



FIRST TREET MANUFACTURING MODARABA



**3rd Quarterly Financial Statement**

**JULY - MARCH  
2013 - 2014**

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## Corporate Information

<b>BOARD OF DIRECTORS</b>	Syed Shahid Ali Syed Shaharyar Ali Mr. Muhammad Shafique Anjum Mr. Shahid Zia	Chief Executive Officer/ Director Director Director Director
<b>AUDIT COMMITTEE</b>	Mr. Muhammad Shafique Anjum Syed Shahid Ali Mr. Shahid Zia	Chairman/Member Member Member
<b>CHIEF ACCOUNTANTS</b>	Mr. Sohail Habib Mr. Sajjad Haider Khan	
<b>COMPANY SECRETARY</b>	Rana Shakeel Shaukat	
<b>EXTERNAL AUDITORS</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA CO.</b>	Hyder Bhimji & Company	Chartered Accountants
<b>LEGAL ADVISORS</b>	Saleem & Baig	Advocates
<b>SHARIAH ADVISOR</b>	Mufti Iftikhar Baig	
<b>BANKERS TO THE MODARABA</b>	<ol style="list-style-type: none"> <li>1. Allied Bank Limited</li> <li>2. BankIslami Pakistan Limited</li> <li>3. Bank Alfalah Limited</li> <li>4. Barclays Bank PLC, Pakistan</li> <li>5. Dubai Islamic Bank Pakistan Limited</li> <li>6. Faysal Bank Limited</li> <li>7. Habib Bank Limited</li> <li>8. MCB Bank Limited</li> <li>9. NIB Bank Limited</li> <li>10. United Bank Limited</li> </ol>	
<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>	Scarlet IT Systems (Pvt) Limited 24-Ferozepur Road, Lahore Ph: 042-37570202, 303 Email: treet@scarletsystem.com	
<b>PACKAGING SOLUTIONS</b>	Kacha Tiba Rohi Nala, 22-KM Ferozepur Road, Lahore	
<b>PAPER &amp; BOARD MILL</b>	31-KM, Lahore Sheikhpura Road, Sheikhpura	
<b>SOAP PLANT</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

## Directors' Report

Board of Directors of Global Econo Trade (Private) Limited (GET), the management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present financial statements for the third quarter and nine months ending on March 31, 2014.

### Financial Results

Rs. in 000'	2013-2014	2012-2013
Net Sales	1,846,677	1,545,603
Gross Profit	154,517	152,949
Net Profit	74,968	86,411
Profit per Certificate	0.57	0.66
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	11.85	11.33

### Segment Wise Sales:

2013-2014				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	611,151	1,181,196	54,330	1,846,677
Inter-Segment Sales	-	44,643	354,925	399,568
	611,151	1,225,839	409,255	2,246,245

2012-2013				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	478,225	949,074	118,304	1,545,603
Inter-Segment Sales	-	49,121	271,043	320,164
	478,225	998,195	389,347	1,865,767
Sales Growth %	27.80%	22.81%	5.11%	20.39%

- Soaps sales showed recovery and restored to its normal volumes but margins are reduced due to intensive competition;
- Corrugation showed good sales growth during the period and margins are improved.
- Paper & Board operations have also maintained its foothold in the market and maintained its margins.

Management of your Modaraba is confident to maintain these 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



Lahore  
Dated: April 28, 2014

**Syed Shahid Ali**  
Chief Executive Officer

## Condensed Interim Balance Sheet

As at March 31, 2014 (Un-audited)

	Note	March 31, 2014 Un-audited (Rupees in thousand)	June 30, 2013 Audited
<b>Property, plant and equipment</b>		429,276	445,653
<b>Long term deposits</b>		29,664	27,191
		458,940	472,844
<b>CURRENT ASSETS</b>			
Stores and spares		108,001	64,886
Stock-in-trade		538,133	365,626
Trade debts - unsecured considered good		364,920	320,159
Loans, advances, deposits, prepayments and other receivables		188,344	180,669
Cash and bank balances		149,966	240,288
		1,349,364	1,171,628
<b>CURRENT LIABILITIES</b>			
Trade and other payables		260,656	123,474
<b>NET CURRENT ASSETS</b>		1,088,708	1,048,154
<b>NET ASSETS</b>		1,547,648	1,520,998
<b>FINANCED BY:</b>			
Issued, subscribed and paid-up capital		1,304,000	1,304,000
Statutory Reserve		212,091	212,091
Unappropriated profit		30,118	3,397
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>		1,546,209	1,519,488
<b>Long term deposits</b>		1,439	1,510
<b>Contingencies and commitments</b>	5		
		1,547,648	1,520,998

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

LAHORE:  
April 28, 2014

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

## Condensed Interim Profit and Loss Account

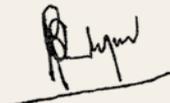
For the period ended March 31, 2014 (Un-audited)

	Note	Quarter year ended		9 months ended	
		January to March 2014	January to March 2013	July to March 2014	July to March 2013
(Rupees in thousand)					
Net sales	6	605,506	510,951	1,846,677	1,545,603
Cost of Goods Sold	7	(549,341)	(479,838)	(1,692,160)	(1,392,654)
<b>Gross Profit</b>		56,165	31,113	154,517	152,949
Operating expenses :					
- Administrative expenses		(3,509)	(3,379)	(11,984)	(11,896)
- Selling & distribution expenses		(24,218)	(1,328)	(72,351)	(63,020)
		(27,727)	(4,707)	(84,335)	(74,916)
<b>Operating Profit</b>		28,438	26,406	70,182	78,033
Other income		2,987	1,535	5,036	8,800
		31,425	27,941	75,218	86,833
Financial expenses		(24)	(153)	(250)	(422)
<b>Profit before taxation</b>		31,401	27,788	74,968	86,411
Taxation		-	-	-	-
<b>Profit after taxation</b>		31,401	27,788	74,968	86,411
<b>Earnings per certificate</b>		0.24	0.21	0.57	0.66

