



Half Yearly Report
for the period ended
December 31,

2018

*"Our greatest weakness lies
in giving up. The most certain
way to succeed is always to try
just one more time"*

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Company Information

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Muhammad Shafique Anjum Dr. Salman Faridi	Chairperson/Non-Executive Director 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 Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana Rana Shakeel Shaukat	Chairman/Member 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 & Co	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & 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 Limited Bank Al Habib Limited Dubai Islamic Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited	JS Bank Limited MCB Bank Limited MCB Islamic Bank Ltd Meezan Bank Limited National Bank Limited Soneri 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 Website: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Wingez Arcade, 1-K, Commercial Model Town, Lahore	
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, (FIEDMC) 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, 2018.

Financial Results

	Rs. in 000'	2018-2019	2017-2018
Net Sales		2,011,439	1,282,299
Gross Profit / (Loss)		(457,796)	194,892
Net Profit		(1,020,009)	77,207
Profit/(Loss) per Certificate		(5.21)	0.39
Transfer to Statutory Reserve		Nil	Nil
Book Value per Certificate		15.54	23.02

Sales performance (in % change) is described below:

	Rs. in 000 (net)	Corrugation	Soap	Battery	Total
		2018-2019			
Sales		913,308	489,362	598,272	2,000,942
Intra Segment Sale		10,497	-	-	10,497
Sale including (intra segment)		923,805	489,362	598,272	2,011,439

	Rs. in 000 (net)	Corrugation	Soap	Battery	Total
		2017-2018			
Sales		874,060	400,834	-	1,274,894
Intra Segment Sale		7,405	-	-	7,405
Sale including (intra segment)		881,465	400,834	-	1,282,299
Sales Growth (%)		4.80%	22.09%	-	56.86%

- Soaps sales volumes are increased but margins are decreased due to price rationalization;
- Corrugation maintained its volumes but margins are decreased due to escalation in raw material prices and time-lag impact on pass through impact;
- Battery business started picking up and sales volumes are taking momentum. Efforts are being made to develop export markets through new product development and market development;
- Other factors that has resulted in decline of net profits are financial charges on borrowings and transportation costs;

Financial Plan

Your Modaraba Company has planned to spin off the battery segment from to a separate Company (Treet Battery Limited) under scheme of arrangements. Execution of demerger plan will be communicated to the certificate holders from time to time.

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

February 26, 2019
 LAHORE

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, 2018 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, 2018 and December 31, 2017 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, 2018.

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.

LAHORE:
FEBRUARY 26, 2019



KRESTON HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER – SYED AFTAB HAMEED, FCA

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2018

		(Un-audited) 31 December 2018	(Audited) 30 June 2018
	Note	Rupees in '000'	
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,309,775	8,436,604
Long term advances	6	1,044	2,224
Long term deposits		13,249	13,249
		8,324,068	8,452,077
Current assets			
Stores and spares		87,639	77,657
Stock in trade	7	2,030,173	1,258,783
Trade debtors		747,372	572,366
Advances, deposits, prepayments and other receivables		346,417	375,808
Tax refunds due from the Government		1,078,012	848,536
Cash and bank balances		156,261	589,898
		4,445,874	3,723,048
Non current assets held for sale		-	44,240
Total current assets		4,445,874	3,767,288
Total assets		12,769,942	12,219,365
Equity and liabilities			
Certificate capital and reserves			
Authorized certificate capital		4,500,000	4,500,000
Issued, subscribed and paid up certificate capital		1,956,000	1,956,000
Statutory reserve		511,941	511,941
Certificate premium		1,952,870	1,952,870
Surplus on revaluation of property, plant & equipment		21,723	26,989
Accumulated loss		(1,393,952)	(379,209)
Certificate holders' equity		3,048,582	4,068,591
Non-current liabilities			
Long term liability against purchase of land		-	-
Current liabilities			
Current maturity of liability against purchase of land	5.1.1	28,213	56,426
Retention money payable		38,664	51,406
Short term borrowings	8	9,416,781	7,742,526
Trade and other payables	9	177,344	280,081
Accrued profit on secured borrowings		60,358	20,335
		9,721,360	8,150,774
Contingencies and commitments			
Total equity & liabilities	11		12,219,365

