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INDEPENDENT AUDITOR'S REPORT

To the members of Treet Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Treet Holdings Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024 and of its financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, unconsolidated financial statements and our auditor's reports thereon.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

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the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within Group to express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Yousuf Adil
Chartered Accountants

Lahore
Date: October 25, 2024
UDIN: AR202410180g2x6NnbfG

Treet Holdings Limited

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024	*Restated* 2023	*Unaudited Restated* 2022
ASSETS			(Rupees in thousand)	
Non-current assets				
Property, plant and equipment	*6*	**37,285**	29,220	27,611
Long term investments	*7*	**30,000**	32,287	30,000
		67,285	61,507	57,611
Current assets				
Stock in trade	*9*	**8,860**	19,525	14,915
Trade debts	*10*	**948**	1,447	4,391
Short term investment	*11*	**2,688**	2,942	3,474
Advance income tax - net	*12*	**1,802**	-	-
Advances and other receivables	*13*	**199,022**	150,758	176,829
Cash and bank balances	*14*	**43,882**	62,915	49,483
		257,202	237,587	249,092
LIABILITIES				
Non-Current liability				
Lease liability	*15*	**3,871**	3,888	-
Current liabilities				
Trade and other payables	*16*	**108,365**	114,962	125,599
Current portion of lease liability	*15*	**17**	15	-
Provision for taxation - net	*12*	**-**	2,153	5,408
Deferred taxation	*8*	**-**	-	-
		108,382	117,130	131,007
Net current assets		**148,820**	120,457	118,085
Net assets		**212,234**	178,076	175,696
Represented by:				
Authorized capital				
470,000,000 (2023: 470,000,000) ordinary shares of Rs. 10 each		**4,700,000**	4,700,000	4,700,000
Issued, subscribed and paid-up capital	*17*	**711,047**	711,047	711,047
Accumulated loss		**(521,028)**	(549,005)	(552,308)
Surplus on revaluation of property, plant and equipment - net of tax	*18*	**22,215**	16,034	16,957
		212,234	178,076	175,696
Contingencies and commitments	*19*			

The annexed notes 1 to 38 form an integral part of these financial statements.

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Lahore | **Chief Executive** | **Director**

Treet Holdings Limited

Consolidated Statement of Profit or Loss

For the year ended 30 June 2024

	Note	2024	Restated 2023
		(Rupees in thousand)	
Revenue - net	20	43,956	79,382
Cost of goods sold	21	(21,923)	(63,033)
Gross profit		22,033	16,349
Modaraba management fee income		14,799	-
Administrative expenses	22	(4,137)	(5,758)
Selling and distribution expenses	23	(10,684)	(14,308)
Other operating expenses	24	(19,289)	(7,100)
Operating profit / (loss)		2,722	(10,817)
Finance cost	25	(14,779)	(13,934)
Other income	26	46,171	32,315
Share of (loss) / profit from associate	7	(2,287)	1,287
Profit before minimum tax and income taxes		31,827	8,851
Minimum tax differential	27	(226)	(514)
Profit before income taxes		31,601	8,337
Income taxes	27	(4,542)	(5,957)
Profit for the year		27,059	2,380

The annexed notes 1 to 38 form an integral part of these financial statements.

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Lahore **Chief Executive** **Director**

Treet Holdings Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2024

	2024	Restated 2023
	(Rupees in thousand)	
Profit for the year	**27,059**	2,380
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Surplus arised during the year due to revaluation	9,998	-
Related tax impact	(2,899)	-
	7,099	-
Total comprehensive income for the year	**34,158**	2,380

The annexed notes 1 to 38 form an integral part of these financial statements.

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Lahore **Chief Executive** **Director**

Treet Holdings Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital	Capital reserve	Revenue reserve	Total
		Surplus on revaluation of property, plant and equipment - net of tax	Accumulated loss	
	---------------- (Rupees in thousand) ----------------			
Balance as at 30 June 2022 - unaudited - restated	711,047	16,957	(552,308)	175,696
Total comprehensive income for the year				
Profit for the year - restated	-	-	2,380	2,380
Other comprehensive income	-	-	-	-
	-	-	2,380	2,380
Incremental depreciation relating to surplus on revaluation of building and plant - net of tax	-	(923)	923	-
Balance as at 30 June 2023 - restated	**711,047**	**16,034**	**(549,005)**	**178,076**
Total comprehensive income for the year				
Profit for the year	-	-	**27,059**	**27,059**
Other comprehensive income				
Surplus arised during the year due to revaluation	-	**9,998**	-	**9,998**
Related tax impact	-	**(2,899)**	-	**(2,899)**
	-	**7,099**	**27,059**	**34,158**
Incremental depreciation relating to surplus on revaluation of building and plant - net of tax	-	**(918)**	**918**	-
Balance as at 30 June 2024	**711,047**	**22,215**	**(521,028)**	**212,234**

The annexed notes 1 to 38 form an integral part of these financial statements.

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Lahore | **Chief Executive** | **Director**

Treet Holdings Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024	Restated 2023
		(Rupees in thousand)	
Cash flows from operating activities			
Profit before income taxes		**31,601**	8,337
Adjustments for:			
Depreciation on property, plant and equipment	6	**1,933**	2,337
Profit on bank deposits	26	**(5,767)**	(3,327)
Reversal of provision for doubtful debts	26	**(17,075)**	(5,163)
Share of loss / (profit) from associate	7.2	**2,287**	(1,287)
Provision for obsolete and slow moving inventory	24	**-**	454
Liabilities no longer payable written back	26	**205**	(5,985)
Service charges	26	**-**	(1,719)
Receivables written off	24	**16,295**	691
Unrealized loss on short term investments at fair value	24	**254**	532
Provision for Workers' Profit Participation Fund	24	**1,916**	1,700
Provision for Workers' welfare fund	24	**753**	608
Markup on advance from related party	24	**10,664**	9,211
Markup on unwinding of lease liability	24	**558**	2,249
Minimum tax differential	27	**226**	514
Markup on advance to related party	26	**(23,122)**	(16,023)
Operating profit / (loss) before working capital changes		**20,728**	(6,871)
Decrease / (increase) in current assets:			
Stock in trade		**10,665**	(5,064)
Trade debts		**17,574**	8,107
Advances and other receivables		**(43,185)**	41,428
		(14,946)	44,471
(Increase) / decrease in current liabilities:			
Trade and other payables		**(20,135)**	(16,171)
Cash (used in) / generated from operations		**(14,353)**	21,429
Taxes paid		**(9,836)**	(9,726)
Finance cost paid		**(38)**	(25)
Net cash (used in) / generated from operating activities		**(24,227)**	11,678
Cash flows from investing activities			
Profit on bank deposits		**5,767**	3,327
Acquisition of associate		**-**	(1,000)
Net cash generated from investing activities		**5,767**	2,327
Cash flows from financing activities			
Lease rentals paid		**(573)**	(573)
Net cash used in financing activities		**(573)**	(573)
Net (decrease) / increase in cash and cash equivalents		**(19,033)**	13,432
Cash and cash equivalents at beginning of year		**62,915**	49,483
Cash and cash equivalents at end of year	14	**43,882**	62,915

The annexed notes 1 to 38 form an integral part of these financial statements.

