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# 1st Quarterly Financial Statement

JULY - SEPTEMBER

2016 - 2017



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FIRST TREET MANUFACTURING MODARABA

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## Corporate Information

<b>BOARD OF DIRECTORS:</b>	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 Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
<b>AUDIT COMMITTEE:</b>	Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Rana Shakeel Shaukat	Chairman/Member Member Member Secretary
<b>CHIEF ACCOUNTANTS:</b>	Mr. Sohail Habib Mr. Sajjad Haider Khan	Modaraba Company Modaraba
<b>COMPANY SECRETARY:</b>	Rana Shakeel Shaukat	
<b>EXTERNAL AUDITORS:</b>	Kreston Hyder Bhimji & Company	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>LEGAL ADVISORS:</b>	Saleem & Baig	Advocates
<b>CORPORATE ADVISORS:</b>	Cornelius Lane & Mufti - Advocates	
<b>SHARIAH ADVISOR:</b>	Mufti Muhammad Javed Hassan	
<b>BANKERS:</b>	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	
<b>REGISTERED OFFICE/ PLACE OF BUSINESS:</b>	72-B, Industrial Area, Kot Lakhpat, Lahore. Ph: 042-35830881, 35156567 Fax: 042-35114127, 35117650 Email: info@treetonline.com web: www.treetgroup.com	

<b>SHARES REGISTRAR:</b>	Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Email: corplink786@gmail.com
<b>PACKAGING SOLUTIONS - CORRUGATION:</b>	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore
<b>SOAP PLANT:</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala
<b>BATTERY PROJECT:</b>	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 un-audited financial statements for the **1st Quarter** ending on September 30, 2016.

### Financial Results

Rs. in 000'	2016-2017	2015-2016
Net Sales	689,324	729,238
Gross Profit	107,491	110,138
Net Profit	83,111	88,685
Profit/(Loss) per Certificate	0.42	0.68
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	23.23	13.41

Sales performance (in % change) is described below:

2016-2017			
Rs. in 000'	Soap	Corrugation	Total
Sales	266,448	422,876	689,324
Inter-Segment Sales	-	5,171	5,171
	266,448	428,047	694,495

2015-2016			
Rs. in 000'	Soap	Corrugation	Total
Sales	257,455	471,783	729,238
Inter-Segment Sales	-	5,825	5,825
	257,455	477,608	735,063
Sales Growth %	3.49%	-10.38%	-5.52%

**Margins are maintained despite decrease in sales volumes:**

- Corrugation Segment showed decline but margins are maintained;
- Sale of Soap showed excellent growth and maintained margins;

### RIGHT ISSUE

Your Modaraba has made 50% (i.e. One Certificate for every two certificates held by the existing certificate holders of the Modaraba) right issue totaling Rs. 2,607,999,920/- divided into 65,199,998 Certificates of Rs. 10/- each at a premium of Rs. 30/- per certificate i.e. right offer price is Rs. 40/- per certificate. Proceeds are utilized for the battery project. Utilization of proceeds is as follows:

<b>Utilization of Proceeds from 50% Right Issue</b>	<b>30-09-2016</b>
	Rs.
Proceeds of Right i.e. (65,199,998 shares @ Rs. 40/- each)	2,607,999,920
Advances/incidents paid against Letter of Credits (for Plant & Machinery & Building Material)	339,811,161
Paid to FIEDMC (against 40 acres of Land in Faisalabad)	110,358,415
Other (including operating expenses & liabilities)	50,222,830
Plant & Machinery	2,898,541,904
Building & Improvement	137,994,079
	3,536,928,389
Unutilized Balance available	(928,928,469)

Please note that this as mentioned earlier funds are being raised in two tranches and 2nd right issue will be made as and when Board of Directors may deem fit.

#### **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 Stock 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: October 27, 2016

## رائٹ ایشو

آپ کے مضاربہ نے 50% (یعنی ہر دو سرٹیفکیٹ کے عوض ایک سرٹیفکیٹ جو مضاربہ کے موجودہ سرٹیفکیٹ) ہولڈرز کے پاس ہے 2,607,999,920 کا ڈیویڈنڈ قابل تقسیم 65,199,998 سرٹیفکیٹس (فی سرٹیفکیٹ -/10 مع پریمیم -/30 فی سرٹیفکیٹ رائٹ آفر کی قیمت -/40 روپے فی سرٹیفکیٹ ہے حاصل شدہ رقم بیٹری پراجیکٹ کیلئے استعمال ہوگی جس کا طریقہ کار درج ذیل ہے۔

30-09-2016  
(روپے)

50% رائٹ ایشو سے ہونے والی آمدنی کا استعمال

رائٹ سے آمدنی یعنی (-/40 روپے فی شیئر کے حساب سے 65,199,998 شیئرز) 2,607,999,920

339,811,161 (پلانٹ، مشینری اور بلڈنگ میٹریل کے لیے) لیٹر آف کریڈٹس کے نام پر پیشگی اور انسٹیٹیل ادا کیگیاں