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
February 26, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Group Chief financial officer



Muhammad Shafique Anjum
Director

Condensed Interim Profit And Loss Account (Un-Audited)
 For the half year ended December 31, 2018

	Note	For the half year ended		For the quarter ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Rupees in '000'		Rupees in '000'	
Sales - net		2,011,439	1,282,299	986,918	593,373
Cost of goods sold	12	(2,469,235)	(1,087,407)	(1,302,481)	(515,018)
Gross (loss) / profit		(457,796)	194,892	(315,563)	78,355
Operating expenses					
Administrative and general		(271,199)	(11,520)	(256,874)	(4,866)
Distribution		(224,989)	(86,584)	(129,211)	(35,308)
		(496,188)	(98,104)	(386,085)	(40,174)
Operating (loss) / profit		(953,984)	96,788	(701,648)	38,181
Finance cost	13	(127,068)	(24,529)	(73,966)	(20,903)
Other income		61,043	4,948	4,138	3,907
Net (loss) / profit for the period		(1,020,009)	77,207	(771,476)	21,185
(Loss) / earnings per modaraba -certificate basic and diluted - Rupees		(5.21)	0.39	(3.94)	0.11

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
 February 26, 2019


 Syed Shahid Ali
 Chief Executive Officer


 Amir Zia
 Group Chief financial officer


 Muhammad Shafique Anjum
 Director

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended December 31, 2018

	For the half year ended		For the quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees in '000'		Rupees in '000'	
(Loss) / profit for the period	(1,020,009)	77,207	(771,476)	21,185
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(1,020,009)	77,207	(771,476)	21,185

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
February 26, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Group Chief financial officer



Muhammad Shafique Anjum
Director

Condensed Interim Cash Flow Statement (Un-Audited)
 For the half year ended December 31, 2018

	Note	31 December 2018	31 December 2017
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(1,020,009)	77,207
Adjustments for non-cash items:			
Depreciation on operating fixed assets		210,680	13,846
Write down in the value of stock in trade		12,541	-
Gain on disposal of land classified as held for sale		(20,251)	-
Reversal of excess provision for doubtful debts		(294)	-
Exchange Loss		18,029	115
Finance cost		109,039	24,414
		329,744	38,375
Operating (loss) / profit before working capital changes		(690,265)	115,582
(Increase)/ decrease in current assets:			
Stores and spares		(9,982)	(10,221)
Stock in trade		(783,931)	(359,911)
Trade debtors		(174,712)	14,946
Advances, deposits, prepayments and other receivables		29,391	21,056
Tax refunds due from the government - sales tax adjustable		(198,991)	(173,352)
		(1,138,225)	(507,482)
Increase / (decrease) in current liabilities:			
Retention money payable		(12,742)	(87,891)
Trade and other payables		(128,618)	1,941
Cash used in operations		(1,969,850)	(477,850)
Finance cost paid		(87,045)	(15,190)
Income tax refunds - net		(30,485)	9,442
Long term advances - net		1,180	1,446
Long term deposits - net		-	(2,324)
Net cash used in operating activities		(2,086,200)	(484,476)
CASH FLOW FROM INVESTING ACTIVITIES			
Change in operating fixed assets including related long term liability		(30,010)	(30,647)
Capital work in progress incurred		(82,054)	(1,169,144)
Proceeds from disposal of land classified as held for sale		64,491	-
Net cash used in investing activities		(47,573)	(1,199,791)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings acquired from banking companies		1,326,640	1,000,000
Borrowings from related party - parent company		347,615	849,150
Profit distributed to certificate holders		-	(117,042)
Net cash generated from financing activities		1,674,255	1,732,108
Net (decrease) / increase in cash and cash equivalents		(459,518)	47,841
Cash and cash equivalents at beginning of the period	10	589,074	112,647
Cash and cash equivalents at end of the period	10	129,556	160,488

