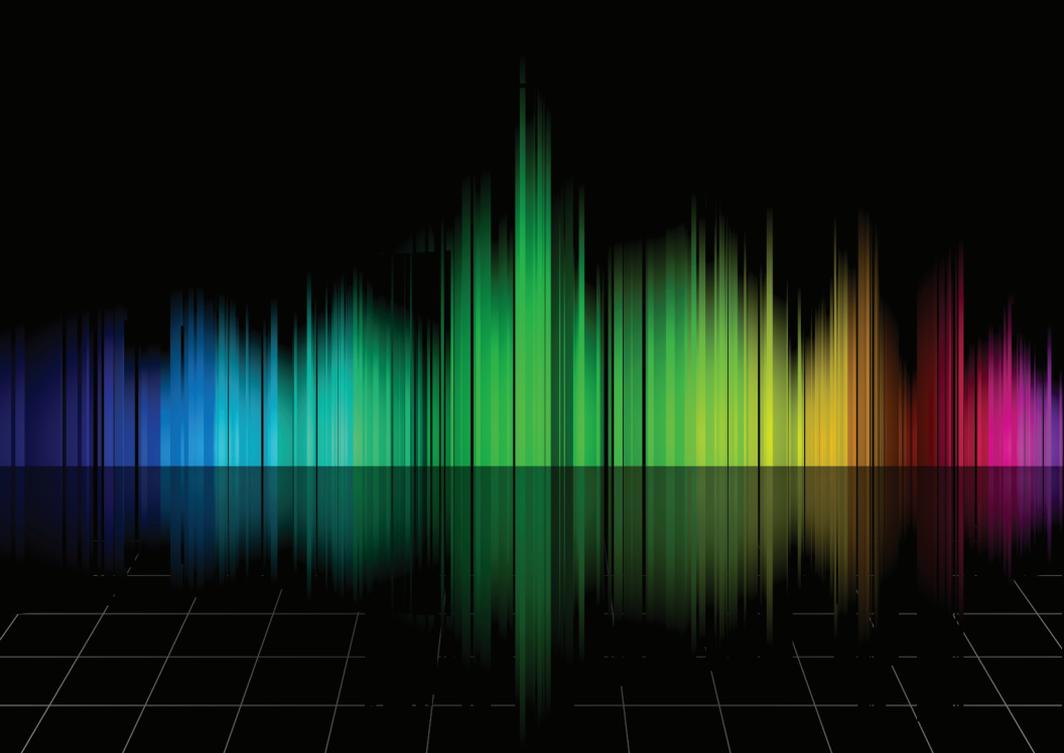




FIRST TREET MANUFACTURING MODARABA



1st Quarterly Financial Statement

JULY - SEPTEMBER
2012 - 2013

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Corporate Information

Principal Place of Business	72-B, Kot Lakhpat, Industrial Area, Lahore Ph: 042- 35830881, 35156567 Fax: 042-35114127, 35215825 E-mail: info@treetonline.com Homepage: www.packsol.com.pk
Modaraba Company and Registered Office	Global Econo Trade (Private) Limited 72-B, Kot Lakhpat, Industrial Area, Lahore
Packaging Solutions - Plant Location	Kacha Tiba Rohi Nala, 22-KM, Ferozepur Road, Lahore
Paper & Board Mill - Plant Location	31-KM Lahore Sheikhupura Road
Soap – Plant Location	Ghakkar [under Toll Manufacturing Arrangement]
Chief Executive Officer / Director	Syed Shahid Ali
Directors	Syed Sheharyar Ali Muhammad Shafique Anjum Shahid Zia
Auditors of the Modaraba	KPMG Taseer Hadi & Co. Chartered Accountants
Auditors of the Modaraba Company	Hyder Bhimji & Company Chartered Accountants
Audit Committee	<ul style="list-style-type: none"> ● Muhammad Shafique Anjum - Chairman ● Syed Shahid Ali - Member ● Shahid Zia - Member
Share Registrar	Scarlet I.T. Systems (Private) Limited 24-Ferozepur Road, Lahore Phone: (042) 37087113, 37570202 Fax: (042) 37570303 E-mail: treet@scarletsystem.com
Legal Advisors	Saleem & Baig - Advocates
Shariah Advisor	Mufti Iftikhar Baig
Bankers to the Modaraba	<ol style="list-style-type: none"> 1. Allied Bank Limited 2. BankIslami Pakistan Limited 3. Bank Alfalah Limited 4. Barclays Bank PLC, Pakistan 5. Dubai Islamic Bank Pakistan Limited 6. Faysal Bank Limited 7. Habib Bank Limited 8. MCB Bank Limited 9. NIB Bank Limited 10. United Bank Limited
Chief Accountant – Modaraba Company	Sohail Habib
Chief Accountant – Modaraba	Sajjad Haider Khan
Company Secretary	Ayaz Ahmed

