

TREET BATTERY LIMITED  
Financial Statements for The  
Year Ended 30 June 2022



## INDEPENDENT AUDITORS' REPORT

To the members of Treet Battery Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Treet Battery Limited**, which comprise the statement of financial position as at **30 June 2022**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2022** and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditors' report thereon.

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

Treet Battery Limited- 30 June 2022

Page 1 of 3



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with the annual report hence we have nothing to report in this regard.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

#### **Report on Other Legal and Regulatory Requirements**

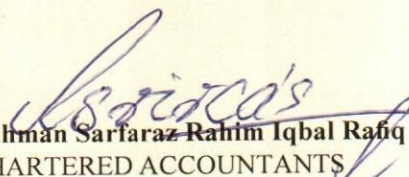
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### **Other Matter**

The financial statements of the Company for the year ended 30 June 2021, were audited by another auditor who issued an unmodified report on the financial statements on 06 October 2021.

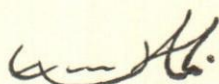
The engagement partner on the audit resulting in this independent auditors' report is Mr. Rashid Rahman Mir.

  
**Rahman Sarfaraz-Rahim Iqbal Rafiq**  
CHARTERED ACCOUNTANTS  
Lahore: 03 OCT 2022  
UDIN:AR202210146c5UjK6dhh

**TREET BATTERY LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

ASSETS	Note	2022 Rupees in 000's	2021 Rupees in 000's
<b>CURRENT ASSETS</b>			
Tax refund due from the Government - Income tax		4	20
Accrued profit		10	-
Cash and bank balances	6	1,193	1,139
<b>TOTAL ASSETS</b>		<u>1,207</u>	<u>1,159</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	1,000	1,000
Revenue reserve		119	88
Unappropriated profit		1,119	1,088
<b>CURRENT LIABILITIES</b>			
Accrued liabilities		75	45
Provision for taxation		13	26
		88	71
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,207</u>	<u>1,159</u>

The annexed notes 1 to 20 form an integral part of these financial statements.



**DIRECTOR**



**CHIEF EXECUTIVE**



**TREET BATTERY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> <u>Rupees in 000's</u>	<u>2021</u> <u>Rupees in 000's</u>
Other income	9	74	62
Administrative and general expenses	10	(30)	(45)
Profit before taxation		<u>44</u>	<u>17</u>
Taxation			
Current - Normal tax		(13)	(4)
Profit after taxation		<u><u>31</u></u>	<u><u>13</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>31</u></u>	<u><u>13</u></u>
Earnings per share - basic and diluted (in Rupees)	15	<u><u>0.31</u></u>	<u><u>0.13</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.



**DIRECTOR**



**CHIEF EXECUTIVE**



**TREET BATTERY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital	Unappropriated profit	Total
	Rupees in 000's		
Balance as at 01 July 2020	1,000	75	1,075
Total comprehensive income for the year	-	13	13
Balance as at 30 June 2021	1,000	88	1,088
Total comprehensive income for the year	-	31	31
<b>Balance as at 30 June 2022</b>	<b>1,000</b>	<b>119</b>	<b>1,119</b>

The annexed notes 1 to 20 form an integral part of these financial statements.



**DIRECTOR**



**CHIEF EXECUTIVE**



**TREET BATTERY LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

<b>Note</b>	<b>2022</b> <b>Rupees in 000's</b>	<b>2021</b> <b>Rupees in 000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44	17
Adjustments for other items:		
Profit on bank deposits	(74)	(62)
Operating loss before working capital changes	(30)	(45)
Increase in current Assets		
Accrued profit	(10)	-
Increase in current liabilities		
Accrued liabilities - audit fee payable	30	15
Cash used in operations	(10)	(30)
Income tax paid	(10)	(8)
<b>Net cash flow used in operating activities</b>	<b>(20)</b>	<b>(38)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Profit on bank deposits received	74	62
<b>Net cash flow generated from investing activities</b>	<b>74</b>	<b>62</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net cash flow generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>54</b>	<b>24</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>1,139</b>	<b>1,115</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,193</b>	<b>1,139</b>

6

The annexed notes 1 to 20 form an integral part of these financial statements.



