



FIRST TREET MANUFACTURING MODARABA

Half Yearly Financial Statement

JULY - DECEMBER
2015 - 2016

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Corporate Information

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Shah Syed Sheharyar Ali Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Mr. Muhammad Shafique Anjum	Chairperson Chief Executive Officer Director Director Director Director Director Director
AUDIT COMMITTEE:	Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Rana Shakeel Shaukat	Chairman/Member Member Member Secretary
CHIEF ACCOUNTANTS:	Mr. Sohail Habib Mr. Sajjad Haider Khan	Modaraba Company Modaraba
COMPANY SECRETARY:	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT:	Mr. Muhammad Ali	
EXTERNAL AUDITORS:	KPMG Taseer Hadi & Co.	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	Kreston Hyder Bhimji & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Iftikhar Baig	
BANKERS:	Allied Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited	JS Bank Limited MCB Bank Limited National Bank of Pakistan 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 to present financial statements (limited reviewed by the statutory auditors) for the 1st half ending on December 31, 2015.

Financial Results

Rs. in 000'	2015-2016	2014-2015
Net Sales	1,433,590	1,313,759
Gross Profit	217,860	159,065
Net Profit	163,333	58,788
Profit per Certificate	1.19	0.45
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	22.24	11.80

Sales performance (in % change) is described below:

2015-2016				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	483,206	950,384	-	1,433,590
Inter-Segment Sales	-	10,856	-	10,856
	483,206	961,240	-	1,444,446

2014-2015				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	412,587	901,171	17,347	1,331,105
Inter-Segment Sales	-	15,908	78,375	94,283
	412,587	917,079	95,722	1,425,388
Sales Growth %	17.12%	4.82%	-100.00%	1.34%

Margins are generally increased due to the following reasons:

- Paper & Board operations showed decline due to discontinuation of operation in September 2014;
- Corrugation segment maintained its volumes and margins;
- Soap segment showed excellent growth;
- Your Modaraba is setting up battery (lead acid) project. Batteries (for vehicles/UPS) growth in the Country remained impressive in the last five to six year. This trend is likely to continue. Your Modaraba will build, construct, and commission, procure, erect and run/manage "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. 40 acres of land has been acquired by your Modaraba for the purpose. Your Modaraba has already raised Rs. 2.608 billion through right issue [first tranche out of Rs. 4.00 billion] @Rs. 40/- per certificate (including premium of Rs. 30/- per certificate). Land has been procured and letter of credits for the plant & machinery have been established. Civil work is about to begin. It is expected that production will be started at end of December 2016.

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 26, 2016

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Treet Manufacturing Modaraba** (“the Modaraba”) as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim unconsolidated 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 six-months period then ended (here-in-after referred to as “the 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.

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.

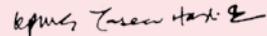
Conclusion

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 matters

The figures for the quarters ended 31 December 2015 and 31 December 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

LAHORE:
February 26, 2016


KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Condensed Interim Balance Sheet

As at December 31, 2015 (Un-audited)

	Note	December 31, 2015 Un-audited (Rupees in thousand)	June 30, 2015 Audited
ASSETS			
Non current assets			
Property, plant and equipment	5	1,776,907	665,119
Long term loans and advances		13,284	15,553
Long term deposits		13,633	14,625
		1,803,824	695,297
Current assets			
Stores and spares		51,534	49,542
Stock in trade	6	427,967	474,478
Trade debts		393,645	365,012
Advances, deposits, prepayments and other receivables		69,392	30,689
Tax refunds due from the Government		91,581	94,373
Short Term Investment		300,000	200,000
Cash and bank balances		1,608,129	143,381
		2,942,248	1,357,475
Total assets		4,746,072	2,052,772
Equity and liabilities			
Certificate capital and reserves			
Authorized certificate capital 250,000,000 (30 June 2015: 150,000,000) Modaraba certificates of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital		1,956,000	1,304,000
Share premium		1,952,870	-
Statutory reserve		313,436	313,436
Accumulated profit		127,048	43,866
Certificate holders' equity		4,349,354	1,661,302
Surplus on the revaluation of property, plant and equipment		30,438	31,135
Non-current liabilities			
Long term liability against purchase of land		140,881	169,093
Current liabilities			
Current maturity of liability against purchase of land		56,602	56,602
Retention money		3,797	3,806
Trade and other payables		165,000	130,834
		225,399	191,242
Contingencies and commitments	7		
Total equity and liabilities		4,746,072	2,052,772