Directors' Review

Board of Directors of Global Econo Trade (Private) Limited (GET), 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, 2012.

Financial Results

Rs. in 000'	2012-2013	2011-2012
Net Sales	498,230	550,363
Gross Profit	48,477	62,407
Net Profit	31,206	46,575
Profit per Certificate	0.24	0.58
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	11.86	11.56

Sales performance (in % change) is described below:

2012-2013				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	134,806	312,034	51,390	498,230
Inter-Segment Sales	-	16,654	84,118	100,772
	134,806	328,688	135,508	599,002

2011-2012				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	190,639	288,745	70,979	550,363
Inter-Segment Sales	-	16,267	58,545	74,812
	190,639	305,012	129,524	625,175
Sales Growth %	-29.29%	7.76%	4.62%	-4.19

Margins are generally decreased due to the following reasons:

- Main reason for reduction in net profitability is due to decline in soap sales that is due to clearance of stock at secondary levels but will be geared up in the coming months;
- Moreover, increase in power tariffs and expensive in-house power generations is constant clog on the margins, particularly in the paper & board industry;

Management of your Modaraba is confident to restore sales & margins in the coming months because of better sales stratagem, price rationalization and raw material sourcing.

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 Lahore Stock Exchange (Guarantee) 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:
October 25, 2012

Condensed Interim Balance Sheet

As at September 30, 2012 (Un-audited)

	September 30, 2012 Un-audited (Rupees in thousand)	June 30, 2012 Audited
Note		
Property, plant and equipment	318,326	322,813
Long term deposits	28,209	29,001
	346,535	351,814
CURRENT ASSETS		
Stores and spares	66,240	74,322
Stock-in-trade	437,774	433,749
Trade debts - unsecured considered good	283,084	245,645
Short term investments	76,475	-
Loans, advances, deposits, prepayments and other receivables	287,512	192,462
Cash and bank balances	225,895	367,208
	1,376,980	1,313,386
CURRENT LIABILITIES		
Trade and other payables	177,463	150,354
NET CURRENT ASSETS	1,199,517	1,163,032
NET ASSETS	1,546,052	1,514,846
FINANCED BY:		
Issued, subscribed and paid-up capital	1,304,000	800,000
Certificate deposit money	-	504,000
Statutory Reserve	179,960	179,960
Unappropriated profit	62,092	30,886
MODARABA CERTIFICATE HOLDERS' EQUITY	1,546,052	1,514,846
Contingencies and commitments	5	-
	1,546,052	1,514,846

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

LAHORE:
October 25, 2012


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Profit and Loss Account

For the period ended September 30, 2012 (Un-audited)

	Note	3 Months ended	
		July to Sept. 2012 (Rupees in thousand)	July to Sept. 2011
Net sales	6	498,230	550,363
Cost of Goods Sold	7	(449,753)	(487,956)
Gross Profit		48,477	62,407
Operating expenses :			
- Administrative expenses		(4,546)	(2,366)
- Selling & distribution expenses		(17,095)	(14,165)
		(21,641)	(16,531)
Operating Profit		26,836	45,876
Other income		4,475	1,007
		31,311	46,883
Financial expenses		(105)	(308)
Profit before taxation		31,206	46,575
Taxation		-	-
Profit after taxation		31,206	46,575
Earnings per Modaraba Certificate		0.24	0.58