Lahore **Chief Executive** **Director**

Treet Holdings Limited

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1 Status and nature of the business

The Group comprises of:

Holding Company

Treet Holdings Limited

		2024	2023
		(Holding percentage)	
Subsidiary Companies			
–	Treet HR Management (Private) Limited	**100**	100
–	Treet Power Limited	**100**	100
Associate			
–	First Treet Manufacturing Modaraba	**2.22**	2.22
–	Treet Battery Limited	**2.23**	2.23

Treet Holdings Limited

Treet Holdings Limited ("the Company") was incorporated in Pakistan on 21 October 2004 under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced commercial operations w.e.f. 01 January 2005. The principal activity of the Company is assembling and sale of motor bikes and rickshaws. The Company is the management Company of First Treet Manufacturing Modaraba and is a subsidiary of Treet Corporation Limited (the "Parent Company"), a listed company.

Geographical locations and addresses of business units:

Lahore	**Purpose**
72-B, Industrial Area, Kot lakh pat.	Head office and assembling plant

1.1 During the year, the Company has incurred a net profit for the year of Rs. 27.06 million (2023: Rs. 2.38 million). The Company's management has made the strategic decision to discontinue the production of traditional bikes. Consequently, the Company has started clearing its remaining inventory of traditional bikes in the current year. In addition, the Company's management is presently engaged in negotiations with potential buyers to sell its plant and also intended to rent out its property to earn future rental income.

The Company being the "Modaraba Company" of First Treet Manufacturing Modaraba (FTMM) will continue to operate as Modaraba management Company and would be able to receive management fee at certain percentage of FTMM's profits. Further, the Company has been able to maintain a noticeable positive current ratio, positive equity and stable cash position during the year. The parent company has committed to provide financial and operational support as and when required.

Based on the factors stated above and support from parent company, the management has a reasonable expectation that the Company has and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial statements of the Company have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities on normal routine.

Treet HR Management (Private) Limited

Treet HR Management (Private) Limited was incorporated in Pakistan on 18 September 2006 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary 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 subsidiary company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company subsidiary is a wholly owned subsidiary of Treet Holdings Limited.

Treet Power Limited

Treet Power Limited was incorporated in Pakistan on 20 November 2007 under the Companies Ordinance, 1984 (now Companies Act, 2017). At present the subsidiary company is planning to set up an Electric Power Generation Project for generating, distributing 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.

1.2 Basis of consolidation and equity accounting

These consolidated financial statements comprise the financial statements of the Holding Company, its subsidiary companies and its associates as at 30 June 2024. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2024 and the audited financial statements of the subsidiaries and associates for the year ended 30 June 2024.

1.3 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.

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.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are reclassified to the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or under IFRS - 09, depending on the level of influence retained.

1.3.1 Associates

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

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

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

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

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

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

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

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 and;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 ; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment which are stated at revalued amounts.

2.3 Functional and presentational currency

These consolidated 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, unless otherwise stated.

2.4 Use of estimates and judgments

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

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

The areas where various assumptions and estimates are developed or where judgments were exercised in application of accounting policies are as follows:

2.4.1 Residual values and useful lives of depreciable assets

The Company reviews the useful lives and residual values of operating fixed assets annually by considering expected pattern of economic benefit that the Company expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on the depreciation charge and impairment.

2.4.2 Expected credit loss (ECL) against financial assets

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

2.4.3 Recoverable amount of assets / cash generating unit and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.4 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.6 Offsetting of financial assets and liabilities

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.

2.4.7 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

2.4.8 Stock in trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.4.9 Revaluation of property, plant and equipment

Revaluation of certain classes of property, plant and equipment is carried out by an independent professional valuer. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3 Standards, interpretations and amendments adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS practice statement 2 - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules

3.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid amendments, 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 18 - Presentation and Disclosures in Financial Statements

4 Adoption of New Accounting Policy

4.1 Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards.The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide).

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'

The Guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the following approach:

The Company first designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 "Levies"/IAS 37" Provisions, Contingent Liabilities and Contingent Assets".

Therefore, the effective rate of income tax is equal to the enacted rate of income tax and the deferred tax will be calculated at such rate.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guidance provided in the guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as prepaid levies.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax liability recognised in the year ended June 30, 2023 was already at enacted rate and the application of this guide did not result any material differences except for reclassifications which are presented as below:

	Current Classification	Previous Classification
	--------- (Rupees in '000) ---------	
Effect on statement of profit or loss:		
For the year ended June 30, 2023		
Taxation:		
- For the year	-	6,619
- For prior years	-	(148)
Effect on statement of profit or loss:		
For the year ended June 30, 2023		
Levy		
- Minimum tax differential	**660**	-
- For prior years	**(146)**	-
Income taxes		
- For the year	**5,959**	-
- For prior years	**(2)**	-

5 Material Accounting Policy Information

The material accounting policies adopted in preparation of these Consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these Consolidated financial statements.

5.1 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, has been netted off and the net position is shown in the statement of financial position.

i) **Revenue taxes**

Revenue taxes includes amount representing excess of :

a)minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;

b)minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'

ii) **Final taxes**

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

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

The carrying amount of all deferred tax assets is reviewed at each reporting 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 statement of financial position date. Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.3 Investment in subsidiaries and associate

Investment in subsidiary and associate are measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in statement of profit or loss account.

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. A reversal of impairment loss is recognized in statement of profit or loss account.

5.4 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred up to the statement of financial position 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, spares and loose tools.

5.5 Stock in trade

Stock of raw materials 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 finished goods includes cost of raw material 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.

5.6 Trade debts

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

5.7 Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such non-current assets or disposal groups are valued at lower of cost and fair value less cost to sell.

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

5.8 Foreign currency transactions

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 statement of financial position date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

5.9 Revenue recognition

Revenue from contracts with customers is recognized, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

5.9.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are delivered to customers and in very few cases when goods are handed over to the customers i.e. ex-factory.

5.9.2 Dividends

Dividend income is recognized when the Company's right to receive the dividend is established.

5.9.3 Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

5.10 Property plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any, except for building and plant. Building is stated at revalued amount determined based on valuation 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 revalued assets, and the net amount is restated to the revalued amount.

