



HALF YEARLY REPORT
2023

Treet Battery Limited

CONTENTS

02

Company
Information

03

Directors'
Review

05

Independent
Auditors' Review Report

07

Condensed Interim
Statement of Financial Position

08

Condensed Interim
Statement of Profit or Loss and
Other Comprehensive Income

09

Condensed Interim
Statement of Changes in Equity

10

Condensed Interim
Statement of Cash Flows

11

Notes to the Condensed Interim
Financial Statements

COMPANY INFORMATION

Board of Directors

Syed Shahid Ali

(Chairman/ Non-Executive Director)

Syed Sheharyar Ali

(Chief Executive Officer)

Mr. Imran Azim

(Non-Executive Director)

Mr. Muhammad Mohtashim Aftab

(Non-Executive Director)

Ms. Zunaira Dar

(Non-Executive Director)

Dr. Haroon Latif Khan

(Independent Director)

Mr. Mohammad Majid Munir

(Independent Director)

Mr. Ahmad Shahid Hussain

(Independent Director)

Officers

Syed Sheharyar Ali

(Chief Executive Officer)

Chief Financial Officer

Mr. Muhammad Khurram Iqbal

Company Secretary

Mr. Taimoor Vakil Malik

Group Head of Internal Audit

Mr. Muhammad Ali

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Legal Advisors

Asad & Asad Attorney At Law

Share Registrar

Corplink (Private) Limited

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

Tel: 042-35916714

Fax: 042-35839182

Bankers

Askari Bank Limited

Habib Bank Limited

Dubai Islamic Bank Pakistan Limited

MCB Islamic Bank Limited

Bankislami Pakistan Limited

Bank Al-Habib Limited

Al Baraka Bank Limited

Faysal Bank Limited

Soneri Bank Limited

Registered Office

72-B, Industrial Area, Kot Lakhpat, Lahore

Tel: 042-35830881, 042-111187338

Fax: 042-35114127 & 35215825

E-Mail: info@treetcorp.com

Home Page: www.treetbattery.com

DIRECTORS' REVIEW

Board of Directors of Treet Battery Limited (TBL) are pleased to present financial statements for the first half ending December 31, 2023.

To provide better understanding of the financial results the comparative Half Yearly financials (FY 2022/23) have been drawn from FTMM Battery segment.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

Description	Half Year Ended		Change Amount	% Change
	Dec-23	Dec-22		
Sales (net)	3,621	3,827	(206)	(5)%
Gross Profit/(Loss)	742	387	355	92%
Operating Profit	343	75	268	356%
Net Profit/(Loss)	(284)	(279)	(5)	(2)%
Profit/(Loss) per Share	(0.322)	(0.316)	(0.00)	(2)%

BUSINESS REVIEW

In navigating the complex landscape of FY 2023/24, our company has shown remarkable agility and strategic acumen. Despite an overall decrease in sales volume by 32%, largely due to an unpredictable political and economic climate that influenced consumer behavior, we've managed to not only weather the storm but also thrive in it. The reduction in demand for backup batteries is a testament to the nation's progress in reducing load shedding, reflecting an improving infrastructure that promises future growth opportunities.

While high inflation has indeed tempered spending, our response has been swift and innovative, leading to a phenomenal 92% increase in gross profit, from Rs. 387 million to Rs. 742 million. This is a clear indicator of our unwavering commitment to operational excellence and margin enhancement. Our strategic pricing and increased trade discounts have kept us fiercely competitive, proving that our approach to market challenges is both robust and effective.

Our operational profit soared to Rs. 343 million, an astonishing 356% increase, underscoring our company's remarkable efficiency and the successful implementation of cost-saving measures. Although we've observed a marginal uptick in net losses due to elevated financing costs, our concerted focus on margin improvement has substantially cushioned the impact of reduced sales volume. This demonstrates our capacity for prudent financial management and foresight.