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
 February 26, 2019


 Syed Shahid Ali
 Chief Executive Officer


 Amir Zia
 Group Chief financial officer


 Muhammad Shafique Anjum
 Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the half year ended December 31, 2018

	Capital Reserve			Revenue Reserve		Total
	Certificate Capital	Certificate premium	Statutory Reserve	Revaluation reserve	Accumulated (loss) / Profit	
Rupees in '000'						
Balance as at July 01, 2017	1,956,000	1,952,870	511,941	28,371	93,571	4,542,753
Total comprehensive income for the period	-	-	-	-	77,207	77,207
Transactions with owners of the Modaraba - contributions & distributions						
Profit distribution @ 5.98% for the year ended 30 June 2017	-	-	-	-	(117,042)	(117,042)
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	(691)	691	-
Balance as at December 31, 2017	1,956,000	1,952,870	511,941	27,680	54,427	4,502,918
Total comprehensive loss for the period	-	-	-	-	(434,327)	(434,327)
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	(691)	691	-
Balance as at June 30, 2018	1,956,000	1,952,870	511,941	26,989	(379,209)	4,068,591
Total comprehensive loss for the period	-	-	-	-	(1,020,009)	(1,020,009)
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the period	-	-	-	(691)	691	-
- disposal of land classified as held for sale	-	-	-	(4,575)	4,575	-
Balance as at 31 December 2018	1,956,000	1,952,870	511,941	21,723	(1,393,952)	3,048,582

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

LAHORE
February 26, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Group Chief financial officer



Muhammad Shafique Anjum
Director

Notes To The Condensed Interim Financial Information (Un-Audited)

For the half year ended December 31, 2018

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, a parent company of the Modaraba), incorporated in Pakistan under the (repealed) 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 Limited (Formerly Lahore Stock Exchange (Guarantee) Limited). The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and batteries.

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 June 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as of 01 July 2018 as stated below:

3.2 Change in significant accounting policies

3.2.1 IFRS 15 'Revenue from Contracts with Customers'

The Modaraba has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from the annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial statements. The detail of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

The Modaraba is engaged in the sale of corrugated boxes, soaps and batteries. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim financial statements.

3.2.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 (Financial Instruments) for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

3.2.3 Other than those disclosed above, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Modaraba's operations and are, therefore, not disclosed.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Notes To The Condensed Interim Financial Information (Un-Audited)

For the period ended December 31, 2018

Standard or Interpretation	Effective date (accounting periods beginning on or after)
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
- Amendment to IFRS 9 - Financial Instrument	January 01, 2019
- IFRS 16 - Leases	January 01, 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	January 01, 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	January 01, 2019
- Amendment to IFRS 3 - Business Combinations - Definition of a Business	January 01, 2019
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle	January 01, 2019

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 June 30, 2018.

	Note	Un-audited 31 December 2018 Rupees in '000'	Audited 30 June 2018
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,090,327	7,299,210
Capital work-in-progress	5.2	1,219,448	1,137,394
		8,309,775	8,436,604
5.1 Operating fixed assets			
Opening balance - net book value		7,299,210	710,613
Additions during the period / year		1,797	-
Transfer from capital work in progress		-	6,723,506
Depreciation charged during the period / year	5.1.2	(210,680)	(134,909)
Closing balance - net book value		7,090,327	7,299,210

5.1.1 The operating fixed assets include a freehold land measuring 40 acres having value of Rs. 265.524 million (June 30, 2018: 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. 28.213 million until the terminal date, payable in 2 (June 30, 2018: 4) equal quarterly installments.

