

57789

Half Yearly Financial Statement

JULY - DECEMBER

2016 - 2017



57789
57789

57789
57789



FIRST TREET MANUFACTURING MODARABA

Contents

Corporate Information	2
Directors' Review	3
Independent Auditors Report on Review of Condensed Interim Financial Information to the Members	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10

Corporate Information

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Shah Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Mr. Muhammad Shafique Anjum Dr. Salman Faridi	Chairperson Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
AUDIT COMMITTEE:	Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Rana Shakeel Shaukat	Chairman/Member Member Member Secretary
CHIEF ACCOUNTANTS:	Mr. Sajjad Haider Khan Mr. Muhammad Zubair	Modaraba Modaraba Company
COMPANY SECRETARY:	Rana Shakeel Shaukat	
EXTERNAL AUDITORS:	Kreston Hyder Bhimji & Company	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Saleem & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Ltd Dubai Islamic Bank Pakistan Ltd. Faysal Bank Limited Habib Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited NIB Bank Limited Soneri Bank Limited United Bank Limited	
REGISTERED OFFICE/ PLACE OF BUSINESS:	72-B, Industrial Area, Kot Lakhpat, Lahore. Ph: 042-35830881, 35156567 Fax: 042-35114127, 35117650 Email: info@treetonline.com web: www.treetgroup.com	
SHARES REGISTRAR:	Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Email: corplink786@gmail.com	
PACKAGING SOLUTIONS - CORRUGATION:	Kacha Tiba Rohi Nala, 22-KM Ferozepur Road, Lahore	
SOAP PLANT:	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
BATTERY PROJECT:	Faisalabad Industrial City, M-3, Motorway Faisalabad	

Directors' Review

Board of Directors of Treet Holdings Limited (THL), the Management Company of First Treet Manufacturing Modaraba (FTMM), is pleased present financial statements (limited reviewed by the statutory auditors) for the 1st half ending on December 31, 2016.

Financial Results

Rs. in 000'	2016-2017	2015-2016
Net Sales	1,332,628	1,433,590
Gross Profit	185,231	217,860
Net Profit	121,121	163,333
Profit/(Loss) per Certificate	0.62	1.19
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	22.67	22.24

Sales performance (in % change) is described below:

2016-2017			
Rs. in 000'	Soap	Corrugation	Total
Sales	470,474	862,154	1,332,628
Inter-Segment Sales	-	10,083	10,083
	470,474	872,237	1,342,711

2015-2016			
Rs. in 000'	Soap	Corrugation	Total
Sales	483,206	950,384	1,433,590
Inter-Segment Sales	-	10,856	10,856
	483,206	961,240	1,444,446
Sales Growth %	-2.63%	-9.26%	-7.04%

Margins are generally increased due to the following reasons:

- Corrugation segment maintained its margins despite decline of sales volumes due to adverse market conditions;
- Soap segment maintained its margins despite slight decrease in volumes;
- Your Modaraba is building, constructing, erecting and managing "lead acid battery" plant of the state of the art technology being capable of producing 2.00 million batteries per annum of various sizes and amperes for motor vehicles/ UPS. Plant & Machinery has been procured. Construction work is underway. It is expected that production will be commenced in May ~ June 2017.

Acknowledgement

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 Shahid Ali
Chief Executive Officer

Lahore

Dated: February 24, 2017

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **FIRST TREET MANUFACTURING MODARABA ("the Modaraba")** as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (herein after referred to as the "condensed interim financial information").

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 condensed interim financial information 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information of the company for the half year ended December 31, 2015 and the annual financial statements for the year ended June 30, 2016 were reviewed and audited, respectively, by the outgoing auditors Messrs KPMG Taseer Hadi & Co. Chartered Accountants, Lahore, whose review report dated February 26, 2016 expressed an unmodified conclusion and their audit report October 07, 2016 expressed an unmodified opinion.

LAHORE:
February 24, 2017

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner – Syed Aftab Hameed, FCA

Condensed Interim Balance Sheet

As at December 31, 2016 (Un-audited)

