601	4,116,732
General reserves		266,400	266,400
		4,586,001	4,383,132
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	4,318,972	4,116,103
		4,319,601	4,116,732

28.1.1 This reserve can be utilized by the Company only for the purposes specified under section 83(2) of the repealed Companies Ordinance, 1984 (section 81(2) of the Companies Act, 2017). The increase in reserve represents share premium at the rate of Rs. 49.14 (2016: Rs. 49.14) per share and Rs. 41.79 per share in respect of transactions referred in note 27.4 and 27.5 respectively.

29 Surplus on revaluation of land and buildings - net of tax			
Balance as at 01 July		1,305,220	1,315,205
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of tax		(6,653)	(8,326)
- related deferred tax liability		(1,353)	(1,659)
		(8,006)	(9,985)
Surplus on revaluation of land and buildings		1,297,214	1,305,220
Less: Related deferred tax liability on revaluation surplus as at 01 July		(24,585)	(26,244)
Deferred tax on incremental depreciation		1,353	1,659
		(23,232)	(24,585)
Balance as at 30 June		1,273,982	1,280,635

29.1 Land and buildings were last revalued on 30 June 2014 by M/s Zafar Iqbal & Co (PBA approved valuers, inspectors and engineers) resulting in surplus of Rs. 595.95 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value.

This revaluation surplus on land and buildings shall be utilized only in accordance with the provisions of applicable laws. For the reasons explained in note 4.1, the revaluation surplus on land and buildings will be reclassified as part of equity for financial year ending after 30 June 2017.

	Note	2017 (Rupees in thousand)	2016
30 Sales - net			
Blades and Razors			
Export sales		1,874,204	1,875,341
Local sales - gross		3,839,329	3,285,826
Less: Sales tax		(592,048)	(506,146)
Less: Trade discount		(69,461)	(69,396)
		3,177,820	2,710,284
Trading income			
Sale of batteries - gross		378,731	180,234
Less: Sales tax		(56,679)	(28,615)
Less: Trade discount		(18,765)	(2,457)
		303,287	149,162
		5,355,311	4,734,787
31 Cost of goods sold			
Raw and packing materials consumed		1,758,116	1,637,326
Stores and spares consumed		156,114	148,401
Salaries, wages and other benefits	31.1	869,225	716,189
Fuel and power		234,178	228,285
Repairs and maintenance		37,104	33,841
Rent, rates and taxes		7,636	3,788
Insurance		51,504	50,152
Travelling and conveyance		29,117	21,638
Printing and stationery		2,163	3,368
Postage and telephone		6,989	6,507
Legal and professional charges		5,631	1,513
Entertainment		702	2,906
Staff training		965	679
Subscriptions		2,083	608
Depreciation on property, plant and equipment	6.1.1	142,885	138,849
Expenses for computerization		6,258	11,223
Other expenses		24,591	15,698
		3,335,261	3,020,971
Opening stock of work in process		53,071	49,925
Closing stock of work in process	14	(61,311)	(53,071)
Cost of goods manufactured		3,327,021	3,017,825
Opening stock of finished goods		201,245	203,947
Purchase of batteries for trading		361,481	209,035
Closing stock of finished goods	14	(234,914)	(201,245)
		3,654,833	3,229,562

31.1 Salaries, wages and other benefits include Rs. 38.74 million (2016: Rs. 32.27 million) and Rs. 31.34 million (2016: Rs. 27.19 million) in respect of defined benefit schemes and defined contribution schemes respectively.

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
32 Administrative expenses			
Salaries, wages and other benefits	32.1	242,387	206,564
Repairs and maintenance		948	858
Rent, rates and taxes		1,613	1,275
Travelling and conveyance		6,585	9,585
Entertainment		1,121	1,061
Postage and telephone		1,359	686
Printing and stationery		5,614	3,543
Legal and professional charges	32.2	30,508	43,277
Donations	32.3	52,921	95,531
Computer expenses		4,579	5,107
Directors' fee	41	350	280
Subscription		459	63
Depreciation on property, plant and equipment	6.1.1	32,395	35,070
Amortization on intangible asset		3,426	-
Others		2,775	1,058
		387,040	403,958

32.1 Salaries and other benefits include Rs. 3.69 million (2016: Rs. 2.43 million) and Rs. 10.93 million (2016: Rs. 9.25 million) in respect of defined benefit schemes and defined contribution schemes respectively.

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

Statutory audit		1,601	1,601
Half yearly review		420	399
Out of pocket expenses		150	150
		2,171	2,150

32.3 Name of donee in which a director or his spouse has an interest:

Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)		500	1,484
Institute of Islamic Culture (IIC) 158- Shah Jamal, Lahore. (Syed Shahid Ali, CEO is also Chairman of IIC)		700	1,200
Society for Cultural Education	32.3.1	48,171	86,560
		49,371	89,244

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 2016.

	Note	2017 (Rupees in thousand)	2016	
33	Distribution cost			
	Salaries, wages and other benefits	33.1	236,917	207,742
	Repairs and maintenance	33.2	28,459	3,337
	Advertising		452,666	429,923
	Freight, octroi and handling		155,149	154,384
	Export commission		27,707	12,990
	Rent, rates and taxes		16,933	8,986
	Travelling and conveyance		29,536	34,598
	Postage and telephone		5,050	4,469
	Depreciation on property, plant and equipment	6.1.1	11,656	9,071
	Printing and stationery		668	810
	Legal and professional charges		1,771	306
	Others expenses	33.3	32,930	14,872
			999,442	881,488

33.1 Salaries and other benefits include Rs. 6.21 million (2016: Rs. 4.25 million) and Rs. 14.91 million (2016: Rs. 12.07 million) in respect of defined benefit schemes and defined contribution schemes respectively.