**DIRECTOR**



**CHIEF EXECUTIVE**





**TREET BATTERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**1 CORPORATE AND GENERAL INFORMATION**

Treet Battery Limited (the Company) was incorporated on 22 February 2019 in Pakistan under the Companies Act, 2017. The principal activity of the Company is to carry out business as manufacturers, assemblers, processors, producers, suppliers, sellers, importers, exporters, makers, fabricators and dealers in all batteries including but not limited to lead acid batteries, deep cycle batteries, lithium batteries, nickel cadmium batteries, nickel metal hydrid batteries, absorbed glass mat (AGM) batteries, gel batteries used in or required for industrial, transport, commercial and domestic and any other purpose. The Company is a wholly owned subsidiary of Messrs Treet Holdings Limited which is also a wholly owned subsidiary of Messrs Treet Corporation Limited - the ultimate parent company, a listed company. The registered office of the Company and its holding entities is situated at 72-B, Industrial Area, Kot Lakh Pat, Lahore.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

**2.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional currency. All values presented in PKR have been rounded to nearest thousand of rupees, unless when otherwise stated.

**2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflation or current values, except for certain items as disclosed in the relevant accounting policies given in note - 5 below.

**3 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS**

**a) Standards and interpretations that became effective but are not relevant to the Company:**

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company other than increased disclosures in certain cases:

- IFRS 9 - Financial Instruments (Amendment regarding interest rate benchmark reform-Phase-2).
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS 7 - Financial Instruments: Disclosures - (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS 16 Leases- (Amendment regarding interest rate benchmark reform-Phase-2).
- IFRS-16 Leases- (Amendment to Covid-19 related rent concession beyond 30 June 2021).

**b) Forthcoming requirements not effective in current year and not considered relevant:**

The following standards (revised or amended) and interpretations became effective for annual periods beginning on or after the mentioned dates but are either not relevant or do not have any material effect on the Financial Statements of the Company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework)-(applicable for annual periods beginning on or after 1 January 2022).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in fee)-(applicable for annual periods beginning on or after 1 January 2022).
- IFRS 10/ IAS 28 - Consolidated Financial Statements and Investment in Associates - (Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture) - (Application date not yet finalized).
- IAS 16- Property, Plant and Equipment - (Amendments regarding proceeds before intended use) - (applicable for annual periods beginning on or after 1 January 2022).
- IAS 1- Presentation of Financial Statements - (Amendment regarding classification of liabilities as current and non-current)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments regarding the definition of accounting estimates)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 12- Income Taxes - (Amendments regarding deferred tax related to assets and liabilities arising from single transaction)-(effective for annual periods beginning on or after 1 January 2023).
- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use)-(effective for annual periods beginning on or after 1 January 2022).
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous)-(effective for annual periods beginning on or after 1 January 2022).



- IAS 41 - Agriculture - (Amendment regarding taxation in fair value measurement) - (effective for annual periods beginning on or after 1 January 2023).  
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:
- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

#### 4 USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards requires to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates/ judgments and associated assumptions are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- (i) Impairment loss of financial assets
- (ii) Estimation of contingent liabilities
- (iii) Provision for doubtful receivables
- (iv) Estimation of taxation

#### 5 SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies used in the preparation of these financial statements are set out below. These accounting policies have been consistently applied for all periods presented unless otherwise stated.

##### 5.1 Taxation

###### **Current**

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of 1.5% of the turnover or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime. The charge for current tax includes adjustments to charge for prior years, if any.

###### **Deferred**

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date. 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 (ICAP).

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

There being no timing differences between the carrying amounts for accounting purposes and tax losses at the statement of financial position date, no provision for deferred tax (asset)/ liability has been accounted for in these financial statements.

##### 5.2 Financial instruments

###### **Recognition and measurement**

Financial assets and liabilities are recognized, when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are advances against investments and cash and bank balances. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets.

The Company has classified its financial assets based on the requirements as set out in IFRS 9 – Financial Instruments. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.



### 5.2.1 Financial assets

#### (a) Financial asset at amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

#### (b) Financial asset at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both the following conditions are met:

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

#### (c) Financial asset at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

#### (d) Recognition and measurement

Financial assets at initial recognition are measured at its fair value of the consideration given.

Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through profit or loss with changes in fair value recognized in profit or loss.

The Company follows trade date accounting for purchase and sale of investments.

### 5.2.2 Financial liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all financial liabilities shall be measured at fair value plus or minus transaction cost that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are accrued liabilities.

Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to the statement of profit or loss in the year in which it arises.

#### Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

### 5.3 Impairment in financial assets

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Allowance for expected credit losses on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, then the Company has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

#### Impairment in non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to the recoverable amount. The resulting impairment loss is taken to the statement of profit or loss.

### 5.4 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash with banks, in current and saving accounts and highly liquid short term investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

### 5.5 Provision

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

### 5.6 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related parties are at arm's length prices determined as per the prescribed methods under the Companies Act, 2017, except in rarely extreme circumstances where it is in the interest of the company to do so, duly approved by the Board of Directors. Parties are said to be related if they are able to influence the operating and financial decisions of the Company.