Increase in the carrying amount arising on revaluation of building and plant are credited to surplus on revaluation of property, plant and equipment. Decrease that offset previous increase of the same assets are charged against this surplus and all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'.

All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 6 to these financial statements.

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 statement of profit or loss as and when incurred.

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

Capital work in progress

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

5.11 **Impairment**

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

Non-financial assets

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

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

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and current and deposit account balances with banks.

5.13 Markup bearing 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 statement of profit or loss over the period of the borrowings using the effective interest rate method.

Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

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

5.14 Borrowing cost

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

5.15 Trade and other payables

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

5.16 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.

5.17 Provisions

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

5.18 Financial instruments

5.18.1 Recognition and initial measurement

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

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

5.18.2 Classification and subsequent measurement

Financial assets

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

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

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

Amortized cost

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

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

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

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

Debt Instrument - FVOCI

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

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

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

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in statement profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. However, the Company has no such instrument at the reporting date.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise of trade and other payables.

5.18.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

5.19 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

6 Property, plant and equipment

	2024	2023
	--Rupees in thousands--	
Operating fixed assets	33,998	25,801
Right of use asset	3,287	3,419
	37,285	29,220

	Note	Useful life (Years)	Cost/ Revalued amount as at 01 July 2023	Elimination due to revaluation	Surplus on revaluation during the year	Additions / (Deletions)	Cost/ Revalued amount as at 30 June 2024	Accumulated depreciation as at 01 July 2023	Depreciation charge for the year	Elimination due to revaluation	Accumulated depreciation as at 30 June 2024	Book value as at 30 June 2024
			(Rupees in thousand)									
Operating fixed assets												
Building on lease hold land	6.1	20	22,800	(3,421)	6,998	-	26,377	2,280	1,141	(3,421)	-	26,377
Plant		10	6,601	(1,980)	3,000	-	7,621	1,320	660	(1,980)	-	7,621
Furniture and equipment		10	249	-	-	-	249	249	-	-	249	-
Computers		4	84	-	-	-	84	84	-	-	84	-
			29,734	(5,401)	9,998	-	34,331	3,933	1,801	(5,401)	333	33,998
Right of use asset												
Land		30	3,946	-	-	-	3,946	527	132	-	659	3,287
			33,680	(5,401)	9,998	-	38,277	4,460	1,933	(5,401)	992	37,285

	Note	Useful life (Years)	Cost/ revalued amount as at 01 July 2022	Elimination due to revaluation	Surplus on revaluation during the year	Additions / (Deletions)	Cost/ Revalued amount as at 30 June 2023	Accumulated depreciation as at 01 July 2022	Depreciation charge for the year	Elimination due to revaluation	Accumulated depreciation as at 30 June 2023	Book value as at 30 June 2023
			(Rupees in thousand)									
Operating fixed assets												
Building	6.1	20	22,800	-	-	-	22,800	1,140	1,140	-	2,280	20,520
Plant		10	6,601	-	-	-	6,601	660	660	-	1,320	5,281
Furniture and equipment		10	249	-	-	-	249	239	10	-	249	-
Computers		4	84	-	-	-	84	84	-	-	84	-
			29,734	-	-	-	29,734	2,123	1,810	-	3,933	25,801
Right of use asset												
Land		30	-	-	-	3,946	3,946	-	527	-	527	3,419
			29,734	-	-	3,946	33,680	2,123	2,337	-	4,460	29,220

6.1 Particulars of building in the name of Company are as follows:

Location	Usage of Immovable Property	Covered Area (Square Feet)	Total area (Kanal)
72-B Main Peco Road, Kot Lakhpat Lahore	Manufacturing facility	21,780	4 Kanal

6.2 Had there been no revaluation, the carrying value of building and plant as at 30 June 2024 would have been Rs 2.71 million (2023: Rs 3.21 million) and Nil (2023: Rs Nil) respectively.

6.3 The latest valuation of building and plant has been carried as at 30 June 2024 and the forced sale value of building and plant at the date of revaluation is Rs 22.42 million and Rs 6.09 million respectively.

6.4 The land has an area of 21,780 square feets located at 72-B Main Peco Road, Kot Lakhpat Lahore.

6.5 Depreciation expense has been fully charged to cost of sales.

7	Long term investments	Note	2024	2023
			(Rupees in thousand)	
	Investment in associated companies - at equity method			
	First Treet Manufacturing Modaraba	7.1	-	-
	Treet Battery Limited	7.2	-	2,287
	Investment in related party-at cost	7.3	30,000	30,000
			30,000	32,287

7.1	*First Treet Manufacturing Modaraba (Quoted equity instruments)*			
	4,336,754 (2023: 4,336,754) modaraba certificates of Rs. 10 each		86,734	86,734
	Equity held: 2.22% (2023: 2.22%)			
	Less: share of losses	7.1.1	(86,734)	(86,734)
			-	-

7.1.1	Share of losses			
	Opening balance		(329,690)	(631,961)
	Share of profit / (loss) for the year		5,914	(2,806)
	Share of loss transferred due to demerger	7.2.2	-	305,077
	Closing balance		(323,776)	(329,690)
	Recognized post acquisition losses		86,734	86,734
	Unrecognized post acquisition losses		(237,042)	(242,956)

As per the requirements of IAS 28, the Company's share of post acquisition losses of First Treet Manufacturing Mudaraba (FTMM), an equity accounted investee, is recognized to the extent of Rs. 87 million (2023: Rs. 87 million) till the cost of investment is reduced to zero. Accordingly, the unrecognized portion of share of post acquisition losses is Rs. 237 million (2023: Rs. 243 million).

7.2	*Treet Battery Limited*	Note	2024	2023
			(Rupees in thousand)	
	4,336,754 (2023: 4,336,754) ordinary shares of Rs.10 each		186,272	186,272
	Equity held: 2.23% (2023: 2.23%)			
	Less: share of loss	7.2.1	(186,272)	(183,985)
			-	2,287

7.2.1	Share of loss			
	Opening balance		(183,985)	-
	Share of loss transferred due to demerger	7.2.2	-	(185,272)
	Share of (loss) / profit for the year		(6,378)	1,287
	Closing balance		(190,363)	(183,985)
	Recognized post acquisition losses		186,272	183,985
	Unrecognized post acquisition losses		(4,091)	-

7.2.2 The Scheme of Arrangement for demerger of Battery Segment of FTMM has been sanctioned by Honorable Lahore High Court (LHC) effective from April 1, 2023 and has successfully facilitated the transfer and vesting of the battery segment's business into TBL.

As sanctioned by the Honorable Lahore High Court, the certificate holders of FTMM were granted 0.9984 ordinary shares in TBL for each existing certificate in FTMM. These ordinary shares were provided as compensation for transferring and merging the battery segment and its operations into TBL.