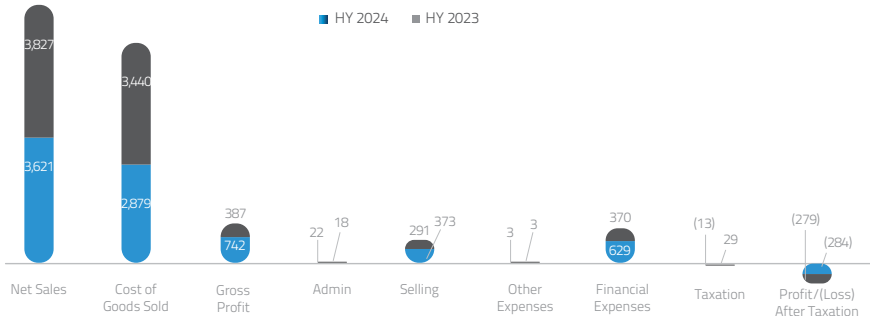
Looking ahead, we remain cautiously optimistic. The resilience we've shown in these turbulent times is a powerful demonstration of our ability to pivot and adapt. We are set on a path that not only seeks to sustain but also to enhance profitability through strategic adjustments that will propel us into the future with confidence and strength.

The slight uptick in net losses from Rs. 279 million to Rs. 284 million can be largely attributed to the strategic decision to incur higher financing costs, which is something out of our control for the moment.

The company's proactive measures in cost management and operational efficiency have been successful in counteracting the sales decline, allowing us to maintain a positive trajectory toward future profitability. This fiscal period highlights our financial prudence and reaffirms our commitment to strategic growth and shareholder value. The resilience of our company in these dynamic economic times illustrates our capacity to adapt and flourish, as we continue to focus on long-term financial health and robust profit margins.

TBL PROFITABILITY ANALYSIS

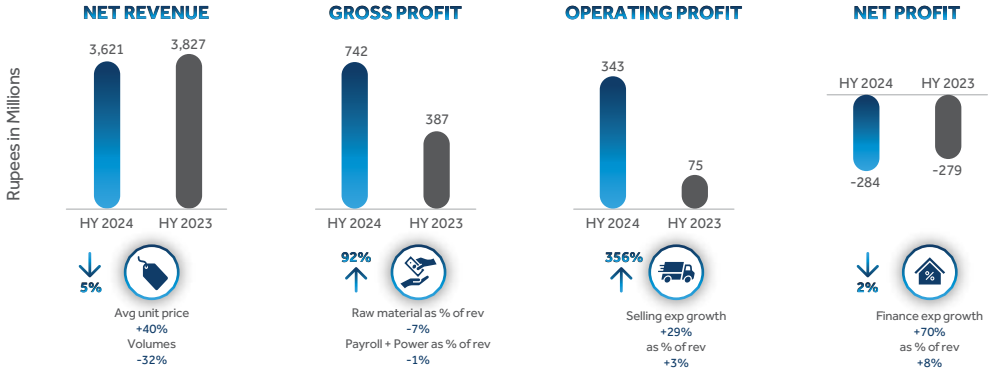
RUPEES IN MILLIONS



DIRECTORS' REVIEW

The company's financial performance over the recent period has been both remarkable and enlightening. On one hand, we have witnessed an extraordinary growth in operating profit, which has surged by an impressive 356%, rising from Rs. 75 million to Rs. 343 million when juxtaposed against the previous year's figures. This significant uptrend is not only commendable but also indicative of the company's heightened efficiency and strategic prowess in capitalizing on its core business activities.

On the other hand, the company has navigated through challenging financial waters, with finance costs experiencing a substantial increase of 70%, reaching Rs. 629 million. Efforts are underway to find solutions to reduce these financial charges.



However, our leadership team isn't waiting on the sidelines. They're actively tackling challenges and capitalizing on opportunities to ensure our future success. One key initiative is expanding our product portfolio with a brand new addition: an in demand open-top SKU set to launch in the final quarter of this fiscal year. But our focus doesn't stop there. We remain committed to delivering exceptional quality, streamlining operations for boosted productivity, keeping costs under control, exploring new territories including export markets and providing top-notch after-sales service to retain our customers. In short, we're playing offense for long-term growth.