	Note	December 31, 2016 Un-audited (Rupees in thousand)	June 30, 2016 Audited
ASSETS			
Non current assets			
Property, plant and equipment	5	5,147,583	3,779,775
Long term loans and advances - secured	6	10,622	10,869
Long term deposits		16,950	16,814
		5,175,155	3,807,458
Current assets			
Stores and spares		68,744	66,891
Stock in trade	7	394,622	358,845
Trade debts - unsecured, considered good		410,007	378,708
Advances, deposits, prepayments and other receivables		58,999	55,075
Tax refunds due from the Government		434,461	323,814
Cash and bank balances		392,490	199,931
		1,759,323	1,383,264
Total assets		6,934,478	5,190,722
Equity and liabilities			
Certificate capital and reserves			
Authorized certificate capital 250,000,000 (30 June 2016: 250,000,000) Modaraba certificates of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up certificate capital		1,956,000	1,956,000
Certificate premium		1,952,870	1,952,870
Statutory reserve		430,728	430,728
Unappropriated profit		90,641	91,466
Certificate holders' equity		4,430,239	4,431,064
Surplus on the revaluation of property, plant and equipment		29,057	29,753
Non-current liabilities			
Long term liability against purchase of land	5	84,637	112,670
Retention money	8	17,414	-
		102,051	112,670
Current liabilities			
Current maturity of liability against purchase of land	5	56,423	56,602
Short term borrowings	9	2,096,556	305,332
Trade and other payables	10	220,152	255,301
		2,373,131	617,235
Contingencies and commitments	11		
Total equity and liabilities		6,934,478	5,190,722

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE:
February 24, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Profit and Loss Account

For the half year ended December 31, 2016 (Un-audited)

	Note	For the half year ended		For the quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- (Rupees in thousand) -----					
Sales - net		1,332,628	1,433,590	643,304	704,352
Cost of goods sold	12	(1,147,397)	(1,215,730)	(565,564)	(596,630)
Gross profit		185,231	217,860	77,740	107,722
Administrative and general expenses		(11,289)	(16,461)	(7,317)	(13,438)
Distribution expenses		(57,555)	(53,959)	(34,610)	(30,214)
		(68,844)	(70,420)	(41,927)	(43,652)
Operating profit		116,387	147,440	35,813	64,070
Finance cost - bank charges		(309)	(131)	(14)	(114)
Other income		5,043	16,024	2,492	10,692
Net profit for the period		121,121	163,333	38,291	74,648
Earnings per modaraba certificate - basic and diluted:	Rupees	0.62	1.19	0.20	0.52

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE:
February 24, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Comprehensive Income

For the half year ended December 31, 2016 (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in thousand) -----			
Profit for the period	121,121	163,333	38,291	74,648
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	121,121	163,333	38,291	74,648

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE:
 February 24, 2017



Syed Shahid Ali
 Chief Executive Officer



Muhammad Shafique Anjum
 Director

Condensed Interim Cash Flow Statement

For the half year ended December 31, 2016 (Un-audited)

	December 31, 2016 (Rupees in thousand)	December 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	121,121	163,333
Adjustment for non-cash and other items:		
Depreciation on operating fixed assets	16,345	15,834
Gain on disposal of operating fixed assets	(7)	-
	16,338	15,834
Operating profit before working capital changes	137,459	179,167
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(1,854)	(1,992)
Stock in trade	(35,777)	46,511
Trade debts	(31,299)	(28,633)
Advances, deposits, prepayments and other receivables	(3,924)	(38,703)
Tax refunds due from the Government - sales tax	(106,415)	8,098
	(179,269)	(14,719)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	(35,149)	34,157
Cash (outflow) / inflow from operations	(76,959)	198,605
Increase in retention money payable	17,414	-
Income tax paid	(4,232)	(5,306)
Net cash (outflow) / inflow from operating activities	(63,777)	193,299
Cash flow from investing activities		
Operating fixed assets acquired	(6,266)	(226,756)
Capital work in progress incurred	(1,377,894)	(900,866)
Proceeds from disposal of operating fixed assets	14	-
Decrease in long term loans and advances	247	2,269
(Increase) / decrease in long term deposits	(136)	992
Short term investment	-	(100,000)
Net cash outflow from investing activities	(1,384,035)	(1,224,361)
Cash flow from financing activities		
Profit distributed to certificate holders	(122,641)	(80,848)
Repayment of liability against purchase of land	(28,212)	(28,212)
Short term borrowings obtained from banking companies	200,000	-
Borrowings obtained from holding company	1,591,224	-
Proceeds from issue of Modaraba certificates	-	2,604,870
Net cash inflow from financing activities	1,640,371	2,495,810
Net increase in cash and cash equivalents	192,559	1,464,748
Cash and cash equivalents at beginning of the period	199,931	143,381
Cash and cash equivalents at end of the period	392,490	1,608,129

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE:
February 24, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2016 (Un-audited)

