



HALF YEARLY REPORT
2023

**OUR
DIVERSIFIED
BUSINESS
PORTFOLIO**



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COMPANY INFORMATION

BOARD OF DIRECTORS:	Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Dr. Salman Faridi Mr. Munir Karim Bana Dr. Haroon Latif Khan Ms. Sidra Fatima Sheikh Mr. Ahmad Shahid Hussain	(Chairman/ Non-Executive Director) (Chief Executive Officer) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Independent Director) (Female/Independent Director) (Independent Director)
AUDIT COMMITTEE:	Ms. Sidra Fatima Sheikh Mr. Imran Azim Dr. Salman Faridi Mr. Munir Karim Bana Mr. Ahmad Shahid Hussain	(Chairperson) (Member) (Member) (Member) (Member)
CHIEF ACCOUNTANTS:	Mr. Moazzam Hussain Hashmi Mr. Muhammad Zubair	Modaraba Management Company Modaraba
COMPANY SECRETARY:	Ms. Zunaira Dar	
EXTERNAL AUDITORS:	M/s Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA MANAGEMENT COMPANY:	M/s Yousuf Adil	Chartered Accountants
LEGAL ADVISORS:	Asad & Asad Attorney at Law	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti	Advocates
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Al-Barka Bank Pakistan Limited Allied Bank Limited Habib Metropolitan Bank Ltd BankIslami Pakistan Limited Faysal Bank Limited MCB Islami Bank Limited Bank Alfalah Limited Soneri Bank Limited	Habib Bank Limited Meezan Bank Limited Askari Bank Limited MCB Bank Limited National Bank Limited Dubai Islami Bank Pakistan Limited JS Bank Limited United Bank Limited
REGISTERED OFFICE/ PLACE OF BUSINESS:	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore	
PACKAGING SOLUTIONS	Kacha Tiba Rohi Nala, 22-KM	
CORRUGATION:	Ferozpur Road, Lahore	
SOAP PLANT:	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

DIRECTORS' REVIEW

Board of Directors of Treet Holdings Limited (THL), the Management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present the half yearly financial statements (reviewed) for the period ended December 31st, 2023.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

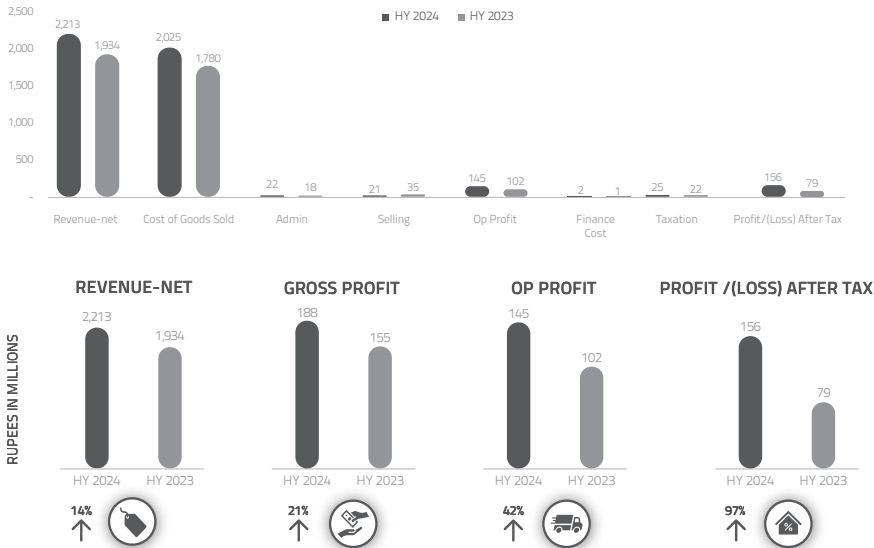
Description	Half Year Ended		Increase/ (Decrease)	% Change
	Dec-2023	Dec-2022		
Sales (net)	2,213	1,934	279	14%
Gross Profit	188	155	33	21%
Operating Profit	145	102	43	42%
Net Profit after Taxation	156	79	77	97%
Loss from discontinued operations - net of tax	-	(279)	-	-
Profit/ (loss) for the period	156	(199)	356	179%
EPS (in Rupees)	0.18	(0.23)	0.41	178%