33.2 This includes Rs. 24.89 million (2016: Rs. 0.55 million) on account of claims against batteries sold.

33.3 It includes Rs. 30.11 million (2016: Rs. 12.20 million) on account of expenses related to battery operations.

34 Finance cost

	Markup on short term borrowings		170,912	48,380
	Markup on participation term certificates		289,153	284,578
	Bank charges		18,284	15,181
			478,349	348,139

35 Other operating expenses

	Exchange loss	35.1	291	2,061
	Loss on disposal of available for sale long term investments		-	9,716
	Unrealized loss on short term investments at fair value through profit or loss		76,594	40,267
	Workers' profit participation fund	17.4	5,553	2,639
			82,438	54,683

35.1 This represents loss incurred due to actual currency fluctuations.

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees in thousand)	2016
36 Other income			
<i>Income from financial assets</i>			
Profit on bank deposits	36.1	4,604	54,388
Profit on term deposits	36.2	-	7,869
Realized gain on short term investments at fair value through profit or loss		12,223	2,831
Dividend income	36.3	130,175	75,147
Charges to Subsidiary company	17.5	94,263	-
		241,265	140,235
<i>Income from non financial assets</i>			
Profit on disposal of property, plant and equipment		16,916	10,068
Profit on disposal of investment property		-	9,784
Scrap sale		14,236	10,285
Export rebate		19,680	27,184
Liabilities no longer payable written back		23,018	-
Rental income			
- First Treet Manufacturing Modaraba		35,000	35,000
- Treet Holdings Limited		1,000	-
- Wazir Ali Industries Limited		-	113
Others		453	523
		110,303	92,957
		351,568	233,192

36.1 The income from savings bank accounts relating to deposits placed under shariah based arrangements amounting to Rs. 0.79 million (2016: Rs. 16.31 million).

36.2 This includes Rs. Nil (2016: Rs. 7.51 million) earned on deposits placed under non-shariah based arrangement.

36.3 Dividend income is received from the following:

Related parties:

Loads Limited	15,616	-
First Treet Manufacturing Modaraba Packages Limited	110,193	72,633
Techlogix International Limited	-	496
	184	-
	125,993	73,129

Others:

Shahtaj Textile Limited	3,876	2,018
Sunrays Textile	305	-
Indus Dying and Manufacturing Limited	1	-
	4,182	2,018
	130,175	75,147

	Note	2017 (Rupees in thousand)	2016
37 Taxation			
<i>Current</i>			
- For the year		41,622	26,769
- For prior years		(1,219)	(3,998)
<i>Deferred</i>			
- For the year	12.1.2	(1,307)	(5,846)
	37.1	39,096	16,925
37.1 Tax charge reconciliation			
Numerical reconciliation between tax expense and accounting profit			
Profit before taxation		104,777	50,149
Tax at 31% (2016: 32%)		32,481	16,048
Tax effect of:			
- Income under FTR		26,530	3,475
- Exempt income		-	(23,243)
- Tax credits		(15,106)	(7,115)
- Prior year tax		(1,219)	(3,998)
- Permanent difference		16,406	30,570
- Not adjustable for tax purposes		(19,996)	1,188
		39,096	16,925

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. 350.67 million (2016: Rs. 325.19 million).

37.3 The Finance Act, 2017 introduced a tax under section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or Modarba, that derives profits for tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus shares.

As explained in note 47 to the financial statements, the Board of Directors in their meeting held on 05 October 2017 has recommended a final cash dividend of Rs. --- per ordinary share (2016: Rs. 1 per ordinary share) for the year ended 30 June 2017 which complies with the above stated requirements. Accordingly, no provision for tax in this respect has been made in these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

		2017	2016	
38	Earnings per share - basic and diluted			
	<i>i-Profit attributable to ordinary share holders:</i>			
	Profit for the year after taxation	Rupees in thousand	65,681	33,224
	<i>ii-Weighted-average number of ordinary shares:</i>			
	Weighted average number of shares	Number in thousand	140,043	134,732
	Earnings per share	Rupees	0.47	0.25

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 earnings per share.

	Note	2017 (Rupees in thousand)	2016
39	Cash (used in) / generated from operations		
	Profit before taxation	104,777	50,149
	<i>Adjustments for non cash items:</i>		
	Depreciation on property, plant and equipment	186,936	182,990
	Amortization on intangible asset	3,426	-
	Provision for gratuity	25,030	20,410
	Provision for superannuation	21,426	18,542
	Profit on bank deposits	(4,604)	(62,257)
	Profit on sale of property, plant and equipment	(16,916)	(10,068)
	Profit on disposal of investment property	-	(9,784)
	Provision for Workers Profit Participation Fund (WPPF)	5,553	2,639
	Unrealized loss on investment at fair value through profit or loss	76,594	40,267
	Finance cost	478,349	348,139
	Liabilities no longer payable written back	(23,018)	-
	Charges to Subsidiary company	(94,263)	-
	Dividend income	(130,175)	(75,147)
		528,338	455,731
	Operating profit before working capital changes	633,115	505,880

	Note	2017 (Rupees in thousand)	2016
<i>Effect on cashflow due to working capital changes</i>			
<i>Decrease / (increase) in current assets:</i>			
Stores and spares		3,782	(34,696)
Stock-in-trade		(141,683)	60,144
Trade debtors		33,517	(98,065)
Short term investments		(177,952)	127,618
Loans, advances, deposits, prepayments and other receivables		(3,078,964)	(316,875)
		(3,361,300)	(261,874)
<i>Increase in current liabilities:</i>			
Trade and other payables		60,511	19,325
		(2,667,674)	263,331
40 Cash and cash equivalents			
Cash and bank balances	18	347,967	198,174
Short term running finance - secured	19	(3,656,552)	(537,494)
		(3,308,585)	(339,320)