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:
February 26, 2016


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Profit and Loss Account

For the period ended December 31, 2015 (Un-audited)

	Note	For the half year ended		For the quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
(Rupees in thousand)					
<u>Continuing operations</u>					
Sales - net		1,433,590	1,313,759	704,352	650,675
Cost of goods sold	8	(1,215,730)	(1,154,694)	(596,630)	(580,227)
Gross profit		217,860	159,065	107,722	70,448
Administrative expenses		(16,461)	(12,774)	(13,438)	(6,988)
Distribution expenses		(53,959)	(60,429)	(30,214)	(32,464)
		(70,420)	(73,203)	(43,652)	(39,452)
Operating profit		147,440	85,862	64,070	30,996
Finance cost		(131)	(70)	(114)	(57)
Other income		16,024	8,768	10,692	7,745
Net profit for the period from continuing operations		163,333	94,560	74,648	38,684
<u>Discontinued operation</u>					
Net loss for the period from discontinued operation	9	-	(35,772)	-	-
Net profit for the period		163,333	58,788	74,648	38,684
Earnings/ (loss) per modaraba certificate basic and diluted:					
-from continuing operations	Rupees	1.19	0.72	0.52	0.30
-from discontinued operation	Rupees	-	(0.27)	-	-
	Rupees	1.19	0.45	0.52	0.30

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:
 February 26, 2016


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2015 (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees in thousand) -----			
Profit for the period	163,333	58,788	74,648	38,684
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	163,333	58,788	74,648	38,684
<u>Attributable to:</u>				
-Continuing operations	163,333	94,560	74,648	38,684
-Discontinued operation	-	(35,772)	-	-
	163,333	58,788	74,648	38,684

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:
February 26, 2016


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Condensed Interim Cash Flow Statement

For the period ended December 31, 2015 (Un-audited)

	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	163,333	58,788
Adjustment for non-cash and other items:		
Depreciation	15,834	17,388
Loss on sale of fuel	-	1,112
Loss on sale of paper and board mill	-	35,043
Finance cost	131	72
	15,965	53,615
Operating profit before working capital changes	179,298	112,403
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(1,992)	15,524
Stock in trade	46,511	(190,998)
Trade debts	(28,633)	52,423
Advances, deposits, prepayments and other receivables	(38,703)	23,862
	(22,817)	(99,189)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	34,166	(4,667)
Retention money	(9)	889
	34,157	(3,778)
Cash generated from operations	190,638	9,436
Finance cost paid	(131)	(72)
Taxes (paid)/ refunded	2,792	(1,431)
Net cash generated from operating activities	193,299	7,933
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,127,622)	(24,684)
Proceeds from sale of fuel	-	10,300
Long term loans advances	2,269	-
Long term deposits	992	9,579
Short term investment	(100,000)	-
Proceeds from sale of paper and board mill	-	154,345
Net cash generated (used in)/ from investing activities	(1,224,361)	149,540
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Modaraba certificates	2,604,870	-
Repayment of liability against purchase of land	(28,212)	-
Profit distributed	(80,848)	(44,988)
Net cash used in financing activities	2,495,810	(44,988)
Net increase in cash and cash equivalents	1,464,748	112,485
Cash and cash equivalents at the beginning of the period	143,381	181,037
Cash and cash equivalents at end of the period	1,608,129	293,522

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:
 February 26, 2016


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Condensed Interim Statement of Changes in Equity

For the period ended December 31, 2015 (Un-audited)

	Certificate capital	Share premium	Statutory reserve	Accumulated profit	Total
..... (Rupees in thousand)					
Balance as at 01 July 2014	1,304,000	-	252,091	1,060	1,557,151
Total comprehensive income for the period	-	-	-	58,788	58,788
<i>Surplus transferred to accumulated profit on account of:</i>					
Incremental depreciation for the period					
- continuing operations	-	-	-	697	697
- discontinued operation	-	-	-	110	110
	-	-	-	807	807
Transfer of surplus on revaluation of property, plant and equipment on disposal of paper and board mill	-	-	-	11,323	11,323
Profit distribution @ 3.45% for the year ended 30 June 2014	-	-	-	(44,988)	(44,988)
Balance as at 31 December 2014	1,304,000	-	252,091	26,990	1,583,081
<i>Surplus transferred to accumulated profit on account of:</i>					
-disposal of land and building	-	-	-	111	111
-incremental depreciation charged for the period	-	-	-	576	576
	-	-	-	687	687
Total comprehensive income for the period	-	-	-	77,534	77,534
Transfer to statutory reserve @ 45%	-	-	61,345	(61,345)	-
Balance as at 30 June 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 accumulated profit on 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

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:
February 26, 2016


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Condensed Interim Financial Information For the period ended December 31, 2015 (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 Lahore Stock Exchange (subsequent to period end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange). The Modaraba is engaged in the manufacture and sale of corrugated boxes and soap.