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

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		Rupees in '000'	
Cost of Sales			
Packaging solutions - corrugated boxes	12.1	9,631	18,937
Soaps	12.2	1,401	2,773
Batteries			
Cost of goods sold	12.3	196,490	107,148
Capital work in progress		-	2,487
Administration and general expenses		3,132	3,540
Selling and distribution cost		26	24
		210,680	134,909
5.2 Capital work in progress			
The breakup of this head of account is as under:			
Civil works		47,619	47,619
Plant and machinery		1,071,592	989,538
Advances for capital expenditure		100,237	100,237
		1,219,448	1,137,394
6 LONG TERM LOANS AND ADVANCES - SECURED		1,044	2,224
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.			
7 STOCK IN TRADE			
Raw material and chemicals			
Corrugation and Soap segment	7.1	293,571	245,907
Battery segment		1,263,613	508,899
Packing material		30,865	24,721
Work-in-process		208,400	254,015
Finished goods		233,724	225,241
		2,030,173	1,258,783

7.1 Raw material and chemicals include stock in transit amounting to Rs. 79.178 million (June 30, 2018: Rs. 256.19 million).

7.2 The stock in trade of corrugation, soap and battery segment has been written down to net realizable value by Rs. Nil (June 30, 2018: Rs. 1.207 million), Rs. Nil (June 30, 2018: Rs. 0.806 million) and Rs. 12.541 million (June 30, 2018: Rs. 165.854 million) respectively, which is duly recognized in the cost of sales shown under "cost of sales" in accordance with the requirements of IAS - 2.

Notes To The Condensed Interim Financial Information (Un-Audited)

For the period ended December 31, 2018

	Note	Un-audited 31 December 2018	Audited 30 June 2018
Rupees in '000'			
8	SHORT TERM BORROWINGS - UNSECURED		
	From banking companies - secured and profit bearing		
	Bank Islami Pakistan Limited	500,000	500,000
	MCB Islamic Bank Limited	752,000	752,000
	Bank Al-Habib Limited		
	-Istisna	200,000	200,000
	-Import Murabaha	149,806	-
	Faysal Bank Limited	500,000	495,001
	Habib Metropolitan Bank Limited		
	-Istisna	200,000	-
	-Import Murabaha	71,839	-
	Allied Bank Limited	499,996	-
	Soneri Bank Limited	400,000	-
		3,273,641	1,947,001
	From related parties - unsecured		
	Treet Corporation Limited - holding company	6,143,140	5,795,525
		9,416,781	7,742,526

- 8.1** 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 (June 30, 2018: Rs. 500 million). This finance facility carries profit @ 3 months Kibor + 0.5% per annum payable quarterly; and is secured against BIPL's ownership of Istisna goods and 1st Pari Passu charge over all present and future current assets of the Modaraba amounting to Rs. 667 million (including 25% safety margin).
- 8.2** This represents Running Musharakah facility obtained to meet working capital requirements out of the sanctioned limit of Rs. 1,000 million (June 30, 2018: Rs. 1,000 million). This finance facility carries profit @ 3 months Kibor + 0.4% per annum payable quarterly; and is secured against 1st Joint Pari Passu charge with 25% margin over current assets and corporate guarantee of Messrs. Treet Corporation Limited.
- 8.3** This represents Istisna finance facility sub limit of Import Murabaha facility obtained during the year to meet working capital requirements out of the sanctioned limit of Rs. 200 million (30 June 2018: 200 million). This finance facility carries profit @ 3 months Kibor + 0.35% per annum payable quarterly; and is secured against ranking charge of Rs. 667 million (inclusive 25% margin) over present and future current assets of the company to be upgraded into Joint Pari Passu charge within 6 months of first disbursement, Lien over shipping documents and Lien over Contract/LC with 10% Margin.
- 8.4** This represents Import Murabaha facility obtained during the year to retire import documents under LC sight out of the sanctioned limit of Rs. 500 million (30 June 2018: 500 million). This finance facility carries profit @ 3 months Kibor + 0.35% per annum payable quarterly; and is secured against ranking charge of Rs. 667 million (inclusive 25% margin) over present and future current assets of the company to be upgraded into Joint Pari Passu charge within 6 months of first disbursement, Lien over shipping documents and Lien over Contract/LC with 10% Margin.
- 8.5** This represents Running Musharakah facility obtained during the year to fund working capital requirements of the Packaging, Battery and Soap business units of the Modaraba out of the sanctioned limit of Rs. 500 million (June 30, 2018: 500 million). This finance facility carries profit @ 3 months Kibor + 0.5% per annum payable quarterly; and is secured against 1st Pari Pass / Joint Pari Passu charge with 25% margin over current & fixed assets of the Modaraba and Cross Corporate Guarantee of M/s. Treet Corporation Limited.