ACKNOWLEDGEMENTS

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers, and all other stakeholders and also to all of our extremely dedicated employees for their patronage and support, and the Securities and Exchange Commission of Pakistan, The Pakistan Stock Exchange Limited for their continuous support and guidance.

For and on behalf of the Board.

Syed Sheharyar Ali
 Chief Executive Officer

LAHORE
 27th February, 2024

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF TREET BATTERY LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Treet Battery Limited** (the Company) as at 31 December 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the half year ended 31 December 2022 and quarters ended 31 December 2022 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December and this is the first review report for the Company after its listing on PSX on 15 December 2023.

The engagement partner on the review resulting in this independent auditors' report is Mr. Adnan Rasheed.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Lahore: 27th February, 2024
UDIN: RR202310701W7BbG9odm

FINANCIAL STATEMENTS

For the six-months period ended December 31, 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)


As At December 31, 2023


	Note	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
PROPERTY AND ASSETS			
Non-current assets			
Property, plant and equipment	4	7,426,162	7,521,895
Right-of-use (ROU) assets	5	14,488	17,949
Long term security deposits		36,525	36,525
		7,477,175	7,576,369
Current assets			
Stores and spares		60,625	56,638
Stock-in-trade	6	912,460	1,141,068
Trade debtors		180,845	450,605
Advances, deposits, prepayments and other receivables	7	739,828	51,366
Income tax recoverable/ adjustable		93,878	23,647
Cash and bank balances		242,634	24,969
		2,230,270	1,748,293
Total property and assets		9,707,445	9,324,662
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		8,822,765	8,822,765
Capital reserves			
Reserve for issuance of shares		11,008	11,008
Demerger deficit		(8,211,666)	(8,211,666)
Surplus on revaluation of property, plant and equipment		592,984	618,172
		(7,607,674)	(7,582,486)
Revenue reserve			
Accumulated (loss)/ profit		(188,212)	70,255
Shareholders' equity		1,026,879	1,310,534
Non-current liabilities			
Lease liability		7,792	11,943
Deferred taxation	8	127,813	144,366
		135,605	156,309
Current liabilities			
Current portion of lease liability		7,885	7,020
Short term borrowings	9	7,481,777	6,806,544
Trade and other payables	10	866,509	899,018
Accrued markup on secured borrowings		143,532	119,730
Provision for taxation		45,258	25,507
		8,544,961	7,857,819
Contingencies and commitments			
	12	-	-
Total equity and liabilities		9,707,445	9,324,662

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

LAHORE
27th February, 2024


Muhammad Majid Munir
Director


Syed Sheharyar Ali
Chief Executive Officer


Muhammad Khurram Iqbal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the half year ended December 31, 2023


	Note	For the half year ended		For the quarter ended	
		December 31	December 31	December 31	December 31
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
Sales - net		3,620,670	-	1,463,886	-
Cost of sales	13	(2,878,746)	-	(1,225,379)	-
Gross profit		741,924	-	238,507	-
Operating expenses					
Administrative and general expenses		(22,372)	-	(14,284)	-
Selling and distribution expenses		(373,409)	-	(205,341)	-
Other expenses		(3,124)	-	(177)	-
		(398,905)	-	(219,802)	-
Operating profit		343,019	-	18,705	-
Finance cost	14	(629,222)	-	(341,294)	-
Other income		31,360	35	26,416	18
(Loss)/ profit before taxation		(254,843)	35	(296,173)	18
Taxation	15	(28,812)	(10)	(12,620)	(5)
(Loss)/ profit after taxation		(283,655)	25	(308,793)	13
Other comprehensive income - net of tax:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss)/ profit for the period		(283,655)	25	(308,793)	13
(Loss)/ earning per share - basic and diluted					
	(Rupees)	(0.32)	0.25	(0.35)	0.13

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

LAHORE
27th February, 2024


Muhammad Majid Munir
Director


Syed Sheharyar Ali
Chief Executive Officer


Muhammad Khurram Iqbal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)