BUSINESS REVIEW

In the first half of the fiscal year 2023-2024, the company showcased a remarkable improvement in its financial performance, marking a significant turnaround compared to the same period in the previous year. Notably, the company achieved a net profit after tax of Rs. 156 million, a substantial increase from the net profit of Rs. 79 million recorded in the corresponding period last year. A key factor contributing to this improvement was the notable increase in sales, with overall sales experiencing a robust growth of 14% compared to the same period last year. This growth was primarily driven by the exceptional performance of the soap segment, which witnessed a remarkable increase of 62%. Despite a minor decline of less than 1% in the corrugation segment, the overall sales growth was buoyed by the strong performance in the soap segment. Additionally, the company's gross margin exhibited a significant increase of 21% compared to the corresponding period last year. This uptick in gross margin indicates that the company effectively managed its costs and enhanced its profitability during the period under review. These financial results underscore the company's ability to successfully navigate challenges and capitalize on growth opportunities within its operating environment. The substantial increase in net profit, coupled with the impressive sales growth and improved gross margin, reflects the company's strong performance in the first half of the fiscal year 2023-2024. This performance not only demonstrates the company's resilience but also highlights its capability to adapt to market dynamics and deliver value to its stakeholders amidst changing business conditions.

FTMM PROFITABILITY ANALYSIS

RUPEES IN MILLIONS



DIRECTORS' REVIEW

SEGMENT WISE SALES IS AS FOLLOWS:

(Rupees in Millions)

Business Segment	Sales			
	Half Year Ended		Increase / (Decrease)	% Change
	Dec-2023	Dec-2022		
Corrugation	1,482	1,483	(0)	0%
Soap	731	452	279	62%
Total	2,213	1,934	279	14%

SEGMENT WISE ANALYSIS:

a) CORRUGATION:

In the current period, the company generated a net revenue of Rs. 1,482 million, which is almost same compared to the same period last year. The reason for static revenue is tough economic conditions. However, it is worth noting that the company's gross profit for this period amounted to Rs. 47 million, which is lower than the gross profit of Rs. 90 million achieved in the same period last year. To address these challenges, the company is actively implementing strategies to broaden its customer base through market diversification. Additionally, the company is also rationalizing prices in line with the increased costs, ensuring that pricing remains competitive while also maintaining profitability. It is important to acknowledge that the impact of these efforts may not be immediately apparent due to the time lag associated with implementing and realizing the full benefits of these strategies. However, the company remains committed to these initiatives and expects them to have a positive impact on its financial performance in the long run. By diversifying the customer base and rationalizing prices, the company aims to mitigate the impact of increased costs and position itself for sustainable growth and profitability.

b) SOAP:

In the current period, the company achieved a remarkable increase in net revenue, reaching Rs. 731 million. This represents a substantial growth of 62% compared to the same period last year. This impressive surge in revenue demonstrates the company's ability to effectively capture market opportunities and drive sales.

Furthermore, the company's gross profit for this period amounted to Rs. 140 million, showing a remarkable increase of 118% compared to the gross profit of Rs. 64 million achieved in the same period last year. This significant improvement in gross profit highlights the company's success in managing costs, optimizing operations, and maximizing profitability. These outstanding financial results reflect the company's strong performance and effective strategies in capturing market share and generating higher revenues. The substantial increase in net revenue and gross profit signifies the company's ability to meet customer demands, deliver value, and maintain a competitive edge in the market. Moving forward, the company will continue to leverage its strengths, such as market diversification and price rationalization, to sustain this positive momentum and drive further growth. By capitalizing on its current success, the company is well-positioned to achieve continued financial success and deliver value to its stakeholders.

ACKNOWLEDGEMENTS

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board.



Syed Sheharyar Ali
Chief Executive Officer

LAHORE
27th February, 2024

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE CERTIFICATE HOLDERS OF FIRST TREET MANUFACTURING MODARABA

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Treet Manufacturing Modaraba** (the Modaraba) as at 31 December 2023 and the related condensed interim profit and loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, 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 profit and loss account and other comprehensive income for the quarter ended 31 December have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December.