Notes to the Financial Statements

For the year ended 30 June 2017

41 Remuneration of chief executive, directors and executives

The aggregate amount charged in the 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	----- (Rupees in thousand) -----							
Managerial remuneration	34,909	27,273	24,457	25,345	-	-	195,632	158,803
Provident fund	-	-	1,058	848	-	-	9,487	7,859
Service fund	-	-	1,058	848	-	-	9,418	7,797
Housing fund	-	-	-	-	-	-	11,008	8,418
Superannuation fund - II	-	-	-	-	-	-	3,564	2,916
Benevolent fund	-	-	-	-	-	-	2,802	2,409
Bonus	-	-	7,155	5,225	-	-	73,563	49,506
Utilities	-	-	1,398	1,503	-	-	9,485	8,281
Medical	3,491	2,727	1,430	1,503	-	-	10,117	8,665
Fees	-	-	-	-	350	280	-	-
	38,400	30,000	36,556	35,272	350	280	325,076	254,654
Number of persons	1	1	2	3	5	4	90	69

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. 1.43 million and Rs. 1.12 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:

	2017	2016
- As at 30 June	2,129	1,963
- Average number of employees	2,046	1,474

43 Transactions and balances 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	Nature of transactions	2017 (Rupees in thousand)	2016
I	Subsidiaries			
	Treet HR Management (Private) Limited	Purchase of services	15,000	15,000
	Treet Holdings Limited	Expenses incurred	118,196	123,538
		Funds transferred - net	(125,250)	6,176
		Purchase of bikes	8,009	5,212
		Rental income	1,000	-
	First Treet Manufacturing Modaraba	Expenses incurred	334,461	57,598
		Funds transferred - net	3,104,916	80,678
		Purchase of goods	24,000	18,912
		Dividend income	110,193	72,633
		Rental income	35,000	35,000
		Charges incurred	94,263	-
	Global Arts Limited	Short term advance	(48,020)	48,020
		Expenses incurred	1,749	-
	Society for Cultural Education	Donation	48,171	86,560
II	Associated undertakings			
	Packages Limited	Purchase of goods	115,167	74,347
		Sale of goods	255	198
	IGI Insurance Limited	Purchase of services	57,331	26,510
	Cutting Edge (Private) Limited	Purchase of services	2,789	2,360
	Wazir Ali Industries Limited	Rental income	-	113
		Purchase of goods	18	-
	Loads Limited	Finance cost paid - PTC	12,462	12,037
		Dividened paid	7,621	7,492
		Dividend income	15,616	-
III	Post employment benefit plans			
	Superannuation fund	Contribution	34,617	21,946
	Gratuity fund	Contribution	31,212	20,410
	Provident fund	Contribution	24,355	21,285
	Service fund	Contribution	12,996	11,311
	Housing fund	Contribution	12,629	9,926
	Benevolent fund	Contribution	3,150	2,578
	Superannuation fund - II	Contribution	4,052	3,404

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

Notes to the Financial Statements

For the year ended 30 June 2017

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. 5,373 million (2016: Rs. 1,329 million), the financial assets which are subject to credit risk amounted to Rs. 4,668 million (2016: Rs. 1,318 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.

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:

	2017	2016
	(Rupees in thousand)	
Long term available for sale investments	1,555	1,555
Long term security deposits	16,304	16,323
Trade debts	132,533	166,050
Short term investments	566,773	465,415
Loans, advances, deposits, prepayments and other receivables	3,660,704	481,484
Bank balances	289,550	186,807
	4,667,419	1,317,634

Trade debts at the balance sheet 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	27,171	25,966
- Foreign parties	105,362	140,084
	132,533	166,050

The aging of trade debts at the reporting date is:

Less than 30 days	116,512	126,783
Past due 1 - 3 months	14,752	38,912
Above one year	3,054	1,675
Trade debts - gross	134,318	167,370
Less: Impairment	(1,785)	(1,320)
Trade debts - net	132,533	166,050

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 2017

44.2.2 Credit quality of major financial assets

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

Banks	Rating		Rating Agency	30 June	30 June
	Short term	Long term		2017	2016
				Rupees	Rupees
NIB Bank Limited	A1+	AA-	PACRA	7,210	8,910
Faysal Bank Limited	A-1+	AA	JCR-VIS	120,683	1,161
United Bank Limited	A-1+	AAA	JCR-VIS	-	9,416
Habib Bank Limited	A-1+	AAA	JCR-VIS	16,786	21,036
Askari Bank Limited	A1+	AA+	PACRA	25,067	15,843
National Bank of Pakistan	A-1+	AAA	JCR-VIS	25,816	18,808
Bank of Punjab	A1+	AA	PACRA	897	36
MCB Bank Limited	A1+	AAA	PACRA	14,271	11,031
Silk Bank Limited	A-2	A-	JCR-VIS	978	949
Samba Bank Limited	A-1	AA	JCR-VIS	6	5
Bank Alfalah Limited	A-1+	AA+	PACRA	22,590	56,981
Bank Islami Pakistan Limited	A1	A+	PACRA	249	196
Soneri Bank Limited	A1+	AA-	PACRA	30,729	-
JS Bank Limited	A1+	AA-	PACRA	-	303
Sindh Bank Limited	A-1+	AA	JCR-VIS	127	284
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	3,803	7,710
Allied Bank Limited	A1+	AA+	PACRA	20,049	2,171
Meezan Bank Limited	A-1+	AA	JCR-VIS	-	940
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	289	31,027
				289,550	186,807