- 8.6** This represents Istisna facility obtained during the year for manufacturing of soaps, corrugated boxes and Batteries out of the sanctioned limit of Rs. 200 million (30 June 2018: Nil). This finance facility carries profit @ 3 months Kibor + 0.35% per annum and is secured against Joint Pari Passu charge of Rs. 667 million over current assets & Plant & machinery of the company after incorporating 25% margin.
- 8.7** This represents Import Murabaha facility obtained during the year for procurement of raw materials, stocks, chemicals, stores, tools & spare parts etc. out of the sanctioned limit of Rs. 300 million (30 June 2018: Nil). This finance facility carries profit @ 6 months Kibor + 0.35% per annum and is secured against Joint Pari Passu charge of Rs. 667 million over current assets & Plant & machinery of the company after incorporating 25% margin.
- 8.8** This represents Running Musharakah facility obtained during the year to participate in the operating activity of Modaraba out of the sanctioned limit of Rs. 500 million (30 June 2018: Nil). This finance facility carries profit @ 3 months Kibor + 0.5% per annum payable quarterly; and is secured against 1st Pari Pass / Joint Pari Passu charge amounting to Rs 667 million over all present and future fixed assets(including Plant & Machinery, excluding Land and Building) and current assets of the Modaraba (with 25% margin).
- 8.9** This represents Istisna facility which is the Sub Limit Of SLC facility obtained during the year for the manufacturing of company's products i.e. Soap, Packaging, Batteries out of the sanctioned limit of Rs. 400 million (30 June 2018: Nil). This finance facility carries profit @ 6 months Kibor + 0.75% per annum and is secured against 1st Joint Pari Passu charge amounting to Rs 667 million over all present and future current assets & movable fixed assets (P&M) of the company with 25% margin to be registered with SECP and Corporate guarantee of Treet Corporation Limited.
- 8.10** This represents loan obtained from the above named related party towards the development project cost of the Battery project and working capital requirements of the Modaraba. It is unsecured, carries no profit and payable on demand, particularly when the project will have profitable operations and generate sufficient cash flows.

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		Rupees in '000'	
9	TRADE AND OTHER PAYABLES		
	9.1	177,344	280,081
9.1	These include balances payable to the following related parties: Treet Corporation Limited	18,000	35,000
10	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	156,261	589,898
	Temporary book overdraft - unsecured	(26,705)	(824)
	Cash and cash equivalents at end of the year	129,556	589,074

Notes To The Condensed Interim Financial Information (Un-Audited)

For the period ended December 31, 2018

11 Contingencies and commitments

11.1 Contingencies

There are no material changes in contingencies from the preceding annual published financial statements of the Modaraba for the year ended June 30, 2018 except for the following.

For the tax period July 2015 to June 2016, the Additional Commissioner Inland Revenue (ACIR), Audit Unit-03, Zone-VI, CRTO, Lahore, passed order under section 72B of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 7.114 million along with default surcharge of Rs. 2.678 million and penalty of Rs. 0.461 million mainly on the issue of inadmissibility of input sales tax. The Modaraba filed appeals against the order passed by ACIR before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication. The management and tax advisor of Modaraba are of the view that the aforesaid sales tax demand will be deleted by appellate authorities based a decision in favour of Registered Person (RP) on this issue by the Lahore High Court, Lahore.