### 5.7 Share capital

Ordinary shares are classified as equity and recognized at their face value. Any transaction costs associated with the issuance of shares are deducted from share capital, net of any related income tax benefits, if any.



#### 5.8 Trade and other payables

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

#### 5.9 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities.

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

#### 5.10 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

#### 5.11 Revenue recognition

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

Income from profit on bank deposits is recognized on accrual basis.

#### 5.12 Presentation

The financial statements have been presented in Pak Rupees, which is also the Company's presentation and functional currency. Figures are rounded off to the nearest Rupee in thousands. The corresponding figures are regrouped/ rearranged for the purpose of comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

	<u>Note</u>	<u>2022</u> <u>Rs. in 000s</u>	<u>2021</u> <u>Rs. in 000s</u>		
<b>6 CASH AND BANK BALANCES</b>					
Cash at bank - saving account	6.1	<u>1,193</u>	<u>1,139</u>		
6.1 This saving bank account is placed under interest/ markup arrangements and carries profit rates ranging from 10% - 12.25% (2021: 3.72% - 5%) per annum.					
<b>7 SHARE CAPITAL</b>					
		<b>2022</b>	<b>2021</b>		
		<b>Number of Shares</b>			
		<u>1,000,000</u>	<u>1,000,000</u>		
			<b>Authorised share capital</b>		
			<u>10,000</u>	<u>10,000</u>	
			Ordinary shares of Rs. 10 each.		
			<b>Issued, subscribed and paid-up capital</b>		
		<u>100,000</u>	<u>100,000</u>	<u>1,000</u>	<u>1,000</u>
			Ordinary shares of Rs. 10 each fully paid in cash		
The parent company and ultimate parent company have implied rights to appoint any person on the board of the company. All the shares are similar with respect to their rights on voting, board selection, first refusal and block voting.					
<b>8 CONTINGENCIES AND COMMITMENTS</b>					
8.1 There is no known contingency of the Company at the reporting date (2021: Nil).					
8.2 There is no capital commitment of the Company at the reporting date (2021: Nil).					
<b>9 OTHER INCOME</b>					
<b>Income from financial assets</b>					
Profit on bank deposits - placed under interest/ markup arrangements		<u>74</u>	<u>62</u>		
		<u>74</u>	<u>62</u>		
<b>10 ADMINISTRATIVE AND GENERAL EXPENSES</b>					
Auditors' remuneration	10.1	<u>30</u>	<u>15</u>		
Bank charges and zakat deduction		<u>-</u>	<u>30</u>		
		<u>30</u>	<u>45</u>		
<b>10.1 Auditors' remuneration</b>					
Audit fee		<u>30</u>	<u>15</u>		
		<u>30</u>	<u>15</u>		



11 MATURITY OF FINANCIAL ASSETS AND LIABILITIES

		2022					
		Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
<b>Financial assets</b>		-	-	-	-	-	-
<b>Cash and bank balances</b>		1,193	-	-	-	-	1,193
		1,193	-	-	-	-	1,193
<b>Financial liabilities</b>							
<b>Accrued liabilities</b>		75	-	-	-	-	75
		75	-	-	-	-	75
		2021					
		Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
<b>Financial assets</b>							
<b>Cash and bank balances</b>		1,139	-	-	-	-	1,139
		1,139	-	-	-	-	1,139
<b>Financial liabilities</b>							
<b>Accrued liabilities</b>		45	-	-	-	-	45
		45	-	-	-	-	45

12 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Instruments by category - 2022

	Amortized cost	FVTPL - equity instruments	Other financial liabilities	Total
<b>Financial assets</b>				
Cash and bank balances	1,193	-	-	1,193
<b>Financial liabilities carried at amortized cost</b>				
Accrued liabilities	-	-	75	75

Financial Instruments by category - 2021

	Amortized cost	FVTPL - equity instruments	Other financial liabilities	Total
<b>Financial assets</b>				
Cash and bank balances	1,139	-	-	1,139
<b>Financial liabilities carried at amortized cost</b>				
Accrued liabilities	-	-	45	45

13 FINANCIAL RISK MANAGEMENT

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.



The Board of Directors of the Company "the Board" has overall responsibility for the 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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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.

**(a) Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. The financial assets of Rs. 1,193 (2021: Rs. 1,139) million are subject to credit risk.

**Credit risk related to receivables**

The management monitors and limits Company's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any.