For the half year ended December 31, 2023


	Share capital	Capital Reserve			Revenue Reserve	Total
		Reserve for issuance of shares	Demerger deficit	Surplus on revaluation of property, plant and equipment	Accumulated (loss)/ profit	
------(Rupees in thousand)-----						
Balance as at July 01, 2022	1,000	-	-	-	119	1,119
Total comprehensive income for the period	-	-	-	-	25	25
Balance as at 31 December 2022	1,000	-	-	-	144	1,144
Transfer of net assets from the Modaraba (note 1.2)	-	8,832,773	(8,211,666)	630,317	-	1,251,424
Total comprehensive income for the period	-	-	-	-	57,966	57,966
Surplus transferred to accumulated loss on account of: Incremental depreciation charged during the period	-	-	-	(12,145)	12,145	-
Issuance of shares	8,821,765	(8,821,765)	-	-	-	-
Balance as at 30 June 2023	8,822,765	11,008	(8,211,666)	618,172	70,255	1,310,534
Total comprehensive loss for the period	-	-	-	-	(283,655)	(283,655)
Surplus transferred to accumulated loss on account of: Incremental depreciation charged during the period	-	-	-	(25,188)	25,188	-
Balance as at 31 December 2023	8,822,765	11,008	(8,211,666)	592,984	(188,212)	1,026,879

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

LAHORE
27th February, 2024


Muhammad Majid Munir
Director


Syed Sheharyar Ali
Chief Executive Officer


Muhammad Khurram Iqbal
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


For the half year ended December 31, 2023

	Note	December 31, 2023 (Rupees in thousand)	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(254,843)	35
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets		143,708	-
Depreciation on ROU assets		3,461	-
Profit on bank deposits		(6,528)	(35)
Gain on disposal of operating fixed assets		(34)	-
Finance cost		629,222	-
Impairment allowance for expected credit loss		470	-
Exchange gain		(2,135)	-
Provision for warranty		240,704	-
		1,008,868	(35)
Operating cash flows before working capital changes		754,025	-
(Increase) / decrease in operating assets :			
Stores and spares		(3,987)	-
Stock-in-trade		228,608	-
Trade debtors		269,290	-
Advances, deposits, prepayments and other receivables		(18,463)	(25)
Income tax recoverable/ adjustable		(70,231)	-
		405,217	(25)
Decrease in current liabilities:			
Trade and other payables		(351,033)	(75)
Cash generated from/ (used in) operations		808,209	(100)
Income tax paid		(25,614)	(13)
WWF paid		(1,505)	-
Financial cost paid		(605,420)	-
Net cash generated from/ (used in) operating activities		175,670	(113)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made in property, plant and equipment		(48,106)	-
Loan to director		(670,000)	-
Profit received on bank deposits		6,528	35
Proceeds from disposal of operating fixed assets		165	-
Net cash (used in)/ generated from investing activities		(711,413)	35
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		675,233	-
Lease liability		(3,286)	-
Net cash generated from financing activities		671,947	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		136,204	(78)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		24,969	1,193
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	161,173	1,115

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

LAHORE
27th February, 2024


Muhammad Majid Munir
Director


Syed Sheharyar Ali
Chief Executive Officer


Muhammad Khurram Iqbal
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 Treet Battery Limited (the Company) was incorporated on February 22, 2019 as a public company limited by shares under the provisions of the Companies Act, 2017 and was subsequently listed on Pakistan Stock Exchange on December 15, 2023. The principal activities of the Company is to carry out business as manufacturers, assemblers, processors, producers, suppliers, sellers, importers, exporters, makers, fabricators and dealers in all batteries including but not limited to lead acid batteries, deep cycle batteries, lithium batteries, nickel cadmium batteries, nickel metal hybrid batteries, absorbed glass mat (AGM) batteries, gel batteries used in or required for industrial, transport, commercial and domestic and any other purpose. The Company is a subsidiary of Treet Corporation Limited, a listed company. The registered office of the Company and its holding entities is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore, whereas the manufacturing plant is situated at Plot Number 1, Phase 2, M-3 Industrial City (FIEDMC), Sahianwala Interchange, Faisalabad.