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:

	2017				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
(Rupees in thousand)					
<i>Financial liabilities</i>					
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	-

	2016				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
(Rupees in thousand)					
<i>Financial liabilities</i>					
Trade and other payables	378,762	378,762	378,762	-	-
Long term deposits	1,037	1,037	-	1,037	-
Short term borrowings	1,557,993	1,557,993	1,557,993	-	-
Redeemable capital	716,417	1,007,267	290,850	716,417	-
Accrued mark-up	297,720	297,720	297,720	-	-
	2,951,929	3,242,779	2,525,325	717,454	-

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, GBP Pounds and Euros and on foreign currency bank accounts. The Company's exposure to currency risk is as follows:

	2017	2016
(Rupees in thousand)		
Outstanding letters of credit (US dollars)	511,774	391,640
Outstanding letters of credit (Euros)	-	32,241

Notes to the Financial Statements

For the year ended 30 June 2017

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
Rupees per USD	104.85	103.20	105.00	104.70
Rupees per Euro	118.23	115.05	120.14	116.31

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. 51.17 million (2016: Rs. 13.70 million) and Rs. Nil (2016: Rs. 0.18 million) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit 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:

	2017	2016	2017	2016
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
<i>Fixed rate instruments:</i>				
Bank balances - deposit accounts	3.5 - 6	4 - 6.5	236,095	142,842
Financial liabilities				
<i>Floating rate instruments:</i>				
Short term borrowings	2.4 -7.5	6.75 -9.01	5,749,596	1,557,993

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 account.

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 higher / lower by Rs 34.53 million (2016: Rs 6.14 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:

	2017	2016
	(Rupees in thousand)	
Effect on profit and loss	(56,677)	(46,542)
Effect on investments	(56,677)	(46,542)

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

44.5 Fair value of financial instruments

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

	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-17											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	-	-	-	1,555	1,555
Short Term Investments	16	-	566,773	-	-	-	566,773	-	-	566,773	566,773
		1,555	566,773	-	-	-	566,773	-	-	568,328	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	-	-	-	-	-
Trade and other payables	20	-	-	-	-	370,113	-	-	-	-	-
Accrued mark-up	21	-	-	-	-	348,639	-	-	-	-	-
Long term deposits	22	-	-	-	-	1,214	-	-	-	-	-
Redeemable capital	23	-	-	-	-	537,000	-	-	-	-	-
		-	-	-	-	7,006,562	-	-	-	-	-

	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-16											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	16	-	465,415	-	-	-	465,415	461,919	3,496	-	465,415
		1,555	465,415	-	-	-	466,970	461,919	3,496	1,555	466,970
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	16,323	-	-	-	-	-	-	-
Trade debts	15	-	-	166,050	-	-	166,050	-	-	-	-
Advances, prepayments and other receivables	17	-	-	481,484	-	-	481,484	-	-	-	-
Cash and bank balances	18	-	-	-	198,174	-	198,174	-	-	-	-
		-	-	663,857	198,174	-	862,031	-	-	-	-
Financial liabilities - measured at fair value											
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	1,557,993	1,557,993	-	-	-	-
Trade and other payables	20	-	-	-	-	378,762	378,762	-	-	-	-
Accrued mark-up	21	-	-	-	-	297,720	297,720	-	-	-	-
Long term deposits	22	-	-	-	-	1,037	1,037	-	-	-	-
Redeemable capital	23	-	-	-	-	716,417	716,417	-	-	-	-
		-	-	-	-	2,951,929	2,951,929	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

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:

	2017	2016
	(Rupees in thousand)	
Total debt	6,286,596	2,274,410
Total equity and debt	13,268,896	9,118,855
Debt to equity ratio	47%	25%

The Company is not subject to externally imposed capital requirements.

	Production capacity		Actual production	
	2017	2016	2017	2016
	(Units in millions)		(Units in millions)	
45 Plant capacity and production				
Hyderabad plant	793	680	712	616
Lahore plant	1,300	1,200	1,199	1,133
	2,093	1,880	1,911	1,749

The variance of actual production from capacity is primarily on account of the product mix.

46 Date of authorization for issue

These financial statements were authorized for issue on October 05, 2017 by the Board of Directors of the Company.

47 Events after balance sheet date

- (i) The Board of Directors has proposed a bonus issue of 10% (i.e. 1 ordinary share for every 10 ordinary shares held on entitlement date) for the year ended June 30, 2017 (2016: Nil per share) amounting to Rs. 142.870 million (2016: NIL) in its meeting held on October 05, 2017 for the approval of the members at the annual general meeting. The financial statements for the year ended June 30, 2017 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2018.
- (ii) Subsequent to the year end, the Holding Company has granted 4.259 million stock options to its eligible employees at an exercise price of Rs. 66.45 per share under "Treet Corporation Limited - Employee Stock Option Scheme, 2015". 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.