110,358,415 (فیصل آباد میں 140 ایکڑ اراضی کے لیے) ایف آئی ای ڈی ایم سی کو ادا کیگیاں

50,222,830 دیگر (بشمول آپریٹنگ اخراجات اور ذمہ داریاں)

2,898,541,904 پلانٹ اور مشینری

137,994,079 بلڈنگ اور امپرومنٹ

3,536,928,389

(928,928,469)

دستیاب غیر استعمال شدہ بلینس

یاد رہے کہ مذکورہ رقم دو مراحل میں حاصل کی جائے گی دوسرے رائٹ ایشو کا فیصلہ حسب ضرورت و منشاء بورڈ آف ڈائریکٹرز کیا جائے گا۔

## اعتراف

بورڈ آف ڈائریکٹرز اپنے معزز خریداروں کا ہم پر اعتماد اور سرپرستی پران کا مشکور ہے اور اس کے ساتھ ساتھ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان سٹاک ایکسچینج لمیٹڈ اور مضاربہ ایسوسی ایشن آف پاکستان کا انکی رہنمائی اور حمایت کا بھی مشکور ہے۔

اپنے سرٹیفکیٹ ہولڈرز کے ہم پر اعتماد اور بھروسے کے خصوصاً مشکور ہیں۔



سید شاہد علی

چیف ایگزیکٹو آفیسر

لاہور

تاریخ: 27 اکتوبر 2016

## ڈائریکٹرز کارپوریٹ

ٹریٹ ہولڈنگز لمیٹڈ (میجمنٹ کمپنی فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ) بورڈ آف ڈائریکٹرز پہلی سہ ماہی ختمہ 30 ستمبر 2016 (غیر آڈٹ شدہ) کے مالی حسابات پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

## مالی نتائج

2015-2016	2016-2017	Rs. in 000'
729,238	689,324	خالص فروخت
110,138	107,491	مجموعی منافع
88,685	83,111	خالص منافع
0.68	0.42	(نفع/نقصان) فی سرٹیفکیٹ
Nil	Nil	ریزرو میں منتقلی
13.41	23.23	سرٹیفکیٹ کی بک ویلیو

## 2016-17

فروختگی کی شرح فی صد میں درج ذیل ہے۔

ٹوٹل	کارو گیشن	صابن	Rs. in 000'
689,324	422,876	266,448	فروخت
5,171	5,171	-	انٹرگروپ فروخت
694,495	428,047	266,448	

## 2015-16

ٹوٹل	کارو گیشن	صابن	Rs. in 000'
729,238	471,783	257,455	فروخت
5,825	5,825	-	انٹرگروپ فروخت
735,063	477,608	257,455	
-5.52%	-10.38%	3.49%	شرح نمو

فروخت کے حجم میں کمی کے باوجود مارجنز برقرار رکھے گئے

← کارو گیشن میں کمی کے باوجود مارجنز برقرار ہیں

← صابن کی فروخت میں شاندار اضافے کے ساتھ مارجنز برقرار ہیں




## Condensed Interim Balance Sheet

As at September 30, 2016 (Un-audited)

	September 30, 2016 Un-audited (Rupees in thousand)	June 30, 2016 Audited
	Note	
<b>Property, plant and equipment</b>	4,218,201	3,779,775
<b>Long term loans and deposits</b>	31,087	27,683
	4,249,288	3,807,458
<b>CURRENT ASSETS</b>		
Stores and spares	123,126	66,891
Stock-in-trade	402,855	358,845
Trade debts - unsecured considered good	378,052	378,708
Loans, advances, deposits, prepayments and other receivables	484,713	378,889
Cash and bank balances	196,645	199,931
	1,585,391	1,383,264
<b>CURRENT LIABILITIES</b>		
Current portion of non-current liabilities	56,602	56,602
Trade and other payables	1,135,468	560,633
	1,192,070	617,235
<b>NET CURRENT ASSETS</b>	393,321	766,029
<b>NET ASSETS</b>	4,642,609	4,573,487
<b>FINANCED BY:</b>		
Issued, subscribed and paid-up capital	1,956,000	1,956,000
Capital reserve	2,383,598	2,383,598
Unappropriated profit	174,922	91,466
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>	4,514,520	4,431,064
Surplus on revaluation of fixed assets	29,405	29,753
Long term deposits	98,684	112,670
Contingencies and commitments	5	-
	4,642,609	4,573,487

The attached notes 1 to 10 form an integral part of this condensed interim financial information.