The Associate relationship with TBL is now due to common ownership of THL and TBL by Treet Corporation Limited (TCL). However, FTMM has applied to the LHC for a reduction in certificates, which is pending approval as of the date of the Financial Statements. After this approval, 4,336,754 certificates shall be directly owned by the Company.

As a result, the Company directly owns 2.2% (2023: 2.2%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 2.23% (2023: 2.23%) shareholding in Treet Battery Limited (TBL). Furthermore, investment in TBL is less than 20% but it is considered an associate of THL in accordance with the requirements of IAS - 28 "Investments in Associates" since the THL has significant influence over its financial and operating policies through its representation on the Board of TBL.

	Note	2024	2023
7.3 Investment in related party		**(Rupees in thousand)**	
Global Assets (Private) Limited - associated company	7.3.1	**30,000**	30,000

7.3.1 This represents the amount given to Global Assets (Private) Limited by subsidary of the Company i.e. THRM for the onward investment to be made in its share capital comprising 3,000,000 ordinary shares of Rs.10 each to meet operating and investing activities of the said company. The allotment of shares of the said related party will be made after complying with all the legal formalities in this regard.

	Note	2024	2023
8 Deferred taxation		**(Rupees in thousand)**	
The deferred tax asset comprises tax effect on temporary differences related to:			
Taxable Temporary differences:			
Accelerated tax depreciation		**315**	567
Right of use asset		**953**	992
Revaluation surplus		**9,073**	6,549
		10,341	8,108
Deductible temporary differences:			
Expected credit loss on trade debts		**(5,377)**	(10,328)
Stock in trade		**(132)**	(132)
Unused tax losses	8.1	**(53,372)**	(87,036)
Lease liability		**(1,128)**	-
Minimum tax available for adjustment		**(1,548)**	(7,045)
		(61,557)	(104,541)
		(51,216)	(96,433)
Deferred tax asset unrecognized	8.3	**51,216**	96,433
Deferred tax asset		**-**	-

8.1 Movement in the deferred tax is shown below :

	2024	2023
Balance at beginning of the year	**-**	-
Profit and loss :		
Accelerated tax depreciation	**252**	148
Right of use asset	**39**	(992)
Surplus on revaluation of PPE	**375**	377
Trade debts	**(4,951)**	(1,793)
Stock in trade	**-**	51
Unused tax losses	**(33,664)**	(5,056)
Minimum tax available for adjustment	**(5,497)**	(3,514)
Lease liability	**1,128**	-
Change in un-recognized deferred tax asset	**45,217**	10,779
	2,899	-
Statement of comprehensive income / equity :		
- Surplus arising during the year on revaluation of Property, plant and equipment	**(2,899)**	-
Balance as at end of the year	**-**	-

8.2 This represents unrecognized deferred tax asset on unused tax losses amounting to Rs. 184.04 million (2023: Rs. 229.09 million). This includes business loss accounting to Rs. 178.80 million (2023: Rs. 224.07 million) which can be carried forward for six following tax years, from the tax year to which it relates, as per requirements of Income Tax Ordinance, 2001 out of which 41.51 million will lapse in tax year 2025. This also includes depreciation loss of Rs. 5.22 million (2023: Rs. 5.02 million) which is available for infinite period.

8.3 Deferred tax asset has not been recognized in view of uncertainity of taxable profits in foreseeable future.

		Note	2024	2023
9	**Stock in trade**		(Rupees in thousand)	
	Bikes:			
	Raw materials		6,482	15,814
	Finished goods		2,576	3,905
			9,058	19,719
	Stores,spare parts and loose tools		256	260
	Provision for obsolete and slow moving inventory	24	(454)	(454)
			8,860	19,525
10	**Trade debts**			
	Trade debts	10.1	9,302	26,876
	Expected credit loss on trade debts	10.2	(8,354)	(25,429)
			948	1,447

10.1 It includes receivable from following related parties:

	Note	2024	2023
Treet Corporation Limited	10.1.1	472	273
First Treet Manufacturing Modaraba	10.1.2	476	241
Liaqat National Hospital	10.1.3	946	1,046
Loads Limited	10.1.4	23	23
		1,917	1,583

10.1.1 This represents receivable in normal course of business and is past due by 0 -180 days. Maximum balance outstanding at any point during the year is Rs. 7.9 million with respect to month end balances.

10.1.2 This represents receivable in normal course of business and is past due by 90 - 360 days. Maximum balance outstanding at any point during the year is Rs. 1.08 million with respect to month end balances.

10.1.3 This represents receivable in normal course of business, past due by more than 360 days. Maximum balance outstanding at any point during the year is Rs. 0.95 million with respect to month end balances.

10.1.4 This represents receivable in the normal course of business, past due by more than 360 days. Maximum balance outstanding at any point during the year is Rs. 0.23 million with respect to month end balances.

		Note	2024	2023
10.2	**Expected credit losses on trade debts**		(Rupees in thousand)	
	The movement in impairment loss on trade debts is as follows:			
	Balance as at 01 July		25,429	30,592
	Reversal of expected credit loss for the year		(17,075)	(5,163)
	Balance as at 30 June		8,354	25,429
11	**Short term investment**			
	At fair value through profit or loss			
	IGI Holdings Limited			
	203 (2023: 203) ordinary shares		26	17
	Silk Bank Limited			
	2,925,000 (2023: 2,925,000) ordinary shares		2,662	2,925
			2,688	2,942
12	**Advance income tax-net / (Provision for taxation-net)**			
	Advance income tax paid		9,836	4,466
	Provision for taxation		(8,034)	(6,619)
			1,802	(2,153)
13	**Advances and other receivables**			
	Advances to employees - secured considered good		197	189
	Advances to suppliers - unsecured considered good		529	4,503
	Prepaid insurance		66	-
	Other receivable			
	Sales tax receivable		16,580	19,216
	Income tax refundable		7,667	24,588
	Receivable from related parties - unsecured	13.1	171,908	101,187
	Other receivable		2,075	1,075
			199,022	150,758

13.1 These represent receivable from following related parties on account of payments made on behalf of related parties, receivable on account of reimbursement of expenses, and advance given for working capital. These carry markup at an effective rate ranging from 21.46% to 22.90% during the year which represents the 3 months kibor rate. These balances are neither past due nor impaired. Aging of receivable from related parties is as follows:

Aging of receivable from related parties is as follows:

Ageing of balances	Less than 3 months	3 to 6 months	Greater than 6 months	2024	2023
	(Rupees in thousand)				
Treet Corporation Limited	5,394	-	59,214	64,608	22,970
Treet Battery Limited	14,807	-	78,217	93,024	78,217
First Treet Manufacturing Modarba	14,276	-	-	14,276	-
	34,477	-	137,431	171,908	101,187

13.1.1 Maximum aggregate balance outstanding at any time during the year with reference to month end balances is as follows:

	Note	2024	2023
		(Rupees in thousand)	
Treet Corporation Limited		64,584	33,140
First Treet Manufacturing Modaraba		14,276	-
Treet Battery Limited		93,024	78,217

14 Cash and bank balances

	Note	2024	2023
Cash in hand		16,270	18,060
Cash at bank			
Current accounts	*14.1*	6,892	43,843
Savings accounts	*14.2*	20,720	1,012
		27,612	44,855
		43,882	62,915

14.1 These include bank accounts of Rs. 1.05 million (2023: Rs. 0.76 million) maintained under Shariah compliant arrangements.