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). The disclosures in the condensed interim financial information do not include all the information reported in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Except for note 3.2, 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 2015. The Modaraba has adopted IFRS 13 'Fair Value Measurement' during the period which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' is disclosed in notes 3.2 and 12 to this condensed interim financial information.

3.2 IFRS 13 Fair value measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required and permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants on the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7 Financial Instruments : Disclosures. As a result the Modaraba has added additional disclosures in this regard in note 12 to the condensed interim financial information. In accordance with the transitional provisions of IFRS 13, the Modaraba has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no significant impacts on the measurements of the Modaraba's financial assets and liabilities.

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 were the same as those applied to the annual financial statements for the year ended 30 June 2015.

	Note	December 31, 2015 (Rupees in thousand)	June 30, 2015
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	766,977	556,055
Capital work-in-progress	5.2	1,009,930	109,064
		1,776,907	665,119
5.1 Operating fixed assets			
Opening balance - net book value		556,055	460,936
Additions during the period / year		226,756	292,463
Net disposal during the period/year	9	-	(164,398)
Revaluation surplus during the period / year		-	-
Depreciation charged during the period / year	5.1.2	(15,834)	(32,946)
Closing balance - net book value		766,977	556,055

5.1.2 The depreciation charge for the period / year has been allocated to cost of goods sold as under:

	Note	December 31, 2015 (Rupees in thousand)	June 30, 2015
<u>Continuing operations</u>			
Packaging solutions - Corrugated boxes	8.1	14,341	27,203
Soaps	8.2	1,493	2,809
		15,834	30,012
<u>Discontinued operation</u>			
Paper and board mill - Paper		-	2,934
		15,834	32,946

5.2 This represents civil works and advances given to suppliers of equipment for battery project.

6. STOCK-IN-TRADE			
Raw material and chemicals	6.1	310,867	388,101
Packing material		36,556	22,033
Work-in-process		15,465	16,683
Finished goods		65,079	47,661
		427,967	474,478

6.1 Raw material include stock in transit amounting to Rs. 8.24 million (30 June 2015: Rs. 17.14 million).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There are no material changes in contingencies from the preceding annual published financial statements of the Modaraba for the year ended 30 June 2015.

7.2 Commitments

Outstanding letters of credit as at 31 December 2015 amount to Rs. 1,385 million (30 June 2015: Rs. 197 million).

7.3 Operating leases

The Modaraba has acquired plant and machinery for its soaps manufacturing facility on operating lease. This lease runs for the maximum period of 10 years ending on 30 June 2020, with an option to renew after that date.

	December 31, 2015	June 30, 2015
	(Rupees in thousand)	
Future lease payments under the lease agreements are:		
Not later than one year	9,796	9,796
Later than one year but not later than five years	44,321	49,218
Later than five years	-	-
	54,117	59,014

Note	For the half year ended		For the quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			
8. COST OF GOODS SOLD				
<i>Continuing Operations:</i>				
Packaging Solutions - Corrugated boxes	838,874	808,109	420,036	412,526
Soap	376,856	346,585	176,594	167,701
	1,215,730	1,154,694	596,630	580,227
8.1 Cost of goods sold - Packaging Solutions				
Opening stock	123,661	202,099	44,236	42,085
Add: Purchases	617,639	853,822	361,559	691,621
	741,300	1,055,921	405,795	733,706
Less : Closing stock	(70,126)	(397,353)	(70,126)	(397,353)
Raw material consumed	671,174	658,568	335,669	336,353
Stores and spares consumed	20,361	18,217	8,271	10,530
Salaries, wages and other benefits	93,357	72,035	47,321	38,952
Fuel and power	25,817	31,584	13,222	15,602
Depreciation	14,341	13,046	7,247	6,365
Other expenses	14,708	19,903	7,439	13,189
	839,758	813,353	419,169	420,991
Work-in-process				
Add: Opening stock	4,676	4,790	4,934	2,979
Less: Closing stock	(5,033)	(8,370)	(5,033)	(8,370)
	(357)	(3,580)	(99)	(5,391)
	839,401	809,773	419,070	415,600
Finished goods				
Add: Opening stock	24,200	16,275	25,693	14,865
Less: Closing stock	(24,727)	(17,939)	(24,727)	(17,939)
	(527)	(1,664)	966	(3,074)
	838,874	808,109	420,036	412,526