LAHORE:  
October 27, 2016

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director


## Condensed Interim Profit and Loss Account

For the period ended September 30, 2016 (Un-audited)

	Note	3 Months ended	
		July to Sept. 2016	July to Sept. 2015
		(Rupees in thousand)	
Net sales	6	689,324	729,238
Cost of Goods Sold	7	(581,833)	(619,100)
<b>Gross Profit</b>		107,491	110,138
Operating expenses :			
- Administrative expenses		(3,972)	(3,023)
- Selling & distribution expenses		(22,945)	(23,745)
		(26,917)	(26,768)
<b>Operating Profit</b>		80,574	83,370
Other income		2,551	5,332
		83,125	88,702
Financial expenses		(14)	(17)
		83,111	88,685
Workers' Profit Participation Fund		-	-
Workers' Welfare Fund		-	-
		-	-
<b>Profit before taxation</b>		83,111	88,685
Taxation		-	-
<b>Profit after taxation</b>		83,111	88,685
<b>Earnings per certificate continuing operations</b>		0.42	0.68

The attached notes 1 to 10 form an integral part of this condensed interim financial information.

LAHORE:  
October 27, 2016

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Statement of Comprehensive Income


For the period ended September 30, 2016 (Un-audited)

	3 Months ended	
	July to Sept. 2016	July to Sept. 2015
	(Rupees in thousand)	
<b>Profit after taxation</b>	83,111	88,685
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the period</b>	83,111	88,685

Appropriations have been reflected in the statement of changes in equity.

The attached notes 1 to 10 form an integral part of this condensed interim financial information.

LAHORE:  
October 27, 2016

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director


## Condensed Interim Cash Flow Statement

For the period ended September 30, 2016 (Un-audited)

	July to September 2016 (Rupees in thousand)	July to September 2015 (Rupees in thousand)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	83,111	88,685
Adjustments for non cash items :		
Financial charges for the period	14	17
Depreciation on property, plant and equipment	8,118	7,833
Profit on bank deposits	(2,020)	(4,239)
	6,112	3,611
<b>Operating profit before working capital changes</b>	89,223	92,296
(Increase) / decrease in operating assets :		
Stores and spares	(56,235)	3,613
Stock-in-trade	(44,010)	93,676
Trade debts	656	(40,998)
Short term investments	-	200,000
Loans, advances, deposits, prepayments and other receivables	(104,080)	(39,104)
	(203,669)	217,187
Increase / (decrease) in operating liabilities		
Trade and other payables	574,835	76,082
<b>Cash generated from operations</b>	460,389	385,565
Financial charges paid	(14)	(17)
Taxes paid	(1,746)	(4,583)
	(1,760)	(4,600)
<b>Net cash from operating activities</b>	458,629	380,965
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(446,544)	(289,815)
Long term deposits	(3,404)	(1)
Profit received on bank deposits	2,020	4,239
<b>Net cash outflow from investing activities</b>	(447,928)	(285,577)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long Term Deposits	(13,986)	(14,106)
Dividend paid	(1)	-
<b>Net cash from financing activities</b>	(13,987)	(14,106)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,286)	81,282
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	199,931	143,380
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	196,645	224,662
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	196,645	224,662
Finance under mark-up arrangements	-	-
	196,645	224,662

The attached notes 1 to 10 form an integral part of this condensed interim financial information.

LAHORE:  
October 27, 2016

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

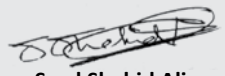
## Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2016 (Un-audited)

	Certificate Capital	Certificate Premium	Statutory Reserve	Unappro- priated Profit/(Loss)	Total
..... (Rupees in thousand) .....					
<b>Balance as at June 30, 2015</b>	1,304,000	-	313,436	43,866	1,661,302
Total comprehensive income for the period	-	-	-	88,685	88,685
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	353	353
<b>Balance as on September 30, 2015</b>	1,304,000	-	313,436	132,904	1,750,340
<b>Balance as at June 30, 2016</b>	1,956,000	1,952,870	430,728	91,466	4,431,064
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	345	345
Total comprehensive income for the period	-	-	-	83,111	83,111
<b>Balance as on September 30, 2016</b>	1,956,000	1,952,870	430,728	174,922	4,514,520

The attached notes 1 to 10 form an integral part of this condensed interim financial information.

LAHORE:  
October 27, 2016

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

# Notes to the Condensed Interim Financial Information

## For the period ended September 30, 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 the Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes and soaps.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited 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 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 the annual financial statements and should therefore be read in conjunction with financial statements of the Modaraba for the year ended June 30, 2016.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial information are consistent with those followed in the preparation of the Modaraba’s annual financial statements for the year ended June 30, 2016.

### 4. SIGNIFICANT ESTIMATES

The preparation of 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 expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Modaraba’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited and published financial statements for the year ended June 30, 2016.