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: RR202310701WTcqFLa03

Financial Statements

For the half year ended December 31, 2023

Managed and Controlled by Treet Holdings Limited
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
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	700,471	693,031
Long term deposits		9,654	21,724
		710,125	714,755
Current assets			
Stores and spares		83,335	88,102
Stock-in-trade	5	523,054	414,991
Trade debtors		801,537	860,067
Advances, deposits, prepayments and other receivables	6	559,274	602,475
Taxes recoverable/ adjustable		1,061,037	960,053
Cash and bank balances		89,288	65,313
		3,117,525	2,991,001
Total property and assets		3,827,650	3,705,756
EQUITY AND LIABILITIES			
Certificate capital and reserves			
Certificate capital		8,835,903	8,835,903
Deposits for purchase of certificates		1	1
Capital reserves			
Statutory reserve		511,941	511,941
Surplus on revaluation of property, plant and equipment		545,259	553,025
Demerger reserve		(6,879,903)	(6,879,903)
		(5,822,703)	(5,814,937)
Revenue reserve			
Accumulated profit/ (loss)		137,127	(27,118)
Certificate holders' equity		3,150,328	2,993,849
Non-current liabilities			
Deferred taxation	7	84,817	87,584
Current liabilities			
Retention money payable		12,504	11,363
Trade and other payables	8	552,315	486,476
Provision for taxation		27,686	126,484
		592,505	624,323
Contingencies and commitments			
	10	-	-
Total equity and liabilities		3,827,650	3,705,756

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

LAHORE
27th February, 2024



Syed Shahid Ali
Director



Syed Sheharyar Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Ms. Sidra Fatima Sheikh
Director

Managed and Controlled by Treet Holdings Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the half year ended December 31, 2023

	Note	For the half year ended		For the quarter ended	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
Revenue - net		2,212,908	1,934,335	984,567	996,582
Cost of goods sold	11	(2,025,178)	(1,779,573)	(904,164)	(936,089)
Gross profit		187,730	154,762	80,403	60,493
Operating expenses					
Administrative and general expenses		(21,652)	(18,225)	(10,931)	(6,200)
Selling and distribution expenses		(21,434)	(34,557)	(20,104)	(19,985)
Other expenses		(15,432)	(4,659)	-	(1,875)
		(58,518)	(57,441)	(31,035)	(28,060)
Operating profit		129,212	97,321	49,368	32,433
Finance cost	12	(1,831)	(1,227)	(1,565)	(535)
Other income		54,041	5,597	7,654	4,386
Profit before taxation		181,422	101,691	55,457	36,284
Taxation	13	(24,943)	(22,439)	(12,263)	(10,704)
Profit from continuing operations		156,479	79,252	43,194	25,580
Loss from discontinued operations - net of tax	14	-	(278,528)	-	(112,375)
Profit/ (loss) for the period		156,479	(199,276)	43,194	(86,795)
Other comprehensive income - net of tax:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/ (loss) for the period		156,479	(199,276)	43,194	(86,795)
Earning/ (loss) per modaraba certificate - basic and diluted	(Rupees)	0.18	(0.23)	0.05	(0.10)

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

LAHORE
27th February, 2024



Syed Shahid Ali
Director



Syed Sheharyar Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Ms. Sidra Fatima Sheikh
Director

Managed and Controlled by Treet Holdings Limited

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

For the half year ended December 31, 2023

	Capital Reserve					Revenue Reserve		Total
	Certificate Capital	Deposit for purchase of certificates	Certificate premium	Statutory Reserve	Surplus on revaluation of property, plant and equipment	Demerger reserve	Accumulated (loss)/profit	
------(Rupees in thousand)-----								
Balance as at July 01, 2022	8,835,903	1	1,952,870	511,941	1,212,893	-	(8,141,947)	4,371,661
Total comprehensive loss for the period								
Loss after taxation	-	-	-	-	-	-	(199,276)	(199,276)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(199,276)	(199,276)
Surplus transferred to accumulated loss on account of incremental depreciation charged during the period - net of deferred tax	-	-	-	-	(30,706)	-	30,706	-
Balance as at 31 December 2022	8,835,903	1	1,952,870	511,941	1,182,187	-	(8,310,517)	4,172,385
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	-	-	72,888	72,888
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	72,888	72,888
Transferred to Treet Battery Limited (note 1.2)	-	-	(1,952,870)	-	(630,317)	-	8,211,666	5,628,479
Surplus transferred to accumulated loss on account of incremental depreciation charged during the period - net of deferred tax	-	-	-	-	1,155	-	(1,155)	-
Demerger reserve	-	-	-	-	-	(6,879,903)	-	(6,879,903)
Balance as at 30 June 2023	8,835,903	1	-	511,941	553,025	(6,879,903)	(27,118)	2,993,849
Total comprehensive income for the period								
Profit after taxation	-	-	-	-	-	-	156,479	156,479
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	156,479	156,479
Surplus transferred to accumulated loss on account of incremental depreciation charged during the period - net of deferred tax	-	-	-	-	(7,766)	-	7,766	-
Balance as at 31 December 2023	8,835,903	1	-	511,941	545,259	(6,879,903)	137,127	3,150,328