	For the half year ended		For the quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
----- (Rupees in thousand) -----				
8.2 Cost of goods sold - Soaps				
Opening stock	286,473	102,700	278,032	7,245
Add : Purchases	323,242	273,993	175,292	283,962
	609,715	376,693	453,324	291,207
Less : Closing stock	(277,298)	(91,571)	(277,298)	(145,874)
Raw material consumed	332,417	285,122	176,026	145,333
Stores and spares consumed	2,409	4,537	1,381	1,456
Salaries, wages and other benefits	20,334	21,508	11,200	13,319
Fuel and power	5,665	29,697	2,485	18,999
Plant rental	6,477	4,898	4,844	2,449
Depreciation	1,493	1,408	754	1,408
Other expenses	23,377	9,842	2,784	6,636
	392,172	357,012	199,474	189,600
Work-in-process				
Add: Opening stock	12,007	28,317	11,692	30,487
Less: Closing stock	(10,432)	(41,142)	(10,432)	(41,142)
	1,575	(12,825)	1,260	(10,655)
	393,747	344,187	200,734	178,945
Finished goods				
Add: Opening stock	23,461	2,942	16,212	29,300
Less: Closing stock	(40,352)	(544)	(40,352)	(40,544)
	(16,891)	2,398	(24,140)	(11,244)
	376,856	346,585	176,594	167,701

9. DISCONTINUED OPERATION

The Board of Directors of Modaraba Management Company on 01 September 2014 approved the sale of assets of Paper and Board Mill segment of the Modaraba. In line with the decision taken by the Board, the Modaraba entered into a sale agreement dated 03 September 2014 to sell off assets of Paper and Board mill segment including land, building, plant and machinery, computer and equipment, security deposit for electricity supply and related store and spares against the gross consideration including sales tax amounting to Rs. 162 million. Assets and liabilities other than mentioned above were retained by the Modaraba and allocated to Packaging solution segment.

	Note	For the half year ended		For the quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in thousand)			
9.1 Profit and Loss on discontinued operations					
Local sales - net		-	7,047	-	-
Sale to continuing operations		-	78,375	-	-
Cost of sales		-	85,422	-	-
		-	(85,885)	-	-
Gross profit		-	(463)	-	-
Administration expenses		-	(78)	-	-
Distribution expenses		-	(348)	-	-
		-	(426)	-	-
Operating loss		-	(889)	-	-
Finance cost		-	(2)	-	-
Other income		-	164	-	-
		-	(727)	-	-
Operation	9.3	-	(35,045)	-	-
Loss for the period from discontinued operation		-	(35,772)	-	-
				December 31, 2015	December 31, 2014
				(Rupees in thousand)	
9.2 Cash flow generated from discontinued operation					
Net cash generated from operating activities				-	2,207
Net cash generated from investing activities				-	154,345
Net cash generated from discontinued operation				-	156,552
				Net Book values at the date of sale	
				2015	2014
				(Rupees in thousand)	
9.3 Effect of disposal on the financial position					
Property, plant and equipment				-	164,398
Long term deposits				-	4,590
Stores and spares				-	19,427
Stock in trade				-	975
Net assets sold				-	189,390
Consideration received net of sale tax				-	154,345
Net loss on disposal				-	(35,045)

10. BUSINESS SEGMENTS

The Modaraba was engaged into three main business segments, however, during the year ended 30 June 2015, the Modaraba discontinued Paper and Board mill segment and as at 31 December 2015 following are the continuing business segments.