48 General

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

LAHORE
October 05, 2017



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Society for Cultural Education
Financial Statements

For the year ended 30 June 2017

Balance Sheet

As at 30 June 2017

	Note	2017 (Rupees)	2016 Restated (Rupees)	2016 (Rupees)
ASSETS				
CURRENT ASSETS				
Advances and deposits	3	894,414	2,143,303	2,143,303
Tax Refunds due from Government	4	605,510	73,036	73,036
Cash and bank balances	5	9,694,502	53,315,359	53,315,359
TOTAL ASSETS		11,194,426	55,531,698	55,531,698
FUNDS AND LIABILITIES				
ACCUMULATED FUNDS				
General fund				
Opening balance		55,168,459	-	-
Add: surplus for the year		-	55,168,459	-
Less: deficit for the year		(44,575,907)	-	-
		10,592,552	55,168,459	-
Endowment fund		-	-	50,000,000
General fund - members' contribution		-	-	36,560,000
Accumulated deficit		-	-	(31,391,541)
		10,592,552	55,168,459	55,168,459
CURRENT LIABILITIES				
Trade and other payables	6	601,874	363,239	363,239
CONTINGENCIES AND COMMITMENTS				
	7	-	-	-
TOTAL FUND AND LIABILITIES		11,194,426	55,531,698	55,531,698

The annexed notes 1 to 11 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chairman


Amir Zia
Secretary General

Income and Expenditure Account

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 Restated (Rupees)
INCOME			
Donation by Treet Corporation Limited	2.11	48,171,054	86,560,000
Fee income		60,000	390,500
Profit on bank deposits		2,135,920	388,827
Other donations / income		72,890	-
		50,439,864	87,339,327
EXPENDITURE			
Salaries, allowances and benefits		77,490,682	25,490,471
Rent rate and taxes		3,549,117	2,195,035
Repair and maintenance		5,212,855	1,487,544
Printing and stationery		863,188	1,036,780
Conveyance expense		822,167	415,084
Legal and professional charges		603,007	400,000
Utilities charges		4,142,472	343,813
Telephone and postage		722,436	257,550
Entertainment expense		149,880	189,762
Advertisement		292,906	119,880
Computer expenses		251,453	102,642
Subscription charges		350,000	-
Audit fee		55,000	55,000
Other expenses		510,608	77,307
Total Expenses		(95,015,771)	(32,170,868)
DEFICIT / SURPLUS FOR THE YEAR		(44,575,907)	55,168,459
Other comprehensive income		-	-
TOTAL COMPREHENSIVE DEFICIT / SURPLUS FOR THE YEAR		(44,575,907)	55,168,459

The annexed notes 1 to 11 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chairman


Amir Zia
Secretary General

Cash Flow Statement

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Restated) (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit / surplus for the year before working capital changes		(44,575,907)	55,168,459
Net Changes in operating assets and liabilities:			
Advances and prepayments		1,248,889	(2,143,303)
Trade and other payables		238,635	363,239
		1,487,524	(1,780,064)
Cash flow from operating activities		(43,088,383)	53,388,395
Income tax paid		(532,474)	(73,036)
Net cash outflow / inflow from operating activities		(43,620,857)	53,315,359
CASH FLOW FROM INVESTING ACTIVITIES			
		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(43,620,857)	53,315,359
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		53,315,359	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	9,694,502	53,315,359

The annexed notes 1 to 11 form an integral part of these financial statements.

LAHORE
October 05, 2017


Syed Shahid Ali
Chairman


Amir Zia
Secretary General

Notes to the Financial Statements

For the year ended 30 June 2017

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 centers and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge. 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. The name of ultimate parent company of the society is Messrs. Treet Corporation Limited.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Revised Approved and Financial Reporting Standards (AFRS) for Small And Medium Sized Entities (SMEs) issued by International Accounting standards Board (IASB) and Accounting Standards for Non for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

The application of the Revised Approved and Financial Reporting Standards (AFRS) for Small And Medium Sized Entities (SMEs) has no significant impact on these financial statements other than some additional disclosures.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention without taking the effect of inflation and current values.

2.3 Taxation

The income from donations as well as contributions by members to the society qualifies for 100% tax credit under section 100C of the Income Tax Ordinance, 2001, having been established for running and maintaining educational institution on non-profitable basis.

2.4 Cash and cash equivalents

Cash equivalents are carried in the balance sheet at cost for the purposes of cash flow statement. Cash equivalents comprise of cash in hand and bank balances in current accounts.

2.5 Accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

Notes to the Financial Statements

For the year ended 30 June 2017

2.6 Provisions

A provision is recognized in the balance sheet when the company 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 balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of resources will be required to settle the obligation, the provisions are reversed.

2.7 Commitments and Contingencies

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the books of account.

2.8 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 profit and loss account for the period in which it arises.

2.9 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 company to do so.

2.10 Revenue recognition

Revenue from fee and profit from bank deposits is recognised on accrual basis, while donation is accounted for on actual receipt basis.

2.11 Correction of errors

In the previous year, which was the first full fledged year of the society's business, the donations made by Treet Corporation Limited were erroneously shown as Endowment Fund, which have now been corrected; and for which the balance sheet and income & expenditure account for the year ended June 30, 2016 have been restated and presented as such in line with the provisions of IAS - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
3	ADVANCES AND DEPOSITS		
	Unsecured and interest free:		
	Advances to suppliers	537,305	1,043,303
	Advances to staff for expenses	357,109	50,000
	Security deposit against rented premises	-	1,050,000
		894,414	2,143,303
4	TAX REFUNDS DUE FROM GOVERNMENT		
	Income tax refundable	605,510	73,036
5	CASH AND BANK BALANCES		
	Cash in hand	328,058	150,526
	Cash at bank		
	- in saving accounts	5.1 7,529,534	2,891,795
	- against donation	5.2 1,836,910	50,273,039
		9,366,444	53,164,833
		9,694,502	53,315,359
5.1	These bank accounts are placed under interest / markup arrangements and carry profit rates ranging from 4% - 6% (2016: 4.5% - 6%) per annum.		
5.2	This represented the amount of unspent donation deposited in the bank account alongwith profit thereon.		
6	TRADE AND OTHER PAYABLES		
	Accrued liabilities	216,474	91,870
	Income tax deducted at source payable	385,400	271,369
		601,874	363,239
7	CONTINGENCIES AND COMMITMENTS		
	7.1	There was no contingent liability of the society at the terminal date.	
	7.2	There was no capital commitment of the society at the terminal date.	
8	FINANCIAL INSTRUMENTS - by category		
	The Company manages its working capital with as view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company'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.		
	Financial assets as per balance sheet		
	Advances and deposits	-	1,050,000
	Cash and bank balances	9,694,502	53,315,359
		9,694,502	54,365,359

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
Financial liabilities as per balance sheet, measured at amortized cost			
Accrued liabilities		216,474	91,870

9 TRANSACTION WITH RELATED PARTIES

The related parties comprise parent company, associates, other related group companies, directors of the company and key management personnel. The company 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.