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

LAHORE
27th February, 2024



Syed Shahid Ali
Director



Syed Sheharyar Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Ms. Sidra Fatima Sheikh
Director

CONDENSED INTERIM CASH FLOW STATEMENT (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			
Profit/ (loss) before taxation		181,422	(190,052)
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets		19,805	157,918
Depreciation on ROU asset		-	3,846
Impairment allowance for expected credit loss		(1,488)	8,783
Exchange (gain)/ loss		(1,100)	4,952
Workers' Profit Participation Fund		9,743	-
Workers' Welfare Fund		3,702	-
Profit on bank deposits		(6,116)	-
Intercompany markup income		(41,253)	-
Gain on disposal of operating fixed assets		-	(33)
Finance cost		1,831	371,540
		(14,876)	547,006
Operating cash flows before working capital changes		166,546	356,954
(Increase) / decrease in operating assets :			
Stores and spares		4,767	(10,586)
Stock-in-trade		(108,063)	92,013
Trade debtors		60,018	(175,148)
Advances, deposits, prepayments and other receivables		84,454	29,279
Taxes recoverable/ adjustable		(100,983)	56,831
		(59,807)	(7,611)
Increase / (decrease) in current liabilities			
Retention money payable		1,142	(607)
Trade and other payables		49,239	62,140
		50,381	61,533
Cash generated from operations		157,120	410,876
Finance cost paid		(1,831)	(212,946)
Income tax paid - net of refund		(126,508)	(92,999)
Long term deposits - net		12,070	(554)
Net cash generated from operating activities		40,851	104,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made in property, plant and equipment		(27,245)	(50,685)
Profit received on bank deposits		6,116	-
Proceeds from disposal of operating fixed assets		-	254
Net cash used in investing activities		(21,129)	(50,431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained from banking companies - net		-	(309,602)
Payment of lease liability including prepayments		-	(3,800)
Borrowings from related parties - net		-	324,332
Net cash generated from financing activities		-	10,930
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,722	64,876
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		65,313	153,801
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	85,035	218,677

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

LAHORE
27th February, 2024



Syed Shahid Ali
Director



Syed Sheharyar Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Ms. Sidra Fatima Sheikh
Director

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

For the half year ended December 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Treet Manufacturing Modaraba (the Modaraba) is a multipurpose, perpetual and multi dimensional modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited (TCL), the parent company of the Modaraba), incorporated in Pakistan under the (repealed) Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba and its management company is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited and is engaged in the manufacturing and sale of corrugated boxes and soaps.
- 1.2 The battery segment of the Modaraba was demerged and the balances of the battery segment were transferred to the Treet Battery Limited (TBL) 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. Further, the comparative figures of the profit or loss account and other comprehensive income and respective notes have been re-presented accordingly.

2. BASIS OF PREPARATION

These condensed interim financial statements are unaudited and have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting (IAS-34) and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). In case above requirements of applicable accounting standards differ, the provisions of or directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and The Modaraba Companies and Modaraba Rules, 1981 and directives issued by Securities and Exchange Commission of Pakistan shall prevail. The disclosures in these condensed interim financial statements do not include all the information reported in audited annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2023.

- 2.1 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 Modaraba'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.
- 2.2 These condensed interim financial statements are presented in Pak Rupees which is also the Modaraba'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.

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 1, 2023 but they do not have a material effect on the Modaraba's condensed interim financial statements.