14.2 These carry mark-up at the rates ranging from 9.73% to 20.5% per annum (2023: 12% to 19.5% per annum) and includes Rs. 1.05 million (2023: 0.76 million) under Shariah compliant arrangements, which carries profit ranging from 12% to 18% per annum (2023: 4.8% to 7.73% per annum).

15 Lease liability

	Note	2024	2023
		(Rupees in thousand)	
Liability against right of use asset		3,888	3,903
Current portion of liability against right of use asset		(17)	(15)
		3,871	3,888
Movement of liability against right of use liability is as follows:			
Opening balance		3,903	3,946
Interest on unwinding of liability against right of use assets		558	2,249
Payments during the year		(573)	(2,292)
		3,888	3,903
Closing balance			
Maturity analysis of liability against right of use asset is as follows:		573	573
Less than one year		2,865	2,865
One to five years		10,888	11,461
		14,326	14,899
Total undiscounted liability against right of use asset as at 30 June		(10,438)	(10,996)
Impact of discounting on liability against right of use asset		3,888	3,903

16 Trade and other payables

	Note	2024	2023
		(Rupees in thousand)	
Due to related parties - unsecured	16.1	67,201	56,467
Trade creditors		7,590	13,081
Contract liability	16.2	8,655	25,589
Accrued liabilities		1,716	2,078
Withholding income tax payable		67	380
Withholding sales tax payable		30	400
Workers' Profit Participation Fund	16.3	20,908	15,473
Workers' Welfare Fund	16.4	753	608
Other creditors		1,445	886
		108,365	114,962

16.1 The balance due to related parties comprise of the following:

	Note	2024	2023
Renacon Pharma Limited	16.1.1	64,646	54,012
Treet Corporation Limited	16.1.2	2,555	2,455
		67,201	56,467

16.1.1 This represents payable to Renacon Pharma Limited, a related party, on account of payments made on behalf of the Company. It carries markup at an average rate of 24.05% (2023: 20.52%) during the year.

16.1.2 This represents funds injected by Treet Corporation Limited - the ultimate parent company for payment of expenses for setting up the power project of the Company which is being utilized towards the working capital requirements/ payment of expenses of the Company during the transitory period. This balance is unsecured, interest free and will be repaid on demand.

16.2 This represents advance received from customers for future sale of goods. During the year, Company has recognized revenue amounting to Rs. 0.4 million, out of the contract liability as at June 30, 2023.

16.3 Workers' Profit Participation Fund

	Note	2024	2023
		(Rupees in thousand)	
Opening balance		15,473	11,324
Charge for the year	24	1,916	1,700
Interest for utilization of money	16.3.1	3,519	2,449
Closing balance		20,908	15,473

16.3.1 This represents markup at the weighted average quarterly rate of 3 month KIBOR + 2.5% per annum.

16.4 Workers' Welfare Fund

	Note	2024	2023
		(Rupees in thousand)	
Opening balance		608	555
Charge for the year	24	753	608
Payments made during the year		(608)	(555)
Closing balance		753	608

17 Issued, subscribed and paid-up capital

	2024	2023	2024	2023
	(Number of shares)		(Rupees in thousand)	
Ordinary shares of Rs. 10 each fully paid up in cash	71,104,740	71,104,740	711,047	711,047

17.1 The paid up capital is fully subscribed by the following:

	2024	2023	2024	2023
	(Number of shares)		(Rupees in thousand)	
Treet Corporation Limited - Parent Company Equity held 100% (2023: 100%)	71,104,740	71,104,740	711,047	711,047

18 Surplus on revaluation of property, plant and equipment - net of tax

	2024	2023
	(Rupees in thousand)	
Balance as at 01 July	**22,583**	23,883
Surplus arisen during the year- net of tax	**7,099**	-
Related deferred tax liability on surplus arisen during the year	**2,899**	-
Transferred to unappropriated profit as a result of incremental depreciation charged net of tax	**(918)**	(923)
Related deferred tax liability	**(375)**	(377)
	8,705	(1,300)
Revaluation surplus as at 30 June	**31,288**	**22,583**
Less: Related deferred tax liability on revaluation surplus		
As at 01 July	**(6,549)**	(6,926)
On account of surplus arisen during the year	**(2,899)**	-
On account of incremental depreciation charged during the year	**375**	377
Impact of change in tax rate	-	-
	(9,073)	(6,549)
	22,215	16,034

19 Contingencies and commitments

Contingencies

19.1 Contingencies - Subsidiary Companies

Contingencies - The Holding Company

19.1.1 During previous years, with respect to tax year 2012, the Additional Commissioner Inland Revenue (ACIR) passed an order u/s 122(5A) on different issues i.e. allocation of expenses between normal income and presumptive income, u/s 34(3), bad debts, exchange loss, payment of WWF and dividend income and created an income tax demand of Rs. 1.29 million. Being aggrieved, the Company filed an appeal, dated 09 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore and the learned CIR -Appeals has remanded the case back for re-adjudication.

Against this order, the Company filed second appeal before the ATIR on January 21, 2022 on the issue of remand back which is still pending adjudication. The tax advisor of the Company are confident of favorable outcome.

19.1.2 During previous years, with respect to tax year 2013, the Additional Commissioner Inland Revenue (ACIR), passed an order u/s 122(5A) on different issues i.e. u/s 29, bad debts, capital gains on securities, exchange loss and sale / transfer of stock and created an income tax demand of Rs. 17.28 million. Being aggrieved, the Company filed an appeal, dated 9 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore. Furthermore, the company filed an Appeal before the commissioner Inland Revenue (Appeals), Zone-1, Lahore and the learned CIR-Appeals has remanded the case back for re-adjudication.

Against this order, the company filed second appeal before the ATIR on January 21, 2022 and is still pending at the year end. The tax advisor of the company are confident of favorable outcome.

Contingencies - Treet HR Management (private) Limited

The Company has no contingent liability at the reporting date (2023: nil).