	Capital Reserve			Revenue Reserve	Total
	Certificate capital	Share premium	Statutory reserve	Unappropriated profit	
..... (Rupees in thousand)					
Balance as at 01 July 2015	1,304,000	-	313,436	43,866	1,661,302
Total comprehensive income for the period	-	-	-	163,333	163,333
Issue of modaraba certificates during the period	652,000	1,952,870	-	-	2,604,870
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	697	697
Profit distribution @ 6.2% for the year ended 30 June 2015	-	-	-	(80,848)	(80,848)
Balance as at 31 December 2015	1,956,000	1,952,870	313,436	127,048	4,349,354
Total comprehensive income for the period	-	-	-	81,025	81,025
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	685	685
Transfer to statutory reserve @ 48%	-	-	117,292	(117,292)	-
Balance as at 30 June 2016	1,956,000	1,952,870	430,728	91,466	4,431,064
Total comprehensive income for the period	-	-	-	121,121	121,121
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	695	695
Profit distribution @ 6.26% for the year ended 30 June 2016	-	-	-	(122,641)	(122,641)
Balance as at 31 December 2016	1,956,000	1,952,870	430,728	90,641	4,430,239

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

LAHORE:
February 24, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Condensed Interim Financial Information

For the half year ended December 31, 2016 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba ("the Modaraba") is a multipurpose, perpetual and multi dimensional Modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there-under and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is engaged in the manufacture and sale of corrugated boxes and soap and is also in the process of setting up a battery project at Sahianwala, Faisalabad.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting 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 cases where the requirements differ, the provisions of or directives issued under the Ordinance or Regulations shall prevail. The disclosures in the condensed interim financial information 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 30 June 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended 30 June 2016.

4. ESTIMATES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimates are the same as those applied to the annual financial statements for the year ended 30 June 2016.

	Note	December 31, 2016 (Rupees in thousand)	June 30, 2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	764,574	774,660
Capital work-in-progress	5.2	4,383,009	3,005,115
		5,147,583	3,779,775
5.1 Operating fixed assets			
Opening balance - net book value		774,660	556,055
Additions during the period / year		6,266	250,259
Disposal during the period/year at net book value		(7)	-
Depreciation charged during the period / year	5.1.2	(16,345)	(31,654)
Closing balance - net book value		764,574	774,660

5.1.1 The operating fixed assets include a freehold land measuring 40 acres having value of Rs. 265.524 million (June 30, 2016: Rs. 265.524 million) situated at Sahianwala Faisalabad, purchased from Faisalabad Industrial Estate Development and Management Company in the year 2015 for the Battery project. This land is in possession and use of Modaraba since acquisition. However, legal title of the land will be transferred in its name after full payment is made. The payable amount on this account is Rs. 141.060 million until the terminal date, payable in 10 (30th June 2016: 12) equal quarterly installments.

5.1.2 The depreciation charge for the period / year has been allocated as under:

	Note	December 31, 2016 (Rupees in thousand)	June 30, 2016
<u>Cost of Sales</u>			
Packaging solutions - Corrugated boxes	12.1	14,841	28,677
Soaps	12.2	1,504	2,977
		16,345	31,654

5.2 Capital work in progress

The breakup of this head of account is as under:

Civil works		846,880	1,260
Plant and machinery		3,142,267	2,795,180
Advances for capital expenditure		163,349	95,068
Others - unallocated expenditure		230,513	113,607
Rupees - 2016		4,383,009	3,005,115
6. LONG TERM LOANS AND ADVANCES - SECURED		10,622	10,869

These represent outstanding advances receivable from Khatoon Industries Limited (KIL) and are secured against rentals payable to the said party for the use of soap manufacturing facility in equal monthly installments. Refer to note - 11.3.

	Note	December 31, 2016 (Rupees in thousand)	June 30, 2016
7. STOCK-IN-TRADE			
Raw material and chemicals	7.1	263,085	230,320
Packing material		25,647	22,859
Work-in-process		19,723	40,297
Finished goods		86,167	65,369
		394,622	358,845