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

For the half year ended December 31, 2023

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 Modaraba's annual accounting periods beginning on or after July 1, 2023. However, these standards, amendments and interpretations will not have any significant impact on the financial reporting of the Modaraba 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	643,978	663,783
Capital work-in-progress	4.2	56,493	29,248
		700,471	693,031
4.1 Operating fixed assets - tangible			
Opening balance - net book value		663,783	8,303,376
Direct additions		-	39,709
Transferred from capital work-in-progress		-	137,088
Depreciation charged during the period / year	4.1.2	(19,805)	(244,279)
Balance transferred to TBL - net book value (note 1.2)		-	(7,572,111)
Closing balance - net book value		643,978	663,783
4.1.2 The depreciation charge for the period / year has been allocated as under:			
Cost of goods sold			
Packaging solutions - corrugated boxes	11.1	18,259	33,482
Soaps	11.2	127	416
Batteries		-	207,740
Administration and general expenses		819	1,741
Selling and distribution expenses		600	900
		19,805	244,279

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (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)				
Civil works	7,470	-	-	7,470
Furniture, fittings and equipments	444	-	-	444
Plant & machinery	20,369	17,014	-	37,383
Vehicles	931	9,719	-	10,650
Computer equipments	34	512	-	546
	29,248	27,245	-	56,493

	Note	Un-audited	Audited
		December 31 2023	June 30 2023
(Rupees in thousand)			
5 STOCK IN TRADE			
Raw material and chemicals	5.1	343,821	250,076
Packing material		22,964	32,151
Work-in-process		3,792	11,197
Finished goods		152,477	121,567
		523,054	414,991

5.1 Raw material and chemicals include stock in transit amounting to Rs. 3.609 million (June 30, 2023: Rs. 0.053 million).

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Related parties:	6.1	161,556	151,967
Treet Corporation Limited - parent company		101,064	97,674
Renacon Pharma Limited - associated undertaking		12,541	1,938
Treet Battery Limited - associated undertaking		284,113	350,875
IGI General Insurance Limited - associated undertaking		-	21
		397,718	450,508
		559,274	602,475

6.1 This includes Rs. 102.712 million (June 30, 2023: Rs. 93.096 million) as advances to suppliers.

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

For the half year ended December 31, 2023

		Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
7	Deferred Taxation		
	Deferred tax liabilities in respect of taxable temporary differences:		
	Accelerated tax depreciation and allowance of assets	100,790	105,582
	Deferred tax assets in respect of deductible temporary differences:		
	Provision for slow moving/ obsolete stores	(1,602)	(1,602)
	Provision for doubtful debts	(2,400)	(2,831)
	Unused tax depreciation loss	(11,971)	(13,565)
		(15,973)	(17,998)
	Deferred tax liability	84,817	87,584
	Less:		
	Opening deferred tax liability	(87,584)	(314,347)
	Opening deferred tax related to battery segment, transferred to TBL	-	216,008
	Opening deferred tax related to corrugation and soap segments	(87,584)	(98,339)
	Deferred tax income recognized in the profit and loss account	13 (2,767)	(10,755)
8	TRADE AND OTHER PAYABLES	8.1 552,315	486,476
8.1	These include balances on account of the following:		
	Associated undertakings		
	IGI Insurance Limited	2	2
	Elite Brands Limited	12,281	-
	Treet Corporation Limited	340	-
	Packages Convertors Limited	7,965	-
	Renacon Pharma Limited	11	-
		20,599	2
		Un-audited December 31 2023 (Rupees in thousand)	Un-audited December 31 2023
9	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	89,288	219,351
	Temporary book overdraft - unsecured	(4,253)	(674)
	Cash and cash equivalents at the end of the period	85,035	218,677

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

For the half year ended December 31, 2023

10 Contingencies and commitments

10.1 Contingencies

There are no material changes in contingencies from the preceding annual published financial statements of the Modaraba for the year ended June 30, 2023.