11.2 Commitments

Capital commitments in respect of letters of credit as at December 31, 2018 in the sum of Rs. 21.951 million (June 30, 2018: Rs. 34.257 million) and other than capital commitments in the sum of Rs. 169.804 million (June 30, 2018 Rs. 433.582 million) 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 June 30, 2020, with an option to renew after that date. The future lease payments under the lease agreements are as under:

	Un-audited 31 December 2018	Audited 30 June 2018
	Rupees in '000'	
Not later than one year	12,340	12,340
Later than one year but not later than five years	24,680	12,340
	37,020	24,680

	Note	Un-audited		Un-audited		
		For the half year ended		For the quarter ended		
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	
		Rupees in '000'		Rupees in '000'		
12	COST OF GOODS SOLD					
	Packaging Solutions - Corrugated boxes	12.1	853,121	778,212	450,548	379,644
	Soap	12.2	436,544	309,195	240,974	135,374
	Batteries	12.3	1,179,570	-	610,959	-
			2,469,235	1,087,407	1,302,481	515,018
12.1	Cost of goods sold - Packaging Solutions					
	Raw material consumed					
	Opening stock		220,011	159,397	301,672	245,285
	Add : Purchases		696,853	572,890	297,217	209,146
			916,864	732,287	598,889	454,431
	Less : Closing stock		(255,105)	(184,883)	(255,105)	(184,883)
			661,759	547,404	343,784	269,548
	Stores and spares consumed		28,373	30,609	14,740	15,665
	Salaries, wages and other benefits		95,767	107,890	61,427	54,603
	Fuel and power		27,976	29,847	13,590	15,988
	Depreciation	5.1.2	9,631	9,463	4,815	4,767

Note	Un-Audited For the Half year ended		Un-Audited For the Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees in '000'		Rupees in '000'	
Rented premises - Treet Corporation Limited	6,000	9,000	6,000	9,000
Other expenses	26,000	10,910	11,901	8,992
	855,506	745,123	456,257	378,563
Work-in-process				
Add: Opening stock	10,723	35,353	11,198	8,731
Less: Closing stock	(8,279)	(10,783)	(8,279)	(10,783)
	2,444	24,570	2,919	(2,052)
	857,950	769,693	459,176	376,511
Finished goods				
Add: Opening stock	34,444	32,711	30,645	27,325
Less: Closing stock	(39,273)	(24,192)	(39,273)	(24,192)
	(4,829)	8,519	(8,628)	3,133
	853,121	778,212	450,548	379,644
12.2 Cost of goods sold - Soaps				
Raw material consumed				
Opening stock	45,665	58,229	56,240	59,137
Add : Purchases	380,451	294,403	197,821	126,532
	426,116	352,632	254,061	185,669
Less : Closing stock	(60,597)	(65,462)	(60,597)	(65,462)
	365,519	287,170	193,464	120,207
Stores and spares consumed	1,408	2,137	770	1,303
Salaries, wages and other benefits	18,430	25,212	12,358	11,095
Fuel and power	7,548	2,580	3,893	1,679
Plant rental	6,738	5,609	3,331	3,085
Depreciation	1,401	1,504	700	752
Rented premises - Treet Corpora- tion Limited	6,000	9,000	6,000	9,000
Other expenses	4,286	5,215	2,483	3,354
	411,330	338,427	222,999	150,475
Work-in-process				
Add: Opening stock	547	1,438	-	1,036
Less: Closing stock	(53)	(647)	(53)	(647)
	494	791	(53)	389
	411,824	339,218	222,946	150,864
Finished goods				
Add: Opening stock	42,980	22,544	36,288	37,077
Less: Closing stock	(18,260)	(52,567)	(18,260)	(52,567)
	24,720	(30,023)	18,028	(15,490)
	436,544	309,195	240,974	135,374