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

	----- Continuing operations -----						Discontinued operations	
	Packaging solution Corrugated Boxes		Soaps		Total		Paper & board Mill - Paper	
	December 31, 2015	2014	December 31, 2015	2014	December 31, 2015	2014	December 31, 2015	2014
	(-----Rupees in thousand-----)							
Sales: Inter-segment	10,856	15,907	-	-	10,856	15,907	-	78,375
Others	1,092,826	1,050,526	586,450	494,057	1,679,276	1,544,583	-	15,903
	1,103,682	1,066,433	586,450	494,057	1,690,132	1,560,490	-	94,278
Less: Sales tax	(153,205)	(147,092)	(103,244)	(81,470)	(256,449)	(228,562)	-	(8,856)
Trade discount	(93)	(2,262)	-	-	(93)	(2,262)	-	-
Net sales	950,384	917,079	483,206	412,587	1,433,590	1,329,666	-	85,422
Cost of sales	838,874	808,109	376,856	362,492	1,215,730	1,170,601	-	85,885
Gross profit/(loss)	111,510	108,970	106,350	50,095	217,860	159,065	-	(463)
Administrative expenses	11,271	8,023	5,190	4,751	16,461	12,774	-	78
Distribution expenses	49,500	57,005	4,459	3,424	53,959	60,429	-	348
	60,771	65,028	9,649	8,175	70,420	73,203	-	426
Operating profit/ (loss)	50,739	43,942	96,701	41,920	147,440	85,862	-	(889)
Finance cost					(131)	(70)	-	(2)
Other income					16,024	8,768	-	164
Loss on sale of discontinued operations					-	-	-	(35,045)
Net profit/ (loss) for the period					163,333	94,560	-	(35,772)

10.1 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		Unallocated		Total	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	(-----Rupees in thousand-----)							
Segment assets	4,024,268	1,368,282	522,700	418,966	199,104	265,524	4,746,072	2,052,772
Segment liabilities	102,163	97,972	47,450	36,668	216,667	225,695	366,280	360,335

11. 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 with related parties are as follows:

Name of parties	Nature of relationship	Nature and description of related party transaction	For the half year ended	
			December 31 2015	December 31 2014
			(Rupees in thousand)	
Treet Corporation Limited	Associated undertaking	Sale of corrugated boxes	8,621	11,591
		Rental of facilities	-	10,000
Treet HR Management (Private) Limited	Associated undertaking	Purchase of services	6,194	69,695
Packages Limited	Associated undertaking	Purchase of goods	51,963	33,483
Bulleh Shah Packaging (Private) Limited	Associated undertaking	Purchase of goods	-	21,075

12. FINANCIAL INSTRUMENTS-FAIR VALUES

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

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

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

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

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Note	Carrying Amount			Fair Value		
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	---- (Rupees in thousand) ----			---- (Rupees in thousand) ----		
On-Balance sheet financial instruments						
<u>31 December 2015- (Un-audited)</u>						
Financial assets measured at fair value						
Financial assets not measured at fair value 12.1						
Cash and bank balances	1,608,129	-	1,608,129	-	-	-
Advances, deposits and other receivables	19,561	-	19,561	-	-	-
Long term deposits	15,213	-	15,213	-	-	-
Tax refunds due from the Government	91,581	-	91,581	-	-	-
Long term loans and advances	13,284	-	13,284	-	-	-
Trade debts - unsecured, considered good	393,645	-	393,645	-	-	-
Short term investments	300,000	-	300,000	-	300,000	-
	2,441,413	-	2,441,413	-	300,000	-
Financial liabilities measured at fair value						
Financial liabilities not measured at fair value 12.1						
Retention Money	-	3,797	3,797	-	-	-
Long term liability against purchase of land	-	197,483	197,483	-	-	-
Trade and other payables	-	165,000	165,000	-	-	-
	-	366,280	366,280	-	-	-

12.1 The Modaraba has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

13. 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 26 February 2016.

14. GENERAL

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

14.2 No significant re-arrangements or re-classifications have been made in the corresponding figures.

14.3 All figures, except for 30 June 2015 figures, appearing in this condensed interim financial information are unaudited.

LAHORE:
February 26, 2016



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director





TREET GROUP OF COMPANIES



TREET CORPORATION LIMITED



GLOBAL ECONO TRADE (PVT.) LIMITED
(A wholly owned subsidiary of Treet Corporation Ltd.)



**PACKAGING
SOLUTIONS**

(A Project Under FTMM)



MOTOR BIKE PROJECT



Treet HR Management (Private) Limited
(formerly TCL Labor-Hire Company (Private) Limited)