7.1 Raw material include stock in transit amounting to Rs. 0.526 million (30 June 2016: Rs. 7.209 million).

		December 31, 2016 (Rupees in thousand)	June 30, 2016
8.	RETENTION MONEY	17,414	-
<p>This represents retention money deducted from the mobilization advance disbursed during the year to Messrs IVCC Engineering Pvt Limited and Messrs Sambu Construction Company Limited amounting to Rs. 16.945 million and Rs. 0.469 million respectively for the construction of Civil works of the battery project. This will be released to the contractors after the satisfactory completion of the project's building.</p>			
		December 31, 2016 (Rupees in thousand)	June 30, 2016
	Note		
9.	SHORT TERM BORROWINGS - UNSECURED		
	From banking companies - interest bearing		
	Bank Islami Pakistan Limited	9.1	200,000
	From related parties - interest free		
	Treet Corporation Limited - holding company	9.2	1,896,556
		2,096,556	305,332
9.1	Bank Islami Pakistan Limited	200,000	-
<p>This represents Istisna finance facility obtained from Bank Islami for the manufacturing of soap and corrugated boxes out of the sanctioned limit of Rs. 500 million (30 June 2016: Nil). This facility carries markup @ respective Kibor + 0.5% per annum; and is secured against exclusive ownership of the bank over goods, first charge over all the present and future current assets of the Modaraba amounting to Rs. 667 million including 25% margin to be registered with SECP.</p> <p>In addition to the above mentioned finance facility, the credit facilities from the said bank in the sum of Rs. 1,000 million (30 June 2016: Nil) were remained unutilized at the terminal date.</p>			
9.2	Treet Corporation Limited - holding company	1,896,556	305,332
<p>This represents loan obtained from the above named related party to meet the initial project cost of Battery project of the Modaraba. It is unsecured, interest free and payable on demand, particularly when the project will commence its commercial operations and generate sufficient cash flows.</p>			
10	TRADE AND OTHER PAYABLES	10.1	220,152
10.1	This includes Rs. 2.989 million (30 June 2016: Nil) payable to a related party - Messrs Packages Limited on account of purchase of goods.		255,301
11.	CONTINGENCIES AND COMMITMENTS		
11.1	Contingencies		
<p>There are no material changes in contingencies from the preceding annual published financial statements of the Modaraba for the year ended 30 June 2016.</p>			

11.2 Commitments

Commitments in respect of letters of credit as at 31 December 2016 in the sum of Rs. 9.879 million (30 June 2016: Rs. 629.032 million) were outstanding at the terminal date.

Commitments in respect of capital expenditure in the sum of Rs. 1,093.176 million (30 June 2016: Nil) were outstanding at the terminal date.

11.3 Operating leases

The Modaraba has acquired plant and machinery for its soaps manufacturing facility from Khatoon Industries Limited on operating lease for a maximum period of 10 years ending on 30 June 2020, with an option to renew after that date. The future lease payments under the lease agreements are as under:

	December 31, 2016	June 30, 2016
	(Rupees in thousand)	
Not later than one year	11,883	9,796
Later than one year but not later than five years	33,889	39,422
	45,772	49,218

	Note	For the half year ended		For the quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		(Rupees in thousand)			
12. COST OF GOODS SOLD					
Packaging Solutions - Corrugated boxes	12.1	754,386	838,874	381,377	420,036
Soap	12.2	393,011	376,856	184,187	176,594
		1,147,397	1,215,730	565,564	596,630
12.1 Cost of goods sold - Packaging Solutions					
Raw material consumed					
Opening stock		183,875	123,661	183,875	44,236
Add : Purchases		606,062	617,639	333,559	361,559
		789,937	741,300	517,434	405,795
Less : Closing stock		(235,921)	(70,126)	(235,921)	(70,126)
		554,016	671,174	281,513	335,669
Stores and spares consumed		23,249	20,361	12,600	8,271
Salaries, wages and other benefits		95,574	93,357	40,504	47,321
Fuel and power		27,491	25,817	16,042	13,222
Depreciation		14,841	14,341	7,526	7,247
Other expenses		15,475	14,708	8,325	7,439
		730,646	839,758	366,510	419,169
<u>Work-in-process</u>					
Add: Opening stock		36,865	4,676	25,518	4,934
Less: Closing stock		(8,900)	(5,033)	(8,900)	(5,033)
		27,965	(357)	16,618	(99)
		758,611	839,401	383,128	419,070
<u>Finished goods</u>					
Add: Opening stock		27,758	24,200	30,232	25,693
Less: Closing stock		(31,983)	(24,727)	(31,983)	(24,727)
		(4,225)	(527)	(1,751)	966
		754,386	838,874	381,377	420,036