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

LAHORE:
October 25, 2012


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Cash Flow Statement

For the period ended September 30, 2012 (Un-audited)

	July to September 2012	July to September 2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	31,206	46,575
Adjustments for non-cash items		
Financial charges for the period	105	308
Depreciation on property, plant and equipment	6,982	7,065
Profit on bank deposits	(2,943)	(882)
	4,144	6,491
Operating profit before working capital changes	35,350	53,066
(Increase) / decrease in operating assets		
Stores and spares	8,082	(3,494)
Stock-in-trade	(4,025)	52,264
Trade debts	(37,439)	(157,341)
Short term investments	(76,475)	-
Loans, advances, deposits, prepayments and other receivables	(87,861)	(7,346)
	(197,718)	(115,917)
Increase / (decrease) in operating liabilities		
Trade and other payables	27,304	34,463
Cash generated from operations	(135,064)	(28,388)
Financial charges paid	(105)	(308)
Taxes paid	(7,383)	(6,117)
	(7,488)	(6,425)
Net cash from operating activities	(142,552)	(34,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(2,495)	(6,286)
Long term deposits	792	776
Profit received on bank deposits	2,943	882
Net cash outflow from investing activities	1,240	(4,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Loan	-	37,979
Net cash from financing activities	-	37,979
NET INCREASE IN CASH AND CASH EQUIVALENTS	(141,312)	(1,462)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	367,207	58,762
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	225,895	57,300

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

LAHORE:
October 25, 2012


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

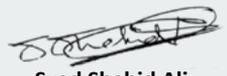
Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2012 (Un-audited)

	Certificate Capital	Certificate Deposit Money	Statutory Reserve	Unappropriated Profit / (Loss)	Total
..... (Rupees in thousand)					
Balance as at June 30, 2011	800,000	-	85,872	(7,683)	878,189
Net Profit for the period	-	-	-	46,575	46,575
Balance as on September 30, 2011	800,000	-	85,872	38,892	924,764
Balance as at June 30, 2012	800,000	504,000	179,960	30,886	1,514,846
Modaraba Certificates	504,000	(504,000)	-	-	-
Net Profit for the period	-	-	-	31,206	31,206
Balance as on September 30, 2012	1,304,000	-	179,960	62,092	1,546,052

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

LAHORE:
October 25, 2012


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Condensed Interim Financial Information

For the period ended September 30, 2012 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba “the Modaraba” is a multi purpose, perpetual and multi dimensional Modaraba formed on July 27, 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there-under and is managed by Global Econo Trade (Pvt) 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, Industrial Area, Kotlakhpat, Lahore. The Modaraba is listed on Lahore Stock Exchange (Guarantee) Limited.

A packaging plant under the name of “Packaging Solutions” has been set up by the Modaraba. The principal activity of “Packaging Solutions” is to manufacture and sell, all kinds of corrugated boxes and packaging.

The Modaraba is also engaged in the business of manufacturing and sale of soaps since July 01, 2009.

A paper and board plant under the name of “Packaging Solutions - Paper and Board Mill” has also been setup under the Modaraba.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standards “34-Interim Financial Reporting” as applicable in Pakistan 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). These should be read in conjunction with financial statements of the Modaraba for the year ended June 30, 2012.

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, 2012, except for adoption of revised IAS 1 as noted below:

IAS 1 (Revised), ‘Presentation of financial statements’ (effective from January 01, 2009), was issued in September 2007. The revised standard prohibits the preparation of items of income and expense (that is, ‘non - owner changes in equity’) in the statement of changes in equity, requiring ‘ non-owner equity ’ to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Modaraba has chosen to present all non-owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account). The Modaraba does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have significant impact on the presentation of the Modaraba’s financial statements and does not require the restatement or reclassification of comparative information.