Contingencies - Treet Power Limited

The Company has no contingent liability at the reporting date (2023: nil).

19.2 Contingencies - Associate Companies

Contingencies - First Treet Manufacturing Modaraba

19.2.1 For the tax period July 2011 to June 2013 a sale tax demand of Rs. 9,526,018 along with default surcharge of Rs. 35,463 and penalty amounting to Rs. 508,485 was created by ACIR, Audit Unit-03, Zone-VI, CRTO, Lahore after conducting audit u/s 25 of the Sales Tax Act, 1990 mainly on the issue of inadmissibility of input sales tax. Against this order, the Modaraba filed appeal before the Commissioner Inland Revenue (Appeals), Zone-II, Lahore and the learned CIR-Appeals has decided the case in favor of the Modaraba. Against this order, the department went into an appeal before ATIR, pending adjudication until the year end.

19.2.2 For the tax period July 2017 to June 2018 a sale tax demand of Rs. 14,753,014 along with penalty of Rs. 855,726 (aggregating to Rs. 15,608,740) was created by Deputy Commissioner Inland Revenue, Unit-08, Audit-01, LTO, Lahore after conducting audit u/s 25 of the Sales Tax Act, 1990 mainly on the issue of inadmissible claim of input tax Rs. 13,574,483, non-compliance of 73 etc. Against this order the Modaraba filed appeal before the CIR (Appeals), Zone-1, Lahore on 26-05-2022 and the appeal was heard on 01-08-2022 and CIR Appeals has remanded the case back for re-adjudication. Against this order, the department filed a second appeal before the ATIR on 29-12-2022 which is pending adjudication at the year end. As per the opinion of legal advisor of the Modaraba, a favourable outcome is expected.

Contingencies - Treet Battery Limited

The Company has no contingent liability at the reporting date (2023: nil).

19.3 Commitments

19.3.1 Commitments - Subsidiary Companies

There are no reportable commitments at the balance sheet date by subsidary companies(2023: Nil).

19.3.2 Commitments - Associate Companies

Bank Guarantees

- Bank guarantees amounting to Rs. 58.17 million (2023: Rs. 58.17 million) were given by MCB Islamic Bank on behalf of Treet Battery Limited in favour of FESCO and SNGPL.
- Pursuant to the scheme and the court order, the following bank guarantees were transferred from the Modaraba to TBL. However, at the reporting date these are confirmed by the relevant banks outstanding in the name of the Modaraba, which shall be tranferred in the name of TBL on completion of due process:

		2024	2023
Name of financial institution	*Note*	**(Rupees in thousand)**	
Faysal Bank Limited		-	35,547
MCB Islamic Bank Limited		**7,245**	22,631
		7,245	58,178
Letters of credit			
- Outstanding letters of credit		**192,060**	44,048

20 Revenue - net

	Note	2024	2023
Bikes	*20.1*	**17,383**	52,809
Services - Treet HR Management (Private) Limited	*20.2*	**26,573**	26,573
		43,956	79,382

20.1 Bikes

	2024	2023
Local sales	**20,434**	57,587
Less: Sales tax	**(3,051)**	(4,096)
Less: Discount	-	(682)
	(3,051)	(4,778)
	17,383	52,809

20.2 Services - Treet HR Management (Private) Limited

	2024	2023
Local sales	**30,825**	30,825
Less: Sales tax	**(4,252)**	(4,252)
	26,573	26,573

20.3 Disaggregation of revenue - net

	2024	2023
By timing of revenue recognition		
At point in time	**43,956**	79,382
By product type		
Bikes	**17,383**	52,655
Spare parts	-	154
Human resource services	**26,573**	26,573
	43,956	79,382

20.4 All revenue earned by the Group is Shahriah Compliant.

21 Cost of goods sold	Note	2024	2023
		(Rupees in thousand)	
Raw material consumed		**11,495**	49,247
Salaries, wages and other benefits	*21.1*	**6,376**	9,590
Depreciation on property, plant and equipment	*6*	**1,933**	2,337
Printing and stationery		**28**	75
Repairs and maintenance		**158**	104
Carriage inward/Manufacturing Expense		**10**	38
Traveling and conveyance		**176**	133
Other expenses		**403**	1,677
Cost of goods manufactured		**20,579**	63,201
Opening stock of finished goods		**3,905**	1,465
Closing stock of finished goods	*9*	**(2,576)**	(2,576)
		1,329	(1,111)
Freight and handling		**15**	943
		21,923	63,033

21.1 Salaries, wages and other benefits includes Rs. 0.27 million (2023: Rs. 0.13 million), Rs. 0.09 million(2023: Rs.0.04 million) and Rs. 0.16 million (2023: Rs. 0.09 million) in respect of contribution to gratuity fund, super annuation fund and provident fund respectively.

22 Administrative expenses	Note	2024	2023
		(Rupees in thousand)	
Legal and professional charges	*20.1*	**3,364**	5,305
Director fee		**360**	340
Computer expense		**11**	5
Insurance		**119**	-
Others		**283**	108
		4,137	5,758

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

	Note	2024	2023
		(Rupees in thousand)	
Group auditor			
Statutory audit		**1,519**	1,519
Out of pocket expenses		**145**	145
		1,664	1,664
Component auditor			
Statutory audit		**304**	259
Out of pocket expenses		**30**	28
		334	287
		1,998	1,951

23 Selling and distribution expenses	Note	2024	2023
Salaries and other benefits	*23.1*	**6,307**	8,368
Traveling and conveyance		**2,869**	3,210
Warranty expense		**167**	10
Electricity and gas		**678**	460
Repairs and maintenance		**436**	662
Postage and telephone		**7**	433
Rent, rates and taxes		**-**	40
Others		**220**	1,125
		10,684	14,308

23.1 Salaries, wages and other benefits includes Rs. 0.23 million (2023: Rs. 0.06 million), Rs. 0.08 million(2023: Rs.0.02 million) and Rs. 0.13 million (2023: Rs. 0.10 million) in respect of contribution to gratuity fund, super annuation fund and provident fund respectively.