10 DATE OF AUTHORIZATION

The Board of Governors has authorized the financial statements for issuance on October 05, 2017.

11 GENERAL

11.1 Corresponding figures have been rearranged where necessary to facilitate comparison. However, no major reclassification or rearrangement has been made in these financial statements.

11.2 Figures in these financial statements have been rounded off to the nearest rupee.

LAHORE
October 05, 2017



Syed Shahid Ali
Chairman



Amir Zia
Secretary General

Pattern of Shareholding

As at 30 June 2017

Form 34

Sr. No.	Shareholdings' Slab		No. of Shareholders			No. of Shares held
	From	To	CDC	Physical	Total	
1	1	100	467.00	789.00	1,256	47,918
2	101	500	1,098.00	405.00	1,503	572,325
3	501	1,000	993.00	134.00	1,127	1,052,688
4	1,001	5,000	1,751.00	160.00	1,911	5,272,911
5	5,001	10,000	452.00	35.00	487	3,841,002
6	10,001	15,000	181.00	6.00	187	2,450,492
7	15,001	20,000	119.00	4.00	123	2,268,729
8	20,001	25,000	77.00	2.00	79	1,869,029
9	25,001	30,000	38.00	4.00	42	1,198,337
10	30,001	35,000	26.00	2.00	28	920,250
11	35,001	40,000	18.00	-	18	688,085
12	40,001	45,000	23.00	2.00	25	1,077,240
13	45,001	50,000	41.00	-	41	2,028,787
14	50,001	55,000	8.00	-	8	428,929
15	55,001	60,000	15.00	-	15	882,875
16	60,001	65,000	5.00	1.00	6	378,672
17	65,001	70,000	8.00	-	8	548,000
18	70,001	75,000	4.00	-	4	288,250
19	75,001	80,000	3.00	1.00	4	312,617
20	80,001	85,000	5.00	-	5	419,500
21	85,001	90,000	6.00	-	6	529,496
22	90,001	95,000	3.00	-	3	280,000
23	95,001	100,000	16.00	-	16	1,592,431
24	100,001	105,000	6.00	-	6	617,125
25	105,001	110,000	3.00	-	3	323,010
26	110,001	115,000	3.00	-	3	342,500
27	115,001	120,000	4.00	-	4	472,062
28	120,001	125,000	6.00	-	6	736,600
29	125,001	130,000	3.00	-	3	383,705
30	130,001	135,000	1.00	-	1	131,500
31	135,001	140,000	4.00	-	4	550,500
32	140,001	145,000	3.00	-	3	424,912
33	145,001	150,000	3.00	-	3	447,000
34	155,001	160,000	1.00	-	1	156,670
35	160,001	165,000	2.00	-	2	326,174
36	165,001	170,000	2.00	-	2	338,000
37	185,001	190,000	1.00	-	1	187,000
38	190,001	195,000	1.00	-	1	190,990
39	195,001	200,000	4.00	-	4	800,000
40	200,001	205,000	2.00	-	2	405,000

Pattern of Shareholding

As at 30 June 2017

Form 34

Sr. No.	Shareholdings' Slab		No. of Shareholders			No. of Shares held
	From	To	CDC	Physical	Total	
41	205,001	210,000	1.00	-	1	210,000
42	225,001	230,000	1.00	-	1	227,500
43	245,001	250,000	3.00	-	3	748,000
44	255,001	260,000	2.00	-	2	513,596
45	280,001	285,000	2.00	-	2	567,900
46	285,001	290,000	1.00	-	1	290,000
47	290,001	295,000	1.00	-	1	293,500
48	295,001	300,000	1.00	-	1	300,000
49	315,001	320,000	1.00	-	1	320,000
50	320,001	325,000	3.00	-	3	974,615
51	325,001	330,000	3.00	-	3	983,700
52	370,001	375,000	2.00	-	2	749,000
53	380,001	385,000	1.00	-	1	382,000
54	395,001	400,000	2.00	-	2	800,000
55	540,001	545,000	1.00	-	1	544,000
56	545,001	550,000	-	1.00	1	548,111
57	555,001	560,000	1.00	-	1	560,000
58	570,001	575,000	1.00	-	1	572,000
59	600,001	605,000	-	1.00	1	603,170
60	610,001	615,000	1.00	-	1	613,000
61	695,001	700,000	1.00	-	1	700,000
62	825,001	830,000	1.00	-	1	829,500
63	955,001	960,000	1.00	-	1	956,437
64	1,095,001	1,100,000	1.00	-	1	1,100,000
65	1,480,001	1,485,000	1.00	-	1	1,484,500
66	1,555,001	1,560,000	1.00	-	1	1,555,350
67	1,735,001	1,740,000	1.00	-	1	1,738,000
68	2,065,001	2,070,000	1.00	-	1	2,070,000
69	2,140,001	2,145,000	1.00	-	1	2,144,725
70	2,645,001	2,650,000	-	1.00	1	2,645,350
71	3,925,001	3,930,000	1.00	-	1	3,927,500
72	4,355,001	4,360,000	1.00	-	1	4,359,997
73	5,910,001	5,915,000	-	1.00	1	5,912,500
74	7,620,001	7,625,000	1.00	-	1	7,620,680
75	10,210,001	10,215,000	1.00	-	1	10,212,398
76	10,895,001	10,900,000	1.00	-	1	10,898,674
77	37,405,001	37,410,000	1.00	-	1	37,406,652
			5,449	1,549	6,998	142,143,666