	Note	Un-audited December 31 2023 (Rupees in thousand)	Audited June 30 2023
10.2 Commitments			
10.2.1 Bank guarantees			
Faysal Bank Limited	10.2.1.1	35,547	35,547
MCB Islamic Bank Limited		7,245	22,631
		42,792	58,178
10.2.1.1 The guarantee was issued in the name of the Modaraba but pertained to the Treet Battery Limited and expired subsequent to the period end.			
10.2.2 Outstanding letters of credit		-	44,048

	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)	
11 COST OF GOODS SOLD					
Packaging Solutions - Corrugated boxes	11.1	1,435,045	1,392,343	654,306	705,049
Soap	11.2	590,133	387,230	249,858	231,040
		2,025,178	1,779,573	904,164	936,089

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (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)	
11.1 Cost of goods sold - Packaging Solutions				
Raw material				
Opening stock	195,734	199,788	295,049	173,560
Add : Purchases	1,181,015	1,119,031	481,389	604,300
	1,376,749	1,318,819	776,438	777,860
Less : Closing stock	(300,674)	(273,097)	(300,674)	(227,554)
Raw material consumed	1,076,075	1,045,722	475,764	550,306
Stores and spares consumed	62,924	72,322	29,888	30,437
Salaries, wages and other benefits	113,881	98,118	61,103	49,817
Fuel and power	63,845	78,594	32,388	37,407
Freight and forwarding	56,816	45,660	22,964	24,349
Depreciation on operating fixed assets	18,259	16,497	8,613	8,388
Other expenses	28,074	33,795	12,128	19,051
	1,419,874	1,390,708	642,848	719,755
Work-in-process				
Add: Opening stock	11,197	7,975	11,308	3,975
Less: Closing stock	(3,676)	(2,228)	(3,676)	(8,769)
	7,521	5,747	7,632	(4,794)
Cost of goods manufactured	1,427,395	1,396,455	650,480	714,961
Finished goods				
Add: Opening stock	38,669	22,941	34,845	12,711
Less: Closing stock	(31,019)	(27,053)	(31,019)	(22,623)
	7,650	(4,112)	3,826	(9,912)
	1,435,045	1,392,343	654,306	705,049
11.2 Cost of goods sold - Soaps				
Raw material				
Opening stock	54,342	35,893	91,536	15,282
Add : Purchases	583,512	428,225	186,299	260,311
	637,854	464,118	277,835	275,593
Less : Closing stock	(66,111)	(70,240)	(66,111)	(41,602)
Raw material consumed	571,743	393,878	211,724	233,991
Stores and spares consumed	-	1,205	2,105	903
Salaries, wages and other benefits	8,379	6,113	5,065	3,026
Freight and forwarding	12,801	10,547	7,619	7,078
Depreciation	127	212	84	106
Other expenses	35,759	17,332	17,372	12,066
	628,809	429,287	243,969	257,170

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (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)	
Work-in-process					
Add: Opening stock		-	-	26,657	-
Less: Closing stock		(116)	-	(116)	-
		(116)	-	26,541	-
Cost of goods manufactured		628,693	429,287	270,510	257,170
Finished goods					
Add: Opening stock		82,898	28,198	100,806	15,838
Less: Closing stock		(121,458)	(70,255)	(121,458)	(41,968)
		(38,560)	(42,057)	(20,652)	(26,130)
		590,133	387,230	249,858	231,040
12 Finance cost			-		
Bank charges		1,831	1,227	1,565	535
13 Taxation					
Current					
Normal tax		27,686	-	-	-
Minimum tax		-	22,053	13,504	10,704
Prior year tax		24	386	-	-
Deferred					
For the period	7	(2,767)	-	(1,241)	-
		24,943	22,439	12,263	10,704
14 LOSS FROM DISCONTINUED OPERATIONS - NET OF TAX					
As described in note 1.2, the profit and loss account of the discontinued operations as a result of the demerger of the battey segment from the Modaraba and transfer to TBL is given below:					
Revenue - net		-	3,826,771	-	1,594,001
Cost of goods sold		-	(3,439,790)	-	(1,388,669)
Gross profit		-	386,981	-	205,332
Operating expenses					
Administration and general expenses		-	(18,139)	-	(5,851)
Selling and distribution expenses		-	(290,564)	-	(90,568)
Other expenses		-	(3,124)	-	(864)
		-	(311,827)	-	(97,283)
Operating profit/ (loss)		-	75,154	-	108,049
Finance cost		-	(369,742)	-	(202,285)
Other income		-	2,845	-	1,585
Loss before taxation		-	(291,743)	-	(92,651)
Taxation		-	13,215	-	(19,724)
Loss after tax		-	(278,528)	-	(112,375)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the half year ended December 31, 2023