24 Other operating expenses	Note	2024	2023
		(Rupees in thousand)	
Advances written off		**16,295**	691
Unrealized loss on short term investments at fair value		**254**	532
Workers' Profit Participation Fund		**1,916**	1,700
Workers' Welfare Fund		**753**	608
Provision for obsolete and slow moving inventory	9	-	454
Exchange loss		-	658
Research and development cost		-	2,338
Loss on disposal of subsidary		-	119
Others		**71**	-
		19,289	7,100

25 Finance cost	Note	2024	*Restated* 2023
		(Rupees in thousand)	
Unwinding of lease liability		**558**	2,249
Markup on advance from related party		**10,664**	9,211
Bank charges		**38**	25
Interest on Workers' Profit Participation Fund		**3,519**	2,449
		14,779	13,934

26 Other income

		2024	2023
Profit on bank deposits		**5,767**	3,327
Markup on advance to related party		**23,122**	16,023
Reversal of provision for doubtful debts		**17,075**	5,163
Liabilities no longer payable		**205**	5,985
Service charges		-	1,719
Dividend income		**1**	1
Other		**1**	97
		46,171	32,315

27 Taxation

		2024	2023
Levy			
- Minimum tax differential		**217**	660
- For prior years		**9**	(146)
		226	514
Income taxes			
Current			
- For the year		**7,817**	5,959
- For prior years		**(376)**	(2)
Deferred			
- For the year		**(2,899)**	-
		4,542	5,957
	27.1	**4,768**	6,471

27.1 Tax charge reconciliation

	2024	2023
Accounting profit / (loss)	**9,230**	2,567
Tax expense at the rate of 29%	**2,677**	(16,447)
Impact of un-recognized deferred tax asset	**2,091**	22,918
	4,768	6,471

28 Plant capacity and production

	Production capacity		Actual production	
	2024	2023	**2024**	2023
	(No of units)		(No of units)	
Motorbikes	**18,000**	18,000	**175**	470

The production capacity is worked out based on 300 days and two shifts per day of 8 hours each. The reason for shortfall in actual production as compared to production capacity is primarily attributable to lesser demand of the Company's products. Furthermore, the Company's management has made the strategic decision to discontinue the production of traditional bikes and to enter into the electric bike market.

29 Transactions with related parties

The related parties include subsidiaries, associated companies, other related group companies, directors of the Company, key management personnel and post employment benefit plans. Balances with related parties are disclosed in respective notes to these financial statements. The remuneration of directors is disclosed in note 32 to these financial statements. Significant transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

Name of parties	Relationship	Transactions	2024	2023
			(Rupees in thousand)	
a) Treet Corporation Limited	Parent Company (100% Equity held)	Sale of goods to related party by Group	**14,343**	7,403
		Funds transferred to related party net of receipts	**46,333**	1,193
		Expenses paid by related party on behalf of Group	**11,763**	15,182
		Lease rentals charged by related party to Group	**573**	573
		Markup charged to related party by Group	**8,316**	4,358
		Services received by related party from Group	**17,022**	17,022
b) Treet HR Management (Private) Limited	Subsidiary company (100% equity held)	Services rendered to Group	**30,825**	30,825
c) First Treet Manufacturing Modaraba	Associated company (2.22% equity held)	Sale of goods to related party	**1,208**	614
		Funds transferred to related party - net of receipts	**500**	-
		Expenses incurred on behalf of related party	**7**	-
		Modaraba Management fee income	**12,395**	-
		Markup charged to related party	**30**	-
		Services received by related party	**9,740**	9,740
d) Treet Battery Limited	Associated company (2.23% equity held)	Markup charged to related party	**14,807**	11,664
		Sale of goods to related party	**996**	
		Services received by related party	**1,810**	1,810
e) Renacon Pharma Limited	Common directorship	Markup charged by related party	**10,634**	9,791
		Sale of goods to related party	**110**	
		Services received by related party	**2,253**	2,253

Name of parties	Relationship	Transactions	2024	2023
			(Rupees in thousand)	
Employee benefits				
Below mentioned funds are being managed on behalf of the Group by ultimate Parent Company (Treet Corporation Limited);				
a) Superannuation fund	Other related party	Contribution expense for the year	**165**	311
b) Gratuity fund	Other related party	Contribution expense for the year	**499**	828
c) Provident fund	Other related party	Contribution expense for the year	**287**	544
d) Service fund	Other related party	Contribution expense for the year	**179**	335
Key management personnel				
Mr. Hamad Mahmood	Key management personnel	Salaries and other benefits	**3,468**	3,294

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The salaries and other benefits of directors are disclosed in note 32 to these financial statements. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below:

Name	Relationship	% of shareholding in the Company
Mr. Syed Shahid Ali	Director / Key management personnel	0.000018%
Mr. Syed Sheharyar Ali	Director / Key management personnel	0.000013%
Mr. Haroon Latif Khan	Director / Key management personnel	0.000010%
Mr. Munir K. Bana	Director / Key management personnel	0.000001%
Mr. Dr. Salman Faridi	Director / Key management personnel	0.000001%
Mr. Imran Azim	Director / Key management personnel	0.000001%
Mr. Ahmad Shahid Hussain	Director / Key management personnel	N/A
Ms. Sidra Sheikh	Director / Key management personnel	N/A
Mr. Muhammad Zubair	CFO / Key management personnel	N/A
Mr. Hamad Mahmood	GM Sales / Key management personnel	N/A

30 Financial risk management

30.1 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 also 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:

30.2 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

30.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2024	2023
		(Rupees in thousand)	
Trade debts	*10*	**948**	1,447
Bank balances	*14*	**27,612**	44,855
Receivable from related parties	*13*	**171,908**	101,187
		200,468	147,489

30.2.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2024	2023
	(Rupees in thousand)	
Customers	**948**	1,447
Banking companies	**27,612**	44,855
Related parties	**171,908**	101,187
	200,468	147,489

30.2.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and related parties, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

30.2.3.1 *Counterparties without external credit ratings*

These mainly include customers which are counter parties to local trade debts against sale of Group products. As explained in note 2.4.2, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Group has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2023 was determined as follows:

	2024		2023	
	Gross	**ECL**	Gross	ECL
	---------------(Rupees in thousand)---------------			
Current	-	-	-	-
1 - 90 Days	**445**	-	155	-
91 - 180 Days	**206**	-	2,312	1,155
181 - 270 Days	-	-	676	541
366 - Above Days	**8,651**	**8,354**	23,733	23,733
	9,302	**8,354**	26,876	25,429

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored.

These also include receivable from related parties. As explained in note 2.4.2 ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The management of the Company believes that receivable from related parties holds negligible credit risk, therefore no provisioning is required. Aging of receivable from related parties is disclosed in note 13 to these financial statements.