1.2 Demerger of battery segment

The battery segment of the First Treet Manufacturing Modaraba (the Modaraba), an associated undertaking, was demerged and the balances of the battery segment of the Modaraba were transferred to the Company during the preceding financial year ended June 30, 2023 as per the Scheme of arrangement (the Scheme) approved by the certificate and shareholders of the Modaraba and TBL respectively and sanctioned by the Honourable Lahore High Court, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 The condensed interim financial statements do not include all the information and disclosures as required in an annual financial statements and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023.
- 2.3 The preparation of condensed Interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2023.
- 2.4 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand of Rupees. Figures for previous year / period are rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2023.

3.2 Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2023

There are other new standards which are effective from July 01, 2023 but they do not have a material effect on the Company's condensed interim financial statements.

3.3 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are other new standards and certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these standards, amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	4.1	7,359,283	7,503,122
Capital work-in-progress	4.2	66,879	18,773
		7,426,162	7,521,895
4.1 Operating fixed assets - tangible			
Opening balance - net book value		7,503,122	-
Balance transferred from the Modaraba pursuant to the scheme - net book value		-	7,572,111
Assets disposed off during the period / year		(131)	-
Depreciation charged during the period / year	4.1.2	(143,708)	(68,989)
Closing balance - net book value	4.1.1	7,359,283	7,503,122
4.1.1 This includes land measuring 40 acres having value of Rs. 328 million situated at Sahianwala Faisalabad, purchased from Faisalabad Industrial Estate Development and Management Company in the year 2015 for the battery project by the First Treet Manufacturing Modaraba. This land had been in possession and use of the battery project since acquisition. However, legal title of the land is in the process of being transferred to the Company as at the statement of financial position date.			
4.1.2 The depreciation charged for the period / year has been allocated as under:			
Cost of sales	13	142,786	68,537
Administrative and general expenses		881	431
Selling and distribution expenses		41	21
		143,708	68,989

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

4.2 Capital work-in-progress

The movement under this head of account is as follows:

Description	Opening balance	Additions during the period	Transferred to operating fixed assets	Closing balance
(Rupees in thousand)				
Plant and machinery	18,266	24,857	-	43,123
Furniture, fittings and equipments	63	-	-	63
Vehicles	-	22,151	-	22,151
Computer equipments	444	1,098	-	1,542
	18,773	48,106	-	66,879

		Note	Un-audited December 31 2023	Audited June 30 2023
			(Rupees in thousand)	
5	RIGHT-OF-USE (ROU) ASSETS			
	Opening balance		17,949	-
	Balance transferred from the Modaraba pursuant to the Scheme		-	19,872
	Less: depreciation charge for the period/ year	5.1	(3,461)	(1,923)
	Closing balance		14,488	17,949
	Useful life/ lease term		5 years	5 years

5.1 The depreciation charge for the period on the ROU assets has been allocated to selling and distribution expenses.

6 STOCK-IN-TRADE

Raw and packing material	6.1	812,867	853,846
Work-in-process		47,049	238,743
Finished goods		52,544	48,479
		912,460	1,141,068

6.1 It includes raw material in transit amounting to Rs. 119.995 million (June 30, 2023: Rs. 125.729 million).

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loan to director	7.1	670,000	-
Markup receivable	7.2	22,663	-
Others	7.3	47,165	51,366
		739,828	51,366

7.1 This represents loan given to director Mr. Syed Shahid Ali. The loan is unsecured, markup bearing and receivable within one year.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

7.2 This represents markup receivable on loan to director which carries profit at 3 Months KIBOR + 1.75%. The effective rate of markup charged during the period is 23.68% per annum.