### 5. CONTINGENCIES AND COMMITMENTS

There is no material change in the position of contingent liabilities since the last annual balance sheet.

		3 Months ended	
		July to Sept. 2016	July to Sept. 2015
		(Rupees in thousand)	
<b>6.</b>	<b>SALES</b>		
	Packaging products	422,876	471,783
	Soaps	266,448	257,455
		689,324	729,238
<b>7.</b>	<b>COST OF SALES</b>		
	Packaging products	373,268	418,838
	Soaps	208,565	200,262
		581,833	619,100
<b>8.</b>	<b>TRANSACTIONS WITH RELATED PARTIES</b>		
	Purchases and services received	22,426	24,419
	Goods sold and services rendered	5,832	3,617

The Company enters into transactions with related parties in the normal course of business on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

9. This condensed interim financial information was authorized for issue by the board of directors of the Modaraba Company on October 27, 2016

**10. GENERAL**

**10.1** Amounts have been rounded off to thousand rupees.

**10.2** The Board of Directors of Modaraba Management Company in their meeting held on 07 October 2016 have approved a profit distribution @ 6.27% (2015: 6.20%) i.e. Re. 0.627 (2015: Re. 0.620) per certificate for the year ended 30 June 2016 amounting to Rs. 122.641 million (2015: Rs. 80.848 million). These financial statements do not reflect this proposed dividend.

LAHORE:  
October 27, 2016



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director

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- Financial calculator
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- Online Quizzes

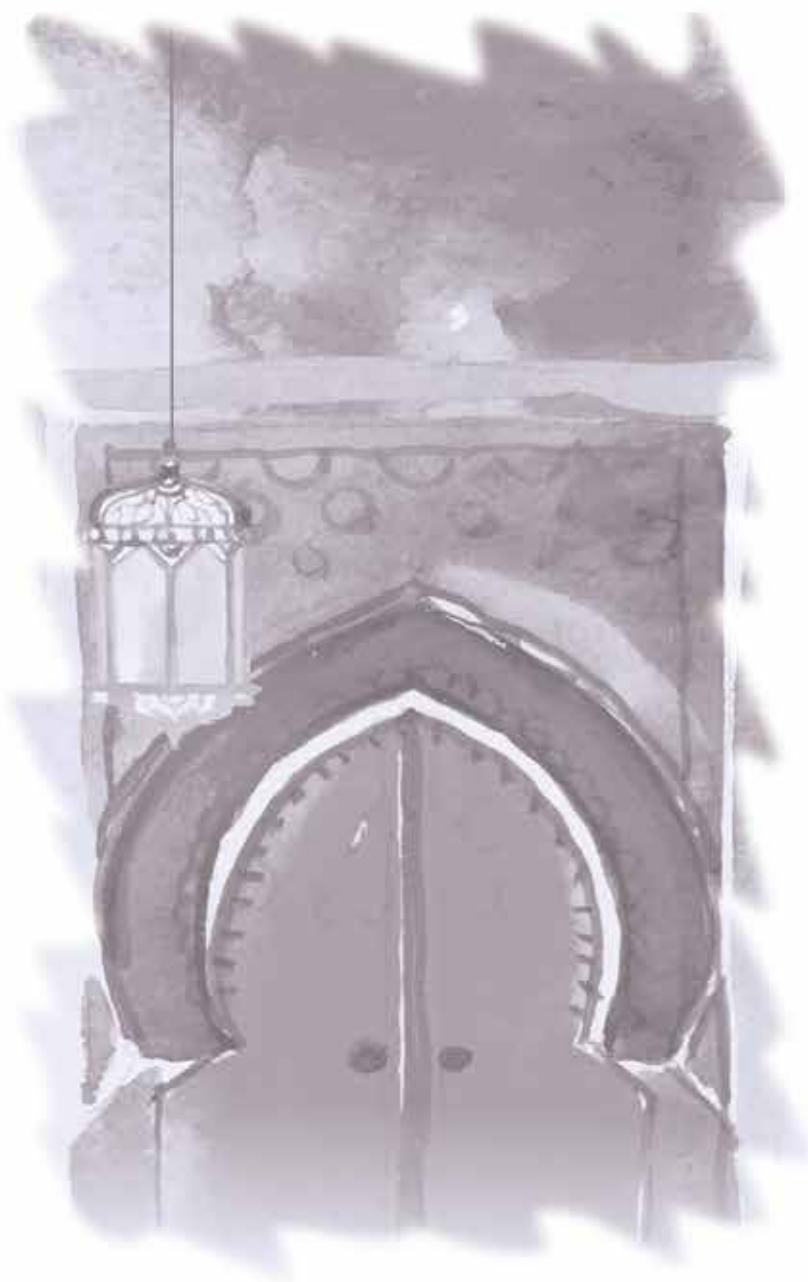


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**TREET GROUP OF COMPANIES**