Pattern of Shareholding

As at 30 June 2017

Form 34

NAME & CATEGORY WISE DETAILS IN ACCORDANCE WITH THE CCG 2012								
Name of Shareholders	Status	CDC Shareholders	No. of Shares in CDC	Physical Shareholders	No. of Shares in Physical	Total Share-holders	Total No. of Shares Held	%
Syed Shahid Ali	Chief Executive Officer	2	37,456,652	1	2,645,350	3	40,102,002	28.21%
Syed Sheharyar Ali	Executive Director	1	10,898,674	-	-	1	10,898,674	7.67%
Dr. Mrs. Niloufer Qasim Mahdi	Non-Executive Director	1	4,359,997	1	603,170	2	4,963,167	3.49%
Mr. Saulat Said	Non-Executive Director	1	4,900	-	-	1	4,900	0.00%
Mr. Imran Azim	Director - Nominee NIT	-	-	-	-	-	-	0.00%
Mr. Munir Karim Bana	Non-Executive Director Nominee Loads	1	156,670	-	-	1	156,670	0.11%
Dr. Salman Faridi	Independent Director	1	100	-	-	1	100	0.00%
Mr. Muhammad Shafique Anjum	Executive Director	1	43,300	1	25,050	2	68,350	0.05%
Loads Limited	Associated Company	2	7,748,885	-	-	2	7,748,885	5.45%
National Bank of Pakistan / NIT Foreign Company	Government Institution	5	12,695,120	-	-	5	12,695,120	8.93%
Bank, DFI, Insurance		-	-	1	5,912,500	1	5,912,500	4.16%
Joint Stock Companies		13	6,412,687	2	180	15	6,412,867	4.51%
Investment Companies		82	4,519,175	2	9,520	84	4,528,695	3.19%
Public Sector	Government Institution	26	5,927,945	3	388	29	5,928,333	4.17%
Modaraba		-	-	-	-	-	-	0.00%
Executives		5	153,750	-	-	5	153,750	0.11%
Others		3	71,800	-	-	3	71,800	0.05%
Individual		21	948,056	-	-	21	948,056	0.67%
		5,284	39,624,344	1,538	1,925,453	6,822	41,549,797	29.23%
		5,449	131,022,055	1,549	11,121,611	6,998	142,143,666	100.00%

SHAREHOLDERS HOLDING 5% SHARES OR MORE

Sr. No.	Name of Shareholder	Shares held
1	Syed Shahid Ali	40,102,002
2	National Bank of Pakistan	12,695,120
3	Syed Sheharyar Ali	10,898,674
4	Loads Limited	7,748,885

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 30-06-2016	Through TCLTC* Conversion		Market Trade : Buy/(Sell)		Closing Balance 30-06-2017
	No. of Shares	No. of Shares	Conversion Price*	No. of Shares	Market Price	No. of Shares
Syed Shahid Ali	38,241,817	1,168,685	59.14	691,500	56.77	40,102,002
Syed Sheharyar Ali	10,743,787	26,887	59.14	128,000	53.44	10,898,674
Dr. Mrs. Niloufer Qasim Mahdi	4,955,992	7,175	59.14			4,963,167
Mr. Saulat Said	4,200	700	59.14			4,900
Mr. Munir Karim Bana	120,410	36,260	59.14			156,670
Mr. Muhammad Shafique Anjum	45,050			23,300	51.79	68,350

*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

As at 30 June 2017

Form 34

**This includes shares issued under Treet Corporation Limited – Stock Option Scheme, 2015 during the year:

						30/Jun/17
		No. of Shares Issued	Strike Price (ESOS)	Shares Sold	Market Price	No. of Shares
Syed Shahid Ali	Chief Executive Officer	401,500	51.79	-		401,500
Mr. Muhammad Shafique Anjum	Executive Director	73,300	51.79	50,000	66	23,300
Syed Sheharyar Ali	Executive Director	53,000	51.79	-		53,000
Mr. Amir Zia	Chief Financial Officer	42,300	51.79	-		42,300
Mr. Shahid Zia	Executive	60,300	51.79	60,300	64	-
Mr. Nasir Mahmood	Executive	8,200	51.79	(6,000)	67	14,200
Mr. Imran Aziz	Executive	27,800	51.79	12,500	76	15,300
Mr. Muhammad Javaid Alsam	Executive	24,300	51.79	24,300	66	-
Rana Shakeel Shaukat	Company Secretary	5,100	51.79	5,100	76	-
Mr. Muhammad Ali	Head of Internal Audit	17,300	51.79	17,300	67	-

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 2017-2018 has been paid within the prescribed time limit.

Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing requirements.

Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

Proxies

Pursuant to Section 137 of the Companies Act 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who sought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty eight hours before the meeting.

Dividend Mandate (Mandatory)

Pursuant to the requirement of Section 242 of the Companies Act, 2017, Certificate Holders are Mandatory required to provide their bank account detail to receive their cash dividend directly in to their Bank Accounts instead of receiving it through dividend warrants. In this regards and in pursuance of the Directives of the SECP vide Circular No. 18, of 2017 dated August 01, 2017, Certificate Holders are requested to submit their written request (if not already provided) to the Company's Share Registrar, giving particulars of their Bank Account Detail. In the absence of a member's valid Bank Account detail by October 31, 2017, the Company will be constrained to withhold dispatch of dividend warrants to such members.