7.3 This includes Rs. 20,205 million (June 30, 2023: Rs. 18,515 million) as advances to suppliers.

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
8 DEFERRED TAXATION			
Deferred tax liabilities in respect of taxable temporary differences:			
Property, plant and equipment		1,063,542	1,043,922
Deferred tax assets in respect of deductible temporary differences:			
Impairment allowance for expected credit loss		(266)	(130)
Provision for warranty		(36,540)	(37,700)
ROU assets		(345)	(294)
Unused tax depreciation loss		(898,578)	(861,432)
		(935,729)	(899,556)
Deferred tax liability		127,813	144,366
Less:			
Opening deferred tax liability		(144,366)	-
Deferred tax liability related to battery segment transferred pursuant to demerger		-	(154,102)
		(144,366)	(154,102)
Deferred tax income recognized in the statement of profit or loss	15	(16,553)	(9,736)
9 SHORT TERM BORROWINGS			
From banking companies - secured and profit bearing			
Running finances - Islamic mode of financing	9.1	2,518,262	2,518,285
From related parties - unsecured			
Treet Corporation Limited - parent company	9.2	4,591,615	3,859,167
First Treet Manufacturing Modaraba - associated undertaking	9.3	284,113	350,875
Treet Holdings Limited- associated undertaking	9.3	87,787	78,217
		7,481,777	6,806,544

9.1 These represent Istisna and Karobar Finance facilities obtained from various financial institutions under shariah compliant arrangements with the total limit of Rs. 2,519 million (June 30, 2023: Rs. 3,767 million) to meet working capital requirements, for procurement of raw materials, stocks, chemicals, stores, tools and spare parts and the manufacturing of batteries.

All the short term borrowings from the various financial institutions as disclosed, carry profit rates ranging from 3 to 6 Month KIBOR + 1.25% to 2.5% (June 30, 2023: 3 to 9 Month KIBOR + 1.00% to 2.5%) per annum, payable quarterly. Further, these are secured against the 1st/ Joint Pari Passu charge over all present and future current assets, plant and machinery of the Company (including 25% safety margin) and corporate guarantee of Treet Corporation Limited. The limits will expire on various dates by 31 October 2024 but are renewable.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

Pursuant to the Scheme of demerger, short term borrowings were transferred from the Modaraba to the Company (note 1.2). However, at the reporting date, some of the bank's offer letters are not yet issued in favour of the Company as the banks are in the process of arranging approval for issuance of financing offer letters in favour of the Company.

9.2 This represents loan obtained to meet the working capital requirements of the Company. It is unsecured, carries profit at 3 Months KIBOR + 1.75% and is payable on demand.

9.3 These represent loans obtained to meet the working capital requirements of the Company. These are unsecured, carry profit at 3 Months KIBOR + 1.5% and are payable on demand.

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023	
10	TRADE AND OTHER PAYABLES	10.1	866,509	899,018

10.1 This includes amount payable to IGI General Insurance Limited (related party) amounting to Rs. 11.345 million (June 30, 2023: Rs. nil).

	Note	Un-audited December 31 2023 (Rupees in thousand)	Un-audited December 31 2022
11	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	242,634	1,115
	Temporary book overdraft - unsecured	(81,461)	-
	Cash and cash equivalents at the end of the period	161,173	1,115

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
12	Contingencies and commitments		

12.1 Contingencies

There is no material change in the position of contingent liabilities since the last audited published financial statements of the Company for the year ended June 30, 2023.

12.2 Commitments

12.2.1 Bank guarantees

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
	12.2.1.1	35,547	35,547
	Faysal Bank Limited	58,178	22,631
	MCB Islamic Bank Limited	93,725	58,178

12.2.1.1 The guarantee was issued in the name of First Treet Manufacturing Modaraba (the Modaraba) but pertained to the Company and expired subsequent to the period end.