**(i) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets	2022	2021
	Rs. in 000s	Rs. in 000s
Bank balances	1,193	1,139

**(ii) Credit quality of major financial assets - bank balances**

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

Banks	Rating		Rating Agency	2022	2021
	Short term	Long term			
Faysal Bank Limited	A1+	AA	PACRA/ VIS	1,193	1,139

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**Corporate information and relationship with banks**

The Company has relationship on conventional side with the banks having Islamic window operations.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding to an adequate amount of committed obligations of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is disclosed in note 12 to the financial statements and keeping in view the commitment from the ultimate parent company to provide all sorts of financial assistance and cash flow support to the Company, the Company is not exposed to any liquidity risk.

**(c) 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risk:

- (i) Foreign exchange risk
- (ii) Interest rate risk
- (iii) Equity price risk

Each of the above types of risk along with its potential impact and the strategy devised to mitigate the exposure against these risks is

**(i) Foreign exchange risk:**

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

**Exposure to currency risk**

The Company has no exposure to foreign currency risk as the Company has no receivables/ payables in foreign currency at the statement of financial position date.



(ii) **Interest rate risk:**

Interest/ markup rate risk arises from the possibility of changes in interest/ markup rates which may effect the value of financial instruments.

**Exposure to interest rate risk**

The Company has no exposure to interest rate risk at the statement of financial position date.

(iii) **Equity price risk:**

Price risk represents 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 or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Exposure to equity price risk**

The Company is not exposed to any equity price risk as the Company has no investment in listed equity instruments at the statement of financial position date.

**Capital management**

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board also monitors the level of dividends to ordinary shareholders. The Company's objectives when managing capital are 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 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.

**Fair value of financial assets and liabilities**

Fair value is the price that would be received on selling an asset or paid in transferring 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 (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. However, there were no transfers between the levels of fair value during the year.

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values. As all the financial information as to the financial assets and financial liabilities are stated at cost, therefore, no fair value hierarchy levels have been disclosed in these financial statements being not applicable in the instant case.

**14 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders. The capital structure of the Company is equity based with no financing through long term or short term borrowings.

**15 EARNINGS PER SHARE - basic and diluted**

Profit after taxation attributable to ordinary shareholders	(Rs. in 000s)	<u>31</u>	<u>13</u>
Weighted average number of ordinary shares	(Shares in thousand)	<u>100</u>	<u>100</u>
Earnings per share of Rs. 10 each - basic	(Rupees)	<u>0.31</u>	<u>0.13</u>

There is no dilutive effect on the basic earnings per share of the company as the company has no such commitments at the statement of financial position date.



16 Related parties disclosure

A Related parties relationships

The related parties comprise parent company, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company holds relationships in various capacities with the following related parties, namely:

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Basis of relationship</u>	<u>Percentage of shareholding</u>
Treet Corporation Limited	Ultimate parent company	Common directorship	NIL
Treet Holdings Limited	Holding company	Shareholding and common directorship	99.99%

Packages Limited  
 First Treet Manufacturing Modaraba  
 Cutting Edge (Private) Limited  
 Ali Automobile (Private) Limited  
 Loads Limited  
 Hi-Tech Alloy Wheels Limited  
 Liaqat National Hospital  
 Gulab Devi Chest Hospita  
 Global Arts Limited  
 Treet HR Management (Pvt) Limited  
 Treet Power Limited  
 Multiple Auto parts Industries (Pvt) Limited  
 Specialized Auto parts Industries (Pvt) Limited  
 Specialized Motorcycle (Pvt) Limited  
 IGI Insurance Limited  
 Renacon Pharma Limited  
 PSV (Private) Limited  
 Global Assets (Private) Limited

Associated undertakings	Common directorship	NIL
-------------------------	---------------------	-----

B Disclosure of transactions between the Company and related parties

There are no balances due to/ due from related parties for disclosure in these financial statements. In addition to this, the Company had not carried out any transaction with the related parties that may require disclosure in these financial statements.

17 NUMBER OF EMPLOYEES

	Number
Total employees of the Company at the year end	-
Average employees of the Company during the year	-

18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The Company does not provide salaries or any other benefit in kind to its Chief Executive, Directors and Executives.

19 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

First Treet Manufacturing Modaraba, an associated undertaking is in the process of demerging its battery segment and the subsequent transfer to the Company. However, this demerger and transfer is subject to the applicable statutory and regulatory approvals. Petition has been filed in The Honorable Lahore High Court to sanction arrangement under the provisions of Companies Act, 2017 and the next hearing is fixed on 12 September 2022. The financial impact of such scheme cannot be reliably estimated at this stage.

20 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been approved by the Board of Directors for issuance on 03 OCT 2022.



DIRECTOR



CHIEF EXECUTIVE