Annual General Meetings

Pursuant to **Section 132** of the Companies Act 2017 The Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of

such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore & Islamabad.

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.

Tax Implications on dividends:

Increased Tax Rates on Filers/ Non-Filers through the Finance Act, 2017, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001, (Ordinance). New tax rates are as under:

- For Filers of Income Tax return 15%
- For Non-Filers of Income Tax return 20%

A 'filer' is a taxpayer, whose name appears in the Active Taxpayers List (ATL) issued by FBR, from time to time, whereas 'non-filer' is a person other than a 'filer'. FBR has uploaded an ATL on its web-site, which can be accessed at <http://fbr.gov.pk>.

The Company will check each shareholder's status on the latest ATL available at the first day of Book Closure and, if the shareholder's name does not appear on the ATL, the increased rate of withholding tax at 20% would be applied. In case of 'filer', withholding tax rate of 15% will be applicable.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrars, mentioning their Folio No. and the name of the Company.

Free Float of Shares

	Physical	CDC	Total
No. of Shares Outstanding	11,121,611.00	131,022,055	142,143,666
Shares held by Directors	3,273,570	52,920,293	56,193,863
Shares held by Associates	-	7,748,885	7,748,885
Shares held by Government Institution	-	12,695,120	12,695,120
Shares held by Foreign Companies	5,912,500	-	5,912,500
Others	1,935,541	57,657,757	59,593,298
	11,121,611	131,022,055	142,143,666
Free Float of Shares as on June 30, 2017		57,657,757	57,657,757
% of Free Float		44.01%	40.56%

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 ESOP during FY 2016-2017 (till 30/06/2017)	1,411,800
	142,143,666

Intimation for Shareholders

Dear Shareholder(s),

INFORMATION UNDER SECTION 205
OF THE COMPANIES ACT, 2017

We wish to inform you that in accordance with the approval of the Board of Directors, in their meeting held on October 05, 2017, the remuneration of Executive Directors of the Company have been determined as follows:

Name of Director	Designation	Per Month Salary	Effective from
Syed Sheharyar Ali	Executive Director	Rs. 826,409/-	January 01, 2017
Mr. Muhammad Shafique Anjum	Executive Director	Rs. 885,438/-	January 01, 2017

The above remuneration shall be subject to such adjustments, bonuses, retirement funds, incentives and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and/or in accordance with the policies and the service rules of the Company for the time being in force.

Yours sincerely,
For Treet Corporation Limited



(Rana Shakeel Shaukat)
Company Secretary

Intimation for Shareholders

October 05, 2017

Dear Shareholder(s),

NOTICE FOR UNCLAIMED SHARES / DIVIDEND

Pursuant to the requirement of Section 244 of the Companies Act, 2017 (the "Act"), now all companies are required to surrender physical shares/dividends which remain unclaimed or unpaid for over three years, as on May 30, 2014, to the Federal Government.

As per Company's record, there are some outstanding / physical shares / dividends in respect of your above mentioned folio / account.

You are hereby requested to immediately lodge your claim to our share registrar or our registered office at following address within 90 days of date of this notice, along with relevant documents in support of your claim under a duly signed letter (in accordance with specimen signature recorded with the Company):

Share Registrar	Registered office
Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel # (042) 35916714, 35916719	Treet Corporation Limited 72-B, Industrial Area, Kotlakhpat, Lahore. Tel # (042) 35830881, 35122296

Please note that if the Company does not receive a claim from you within the aforesaid time period, then the Company shall proceed to deposit unclaimed physical shares / dividends in its possession, with the Federal Government pursuant to the provisions of sub section (2) of Section 244 of the Companies Act, 2017.

Yours sincerely,
For Treet Corporation Limited



(Rana Shakeel Shaukat)
Company Secretary

پراکسی فارم

میں مسز مسز مسز مسز ساکن بحیثیت ممبر ٹریٹ کارپوریشن لمیٹڈ ہولڈنگ
 ہیر ز فوئیو نمبر کے تحت مسز مسز مسز مسز ساکن
 یا فرد مذکورہ کی عدم دستیابی کی صورت میں مسز مسز مسز
 ساکن کو اپنا نمائندہ مقرر کرنا کرتی ہوں کہ ۳۱ اکتوبر 2017 بروز منگل 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 رہ سکتی ہوں

5/- روپے کا
 محصول ٹکٹ

دستخط شیر ہولڈر
 (بجٹ کمپنی کے پاس رجسٹر کے نمونہ کے مطابق ہوں)
 قومی شناختی کارڈ نمبر / پاسپورٹ نمبر

مورخہ اکتوبر 2017

دستخط مقرر کردہ نمائندہ

گواہان:

..... 1- دستخط 2- دستخط
نام	نام
پتہ	پتہ
قومی شناختی کارڈ نمبر	قومی شناختی کارڈ نمبر

نوٹ:

- 1- پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرا دیا جائے۔
 - 2- اگر کوئی ممبر ایک سے زیادہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر میں جمع کروادے گا تو پراکسی فارم قابل قبول نہیں ہوگا۔
 - 3- مقرر کردہ نمائندہ کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔
- سی ڈی سی ا کاؤنٹ ہولڈر کارپوریشن انٹیلی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔
- (i) ممبر اور پراکسی کی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
 - (ii) پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (iii) کارپوریشن انٹیلی کی صورت میں ڈائریکٹرز کی پاس کردہ قرارداد اور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرنا ہوگی۔



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