	For the half year ended		For the quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in thousand) -----			
12.2 Cost of goods sold - Soaps				
Raw material consumed				
Opening stock	62,095	286,473	62,095	278,032
Add : Purchases	371,329	342,629	185,357	175,292
	433,424	629,102	247,452	453,324
Less : Closing stock	(52,285)	(277,298)	(52,285)	(277,298)
	381,139	351,804	195,167	176,026
Stores and spares consumed	2,421	2,409	1,202	1,381
Salaries, wages and other benefits	20,483	20,334	8,764	11,200
Fuel and power	2,566	5,665	1,327	2,485
Plant rental	4,899	6,477	2,449	4,844
Depreciation	1,504	1,493	752	754
Other expenses	3,963	3,990	2,300	2,784
	416,975	392,172	211,961	199,474
<u>Work-in-process</u>				
Add: Opening stock	3,432	12,007	10,200	11,692
Less: Closing stock	(10,823)	(10,432)	(10,823)	(10,432)
	(7,391)	1,575	(623)	1,260
	409,584	393,747	211,338	200,734
<u>Finished goods</u>				
Add: Opening stock	37,611	23,461	27,033	16,212
Less: Closing stock	(54,184)	(40,352)	(54,184)	(40,352)
	(16,573)	(16,891)	(27,151)	(24,140)
	393,011	376,856	184,187	176,594

13. BUSINESS SEGMENTS

The Modaraba is now engaged into two main following continuing business segments.

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

	Business Segments					
	Packaging solution Corrugated Boxes		Soaps		Total	
	December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015
(-----Rupees in thousand-----)						
Sales: Inter-segment	10,083	10,856	-	-	10,083	10,856
Others	993,017	1,092,826	573,453	586,450	1,566,470	1,679,276
	1,003,100	1,103,682	573,453	586,450	1,576,553	1,690,132
Less: Sales tax	(140,938)	(153,205)	(100,063)	(103,244)	(241,001)	(256,449)
Trade discount	(8)	(93)	(2,916)	-	(2,924)	(93)
Net sales	862,154	950,384	470,474	483,206	1,332,628	1,433,590
Cost of sales: Inter-segment	-	-	10,083	10,856	10,083	10,856
Others	754,386	838,874	382,928	366,000	1,137,314	1,204,874
	754,386	838,874	393,011	376,856	1,147,397	1,215,730
Gross profit	107,768	111,510	77,463	106,350	185,231	217,860
Administrative and general expenses	9,707	11,271	1,582	5,190	11,289	16,461
Distribution expenses	51,905	49,500	5,650	4,459	57,555	53,959
	61,612	60,771	7,232	9,649	68,844	70,420
Operating profit	46,156	50,739	70,231	96,701	116,387	147,440
Finance cost - bank charges					(309)	(131)
Other income					5,043	16,024
Net profit for the period					121,121	163,333

13.1 There is no material change in basis of segmentation of net assets from the amounts disclosed in the last annual financial statements:

	Corrugated Boxes		Soaps		Batteries		Total	
	December	June	December	June	December	June	December	June
	31, 2016	30, 2016	31, 2016	30, 2016	31, 2016	30, 2016	31, 2016	30, 2016
(-----Rupees in thousand-----)								
Segment assets	1,796,080	1,703,568	236,689	305,824	4,901,709	3,181,330	6,934,478	5,190,722
Segment liabilities	279,316	195,977	20,772	59,324	2,175,094	474,604	2,475,182	729,905

14. 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 of relationship	Nature and description of related party transaction	For the half year ended	
			December 31 2016	December 31 2015
			(Rupees in thousand)	
Treet Corporation Limited	Holding company	Sale of corrugated boxes	12,201	8,621
		Fixed capital expenditure financed by the holding company	1,384,160	1,127,622
		Expenses borne on behalf of the Modaraba	1,207,278	1,437,009
		Dividend paid	110,193	72,633
Treet HR Management (Private) Limited Packages Limited	Associated undertaking	Services obtained	5,625	6,194
IGI Insurance Limited	Associated undertaking	Purchase of goods	44,069	51,963
Treet Holdings Limited	Associated undertaking	Services obtained	3,223	-
Ghulab Devi Chest Hospital	Associated undertaking	Dividend paid	12,283	8,097
		Donation given to the charitable institution	50	-

15. DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information was authorized for issue by the Board of Directors of the Management Company on February 24, 2017.

16. GENERAL

16.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

16.2 Corresponding figures have been rearranged / regrouped where necessary to facilitate comparison. Major reclassification made during the period is as follows.

	2016 Rupees (000s)	Reclassification	
		From	To
Prepaid Rent & Insurance	6,023	Advances, deposits, prepayments and other receivables	Capital work in progress - Others, unallocated expenditure
Payable to Treet Corporation Ltd.	305,332	Trade and other payables	Short term borrowings
Retention money payable	7,327	Retention money	Trade and other payables
Purchase of Noodles - Soap segment	19,387	Other manufacturing expenses	Purchases

16.3 All figures, except for 30 June 2016 figures, appearing in this condensed interim financial information are unaudited.

LAHORE:
February 24, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director



TREET GROUP OF COMPANIES