Notes To The Condensed Interim Financial Information (Un-Audited)

For the period ended December 31, 2018

	Note	Un-Audited For the Half year ended		Un-Audited For the Quarter ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Rupees in '000'		Rupees in '000'	
12.3 Cost of goods sold - Batteries					
Raw material consumed					
Opening stock		513,851	-	1,062,843	-
Add: Purchases		1,324,278	-	516,867	-
		1,838,129	-	1,579,710	-
Less: Closing stock		(1,272,347)	-	(1,272,347)	-
		565,782	-	307,363	-
Stores and spares consumed		29,158	-	13,876	-
Salaries, wages and other benefits		166,050	-	87,885	-
Fuel and power		141,103	-	79,898	-
Depreciation	5.1.2	196,490	-	72,097	-
Rented premises - Treet Corporation Limited		6,000	-	6,000	-
Other expenses		60,684	-	29,537	-
		1,165,267	-	596,656	-
Work-in-process					
Add: Opening stock		242,745	-	242,745	-
Less: Closing stock		(200,068)	-	(200,068)	-
		42,677	-	42,677	-
		1,207,944	-	639,333	-
Finished goods					
Add: Opening stock		147,817	-	147,817	-
Less: Closing stock		(176,191)	-	(176,191)	-
		(28,374)	-	(28,374)	-
		1,179,570	-	610,959	-
13 Finance cost					
Istisna finance charges		26,318	24,008	13,488	20,790
Musharaka finance charges		77,915	-	39,932	-
Murabaha finance charges		3,420	-	1,753	-
Exchange loss		18,029	115	18,029	(9)
Bank charges		1,386	406	764	122
		127,068	24,529	73,966	20,903

Notes To The Condensed Interim Financial Information (Un-Audited)
 For the period ended December 31, 2018

14.1 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		Unallocated		Total	
	Un-Audited December 31, 2018	Audited June 30, 2018								
Segment assets	2,428,075	2,464,654	219,479	187,354	10,122,388	9,332,033	-	235,324	12,769,942	12,219,365
Segment liabilities	3,418,602	1,559,812	35,980	455,324	6,266,778	6,135,638	-	-	9,721,360	8,150,774
Depreciation on property, plant and equipment	10,566	20,750	1,401	2,773	198,713	111,386	-	-	210,680	134,909

15 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, 2018	December 31, 2017
			Rupees in '000'	
Treet Corporation Limited	Holding company	Sale of corrugated boxes	12,448	11,308
		Expenses for operational activities of battery project	240,242	-
		Rental of facilities	18,000	18,000
		Dividend paid	-	105,162
Treet HR Management (Private) Limited	Associated undertaking	Services obtained	5,625	5,625
Packages Limited	Associated undertaking	Purchase of goods	57,615	42,128
IGI Insurance Limited	Associated undertaking	Services obtained	10,889	1,188
Renacon Pharma Limited	Associated undertaking	Sale of corrugated boxes	7,054	5,041
Treet Holdings Limited	Associated undertaking	Purchase of goods	1,804	-
		Dividend paid	-	11,772
Ghulab Devi Chest Hospital	Associated undertaking	Donation given to the charitable institution	83	-
Loads Limited	Associated undertaking	Expenses paid on the behalf of the associate; included in advances, prepayments and other receivables	3,930	-

16 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 26, 2019 .

17 General

- 17.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 17.2 Corresponding figures have been rearranged / regrouped where necessary to facilitate comparison and better understanding. However, no major reclassification has been made in this condensed interim financial information.
- 17.3 All figures, except for June 30, 2018 figures, appearing in this condensed interim financial information are unaudited.

LAHORE
February 26, 2019



Syed Shahid Ali
Chief Executive Officer



Amir Zia
Group Chief financial officer



Muhammad Shafique Anjum
Director



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