15 Business segments

The Modaraba is engaged into two main business segments, which are as follows:

- (i) Manufacturing and sale of corrugated boxes
- (ii) Manufacturing and sale of soaps

	Business Segments (un-audited)					
	Corrugated Boxes		Soaps		Total	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousand)					
Revenue:						
Inter-segment	10,989	4,361	-	-	10,989	4,361
Others	1,631,082	1,645,101	893,182	544,761	2,524,264	2,189,862
Sale of waste paper	116,237	89,139	-	-	116,237	89,139
	1,758,308	1,738,601	893,182	544,761	2,651,490	2,283,362
Less:						
Sales tax	(264,791)	(251,424)	(162,667)	(93,022)	(427,458)	(344,446)
Trade discount	(135)	(130)	-	(90)	(135)	(220)
Elimination of inter segment sales	(10,989)	(4,361)	-	-	(10,989)	(4,361)
Net revenue	1,482,393	1,482,686	730,515	451,649	2,212,908	1,934,335
Cost of goods sold:						
Inter-segment	-	-	10,989	4,361	10,989	4,361
Others	1,435,045	1,392,343	590,133	387,230	2,025,178	1,779,573
Elimination of inter segment purchases	-	-	(10,989)	(4,361)	(10,989)	(4,361)
Gross profit	47,348	90,343	140,382	64,419	187,730	154,762
Operating expenses						
Administrative and general expenses	(17,181)	(15,148)	(4,471)	(3,077)	(21,652)	(18,225)
Selling and distribution expenses	(21,434)	(32,649)	-	(1,908)	(21,434)	(34,557)
Other expenses	(15,432)	(4,647)	-	(12)	(15,432)	(4,659)
Operating profit/ (loss)	(6,699)	37,899	135,911	59,422	129,212	97,321
Finance cost					(1,831)	(1,227)
Other income					54,041	5,597
Net profit for the period before taxation					181,422	101,691
Taxation					(24,943)	(22,439)
Net profit for the period after taxation					156,479	79,252

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For the half year ended December 31, 2023

15.1 There is no material change in basis of segmentation of net assets from the amounts disclosed in the last annual financial statements for the year ended June 30, 2023:

	Corrugated Boxes		Soaps		Unallocated		Total	
	Un-Audited December 31, 2023	Audited June 30, 2023	Un-Audited December 31, 2023	Audited June 30, 2023	Un-Audited December 31, 2023	Audited June 30, 2023	Un-Audited December 31, 2023	Audited June 30, 2023
Segment assets	3,449,099	2,542,127	378,551	1,163,629	-	-	3,827,650	3,705,756
Segment liabilities	452,565	469,539	140,140	154,784	84,817	87,584	677,322	711,907
Depreciation on property, plant and equipment	19,678	36,124	127	416	-	-	19,805	36,540

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

For the half year ended December 31, 2023

16 Transactions with related parties

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Modaraba and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Significant transactions carried out with related parties during the period are as follows:

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	Sale of corrugated boxes	42,864	29,742
	Finance cost charged to parent company	9,169	123,547
	Rent charged by the parent company	1,986	2,260
Management company			
Treet Holdings Limited	Finance cost charged by holding company	-	5,194
	Purchase of bikes	840	-
Associated undertakings			
Treet HR Management (Private) Limited	Services obtained	1,857	5,775
Treet Battery Limited	Rent charged to associate	2,475	-
	Finance cost charged to associate company	32,084	-
IGI Insurance Limited	Services obtained	2,879	28,987
Packages Convertor Limited	Purchase of goods	57,148	28,579
Renacon Pharma Limited	Sale of corrugated boxes	25,443	19,222
Ghulab Devi Chest Hospital	Services obtained	8	2
Liaqat National Hospital	Services obtained	-	1,661
Elite Brands Limited	Sale of soap products	43,397	26,953
	Services obtained	-	1,132
Specialized Auto Parts Industries	Sale of batteries	-	13
Loads Limited	Sale of batteries	-	74
Multiple Auto Parts	Sale of batteries	-	111

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (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 Modaraba 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 management 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



Syed Shahid Ali
Director



Syed Sheharyar Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Ms. Sidra Fatima Sheikh
Director



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