12.2.2	Outstanding letters of credit	50,500	-
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

	Note	Un-audited		Un-audited	
		For the half year ended		For the quarter ended	
		December 31 2023	December 31 2022	December 31 2023	December 31 2022
		(Rupees in thousand)		(Rupees in thousand)	
13	COST OF SALES				
	Opening stock- raw and packing material	853,846	-	516,819	-
	Add : Purchases	1,987,544	-	922,376	-
		2,841,390	-	1,439,195	-
	Less : Closing stock	(812,867)	-	(812,867)	-
	Raw and packing material consumed	2,028,523	-	626,328	-
	Stores and spares consumed	4,765	-	-	-
	Salaries, wages and other benefits	183,655	-	92,230	-
	Fuel and power	217,256	-	94,284	-
	Freight and forwarding	61,013	-	21,445	-
	Depreciation on operating fixed assets	142,786	-	70,009	-
	Other expenses	53,119	-	25,414	-
		2,691,117	-	929,710	-
	Work-in-process				
	Add: Opening stock	238,743	-	280,507	-
	Less: Closing stock	(47,049)	-	(47,049)	-
		191,694	-	233,458	-
	Cost of goods manufactured	2,882,811	-	1,163,168	-
	Finished goods				
	Add: Opening stock	48,479	-	114,755	-
	Less: Closing stock	(52,544)	-	(52,544)	-
		(4,065)	-	62,211	-
		2,878,746	-	1,225,379	-
14	FINANCE COST		-		
	Borrowings from financial institutions				
	Istisna finance	239,205	-	125,804	-
	Karobar finance	56,411	-	27,756	-
	Borrowings from non-financial institutions				
	Treet Corporation Limited - parent company	290,000	-	145,000	-
	First Treet Manufacturing Modaraba - associated undertaking	32,084	-	32,084	-
	Treet Holdings Limited- associated undertaking	9,570	-	9,570	-
	Lease liability	894	-	427	-
	Bank charges	1,058	-	653	-
		629,222	-	341,294	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

	Note	Un-audited For the half year ended		Un-audited For the quarter ended	
		December 31 2023	December 31 2022	December 31 2023	December 31 2022
		(Rupees in thousand)		(Rupees in thousand)	
15	Taxation				
	Current				
	Minimum tax	15.1	45,258	10	20,839
	Prior year tax		107		-
	Deferred				
	For the period	8	(16,553)		(8,327)
			28,812	10	12,620

- 15.1 Due to loss for the period, no provision for income tax under the normal tax regime or alternate corporate tax is required in the instant case. However, the provision of minimum tax chargeable under section 113 of Income Tax Ordinance, 2001 has been accounted for in these condensed interim financial statements.

16 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions entered into with associated undertakings not disclosed elsewhere in these financial statements are disclosed below:

Name of parties	Nature and description of related party transaction	Unaudited	
		For the half year ended	
		December 31, 2023	December 31, 2022
		(Rupees in thousand)	
Parent company			
Treet Corporation Limited	Finance cost charged by the parent company	290,000	-
	Rental charged by the parent company	649	-
Associated undertakings			
Treet Holdings Limited	Finance cost charged by associated undertaking	9,570	-
	Purchase of bikes	1,175	-
First Treet Manufacturing Modaraba	Rental charged by the associate	2,475	-
	Finance cost charged by the associate	32,084	-
IGI General Insurance Limited	Services received	26,022	-
IGI General Insurance Limited	Advance for services	16,607	-
Treet HR Management (Private) Limited	Services received	3,121	-
Loads Limited	Sale of goods	327	-
Specialized Autoparts Industries (Pvt) Limited	Sale of goods	105	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

For the half year ended December 31, 2023

- 16.1 All the transactions with the related parties are executed in the normal course of business on the basis of mutually agreed terms and conditions.
- 16.2 All the executives, officers and other employees of the Company have been outsourced from its related party namely Treet HR Management (Private) Limited.

17 DATE OF AUTHORIZATION FOR ISSUE

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors of the Company on 27th February, 2024 .

18 GENERAL

All figures, except for June 30, 2023, appearing in these condensed interim financial statements are unaudited.

LAHORE
27th February, 2024



Mohammad Majid Munir
Director



Syed Sheharyar Ali
Chief Executive Officer



Muhammad Khurram Iqbal
Chief Financial Officer

Treetgroup.com

SYMBOL OF TRUST

Treet[®]
Battery



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