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, 2012.

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. 2012	July to Sept. 2011
		(Rupees in thousand)	
	Note		
6. SALES			
Packaging products	6.1	312,034	288,745
Paper and board	6.2	51,390	70,979
Soaps	6.3	134,806	190,639
		498,230	550,363
6.1 Packaging Products			
Local Sales		361,173	330,463
Less: sales tax		49,090	41,718
Less: trade discount		49	-
		312,034	288,745
6.2 Paper and Board			
Local Sales		59,612	82,333
Less: sales tax		8,222	11,354
		51,390	70,979
6.3 Soaps			
Local Sales		171,892	229,799
Less: sales tax		28,662	39,160
Less: trade discount		8,424	-
		134,806	190,639
7. COST OF SALES			
Packaging products	7.1	204,850	218,564
Paper and board	7.2	118,234	110,077
Soaps	7.3	126,669	159,315
		449,753	487,956

	3 Months ended	
	July to Sept. 2012	July to Sept. 2011
	(Rupees in thousand)	
7.1 Packaging Products		
Raw and packing material consumed	165,203	175,660
Stores and spares consumed	7,328	7,186
Salaries, wages and other benefits	17,383	16,330
Fuel and power	11,108	12,218
Depreciation	3,305	3,242
Other expenses	7,640	6,168
	211,967	220,804
Opening stock of work-in-process	3,044	3,575
Closing stock of work-in-process	(5,154)	(5,746)
Cost of goods manufactured	209,857	218,633
Opening stock of finished goods	8,205	7,712
Closing stock of finished goods	(13,212)	(7,781)
	204,850	218,564
7.2 Paper and board		
Raw and packing material consumed	58,859	58,995
Stores and spares consumed	3,234	4,396
Salaries, wages and other benefits	10,717	9,473
Fuel and power	32,615	28,634
Depreciation	3,241	3,211
Other expenses	5,092	4,920
	113,758	109,629
Opening stock of work-in-process	191	-
Closing stock of work-in-process	(296)	-
Cost of goods manufactured	113,653	109,629
Opening stock of finished goods	9,214	6,688
Closing stock of finished goods	(4,633)	(6,240)
	118,234	110,077

		3 Months ended	
		July to Sept. 2012	July to Sept. 2011
		(Rupees in thousand)	
7.3	Soaps		
	Raw material consumed	106,822	147,716
	Stores and spares consumed	1,395	1,290
	Salaries, wages and other benefits	9,574	4,868
	Fuel and power	10,675	5,037
	Plant rental	2,100	1,944
	Other expenses	2,510	2,853
		133,076	163,708
	Opening stock of work-in-process	34,913	17,190
	Closing stock of work-in-process	(32,163)	(31,688)
	Cost of goods manufactured	135,826	149,210
		24,563	18,827
	Opening stock of finished goods	24,563	18,827
	Closing stock of finished goods	(33,720)	(8,722)
		126,669	159,315
8.	TRANSACTIONS WITH RELATED PARTIES		
	Purchases and services received	54,898	38,962
		2,451	189,722
	Goods sold and services rendered	2,451	189,722

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. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the board of directors of the Modaraba Company on October 25, 2012.

10. GENERAL

10.1 Figures in the financial statements have been rounded off to the nearest thousand rupees.

10.2 The Board of Directors in its meeting held on 02 October 2012 has proposed a final cash dividend of PKR 0.65 per certificate (2011: PKR 0.69 per certificate) for the year ended 30 June 2012 amounting to PKR 84.76 Million (2011: PKR 55.52 Million) for the approval of the certificate holders at the Annual Review Meeting to be held on 31 October 2012. These financial statements do not reflect this proposed dividend payable.

LAHORE:
October 25, 2012



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



Paper and Board Mills

(PACKAGING SOLUTIONS)

A Project Under FTMM



TCL LABOR-HIRE COMPANY (Pvt.) LIMITED

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