30.2.3.2 Counterparties with external credit ratings

These include banking companies, which are counterparties to bank balances. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating	2024	2023
Banks	**Short term**	**Long term**	**Agency**	**(Rupees in thousand)**	
Bank Alfalah Limited	A1+	AA+	PACRA	7	6
Dubai Islamic Bank (Pakistan) Limited	A1+	AA	JCR VIS	420	761
Faysal Bank Limited	A1+	AA	PACRA	1,241	456
Habib Bank Limited	A1+	AAA	PACRA	105	30
National Bank of Pakistan	A1+	AAA	PACRA	22,005	40,129
MCB Bank Limited	A1+	AAA	PACRA	66	193
United Bank Limited	A1+	AAA	JCR VIS	3,768	3,280
				27,612	44,855

30.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with the financial liabilities. An entity is exposed to liquidity risk if its financial obligations out number its cash generations due to losses and higher costs. The liquidity risk is managed through effective and efficient cash flow forecasting. The Company is mitigating this risk through effective cash flow planning and cost control techniques. The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2024				
	Carrying Amount	**Contractual cash flows**	**Less than one year**	**One to five years**	**More than five years**
Financial liabilities	**(Rupees in thousand)**				
Trade and other payables	**77,969**	**77,969**	**77,969**	**-**	**-**
Lease liability	**3,871**	**14,326**	**3,438**	**10,455**	**-**
	81,840	**92,295**	**81,407**	**10,455**	**-**

	2023				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
Financial liabilities	(Rupees in thousand)				
Trade and other payables	76,351	76,351	76,351	-	-
Lease liability	3,888	14,899	3,438	11,011	-
	80,239	91,250	79,789	11,011	-

30.4 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.

30.4.1 Currency risk

The Company has no exposure to foreign currency risk at statement of financial position date as the company has no receivable / payable balances denominated in foreign currency at the terminal date.

30.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

30.4.2.1 Fixed rate financial instruments

The Company does not have any fixed interest / mark-up bearing financial instruments as at reporting date.

30.4.2.2 Variable rate financial instruments

	2024		2023	
	Financial Assets	**Financial Liabilities**	Financial Assets	Financial Liabilities
	Rupees in thousands			
Due from related party	**171,908**	**-**	101,187	-
Due to related party	**-**	**67,201**	-	56,467
Bank balances at saving accounts	**20,720**	**-**	1,012	-
	192,628	**67,201**	102,199	56,467

The related mark-up / interest rates are indicated in the related notes to these financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit before tax by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for the year 2023.

	Profit / (Loss)	
	2024	2023
	(Rupees in thousands)	
Increase of 100 basis points		
Variable rate instruments	**1,254**	457
Decrease of 100 basis points		
Variable rate instruments	**(1,254)**	(457)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

30.5 Capital risk management

The Company's objective when managing its capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and, to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust capital structure, the Company may adjust the amount of dividends, return to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with the industry and, the requirement of the lenders, the Company monitors the capital structure on the basis of a gearing ratio.

31 Fair value measurement of financial instruments

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

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

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

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

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

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

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

		Carrying amount				Fair value			
		Current assets							
		Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2024	*Note*	(Rupees in thousand)							
Financial assets - measured at fair value		-	-	-	-	-	-	-	-
Financial assets - not measured at fair value									
Trade debts	*10*	-	948	-	948	-	-	-	-
Short term investment	*11*	2,688	-	-	2,688				
Receivable from related parties	*13*	-	171,908	-	171,908				
Cash and bank balances	*14*	-	43,882	-	43,882	-	-	-	-
	31.1	2,688	216,738	-	219,426	-	-	-	-
Financial liabilities - not measured at fair value									
Trade and other payables	*16*	-	-	77,969	-	-	-	-	-
Lease liablity	*15*	-	-	3,871	-	-	-	-	-
	31.1	-	-	81,840	-	-	-	-	-

		Carrying amount				Fair value			
		Current assets							
		Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<u>30 June 2023</u>	*Note*	(Rupees in thousand)							
Financial assets - measured at fair value		-	-	-	-	-	-	-	-
Financial assets - not measured at fair value									
Trade debts	*10*	-	1,447	-	1,447	-	-	-	-
Short term investment	*11*	2,942	-	-	2,942	-	-	-	-
Receivable from related parties	*13*	-	101,187	-	101,187				
Cash and bank balances	*14*	-	62,915	-	62,915	-	-	-	-
	31.1	2,942	165,549	-	168,491	-	-	-	-
Financial liabilities - not measured at fair value									
Trade and other payables	*16*	-	-	68,866	-	-	-	-	-
	31.1	-	-	68,866	-	-	-	-	-

31.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

31.2 Building and plant have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 6 to these financial statements. The valuations were conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's building. Fair market value of buildings was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments. With respect to plant, suppliers and different machinery consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable items of plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

32 Remuneration of Chief Executive, Directors and Executives

Aggregate amount charged in these financial statements with respect to remuneration to chief executive, executive director, non-executive and executive is as follows:

	Chief Executive		Executive Director		Non Executive		Executive	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in thousand)							
Managerial remuneration	-	-	-	-	-	-	-	2,881
Provident fund	-	-	-	-	-	-	-	129
Service fund	-	-	-	-	-	-	-	129
Gratuity fund	-	-	-	-	-	-	-	155
Utilities	-	-	-	-	-	-	-	-
Medical	-	-	-	-	-	-	-	-
Fees	-	-	-	-	**340**	340	-	-
	-	-	-	-	**340**	340	-	3,294
No. of Persons	**1**	1	**1**	1	**6**	5	-	1

33 Number of employees

	2024	2023
Number of employees as at 30 June	**9**	25
Average number of employees during the year	**17**	25

34 General

The figures has been rounded off to nearest Rupees in thousand.

35 Prior period restatement

During the financial year, markup payable to the ultimate parent company (i.e. Treet Corporation Limited) amounting to Rs. 3.824 million was reversed as the balance payable to the ultimate parent did not constitute a loan, rather expenses paid by the ultimate parent on behalf of the Company. The correction has been made by restating each of the affected financial statement line items for the prior year, as follows:

	June 30, 2023		
	As previously reported	Restatement	As restated
	(Rupees in thousand)		
Effect on statement of financial position (extract)			
Trade and other payables	118,786	(3,824)	114,962
Accumulated loss	(552,829)	3,824	(549,005)
Effect on Statement of profit or loss (extracts)			
Finance cost	(14,805)	871	(13,934)

	June 30, 2022		
	As previously reported	Restatement	As restated
	(Rupees in thousand)		
Effect on statement of financial position (extract)			
Trade and other payables	128,552	(2,953)	125,599
Accumulated loss	(555,261)	2,953	(552,308)

36 Corresponding figures

Reclassification has been made to the corresponding figures to enhance comparability with the current year's financial statements. Further, other operating expenses as referred in note 25 have been presented as part of profit from operations.

37 Events after the reporting period

Subsequent to year ended management, has devised a plan to sell the plant and machinery and initiated an active program to find a buyer. The management is currently negotiating with potential buyer. The plan was made with an intension to discontinue traditional bike assembly business.

38 Date of authorization for issue

These consolidated financial statements were authorized for issue on Sepeember 27, 2024 by the Board of Directors of the Company.

Lahore

Chief Executive

Director