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

LAHORE:  
April 28, 2014

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Statement of Comprehensive Income

For the period ended March 31, 2014 (Un-audited)

	Quarter year ended		9 months ended	
	January to March 2014	January to March 2013	July to March 2014	July to March 2013
	----- (Rupees in thousand) -----			
<b>Profit after taxation</b>	31,401	27,788	74,968	86,411
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	31,401	27,788	74,968	86,411

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

LAHORE:  
April 28, 2014



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director

# Condensed Interim Cash Flow Statement

For the period ended March 31, 2014 (Un-audited)

	July to March 2014 (Rupees in thousand)	July to March 2013 (Rupees in thousand)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	74,968	86,411
Adjustments for non-cash items :		
Financial charges for the period	250	422
Depreciation on property, plant and equipment	29,368	21,557
Profit on bank deposits	(4,489)	(5,982)
	25,129	15,997
<b>Operating profit before working capital changes</b>	100,097	102,408
(Increase) / decrease in operating assets :		
Stores and spares	(43,115)	(17,391)
Stock-in-trade	(172,507)	31,843
Trade debts	(44,761)	(30,638)
Loans, advances, deposits, prepayments and other receivables	7,227	2,951
	(253,156)	(13,235)
Increase / (decrease) in operating liabilities		
Trade and other payables	137,179	(31,877)
<b>Cash generated from operations</b>	(15,880)	57,296
Financial charges paid	(250)	(422)
Taxes paid	(14,910)	(22,678)
	(15,160)	(23,100)
<b>Net cash from operating activities</b>	(31,040)	34,196
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(12,990)	(73,951)
Long term deposits	(2,473)	1,019
Profit received on bank deposits	4,489	5,982
<b>Net cash outflow from investing activities</b>	(10,974)	(66,950)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long Term Deposits	(71)	652
Dividend paid	(48,237)	(123,880)
<b>Net cash from financing activities</b>	(48,308)	(123,228)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(90,322)	(155,982)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	240,288	367,207
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	149,966	211,225
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	149,966	211,225
Finance under mark-up arrangements	-	-
	149,966	211,225

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

LAHORE:  
April 28, 2014

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

## Condensed Interim Statement of Changes in Equity

For the period ended March 31, 2014 (Un-audited)

	Certificate Capital	Certificate Deposit Money	Statutory Reserve	Accumulated Profit / (loss)	Total
..... (Rupees in thousand) .....					
<b>Balance as at June 30, 2012</b>	800,000	504,000	179,960	30,886	1,514,846
Modaraba Certificates	504,000	(504,000)	-	-	-
Total comprehensive income for the period	-	-	-	86,411	86,411
Final profit distribution @ 6.5% for the year ended June 30, 2012	-	-	-	(84,760)	(84,760)
Interim profit distribution @ 3%	-	-	-	(39,120)	(39,120)
<b>Balance as on March 31, 2013</b>	1,304,000	-	179,960	(6,583)	1,477,377
<b>Balance as at June 30, 2013</b>	1,304,000	-	212,091	3,397	1,519,488
Total comprehensive income for the period	-	-	-	74,968	74,968
Final profit distribution @ 3.7% for the year ended June 30, 2013	-	-	-	(48,247)	(48,247)
<b>Balance as on March 31, 2014</b>	1,304,000	-	212,091	30,118	1,546,209

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

LAHORE:  
April 28, 2014

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Notes to the Condensed Interim Financial Information

### For the period ended March 31, 2014 (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, Kot Lakhpat, 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. The soap operation was started from 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 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, 2013.

#### 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, 2013.

#### 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, 2013.

#### 5. CONTINGENCIES AND COMMITMENTS

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

	Note	Quarter year ended		9 months ended	
		January to March 2014	January to March 2013	July to March 2014	July to March 2013
----- (Rupees in thousand) -----					
<b>6. SALES</b>					
Packaging products	6.1	401,811	311,637	1,181,196	949,074
Paper and board	6.2	23,008	29,040	54,330	118,304
Soaps	6.3	180,687	170,274	611,151	478,225
		605,506	510,951	1,846,677	1,545,603
<b>6.1 Packaging Products</b>					
Local Sales		401,811	360,768	1,312,010	1,098,571
Less: sales tax		-	49,021	130,814	149,338
Less: trade discount		-	110	-	159
		401,811	311,637	1,181,196	949,074
<b>6.2 Paper and Board</b>					
Local Sales		23,008	33,450	58,933	136,501
Less: sales tax		-	4,229	4,603	18,016
Less: trade discount		-	181	-	181
		23,008	29,040	54,330	118,304
<b>6.3 Soaps</b>					
Local Sales		180,687	233,776	698,356	602,812
Less: sales tax		-	40,422	87,205	101,507
Less: trade discount		-	23,080	-	23,080
		180,687	170,274	611,151	478,225
<b>7. COST OF SALES</b>					
Packaging products	7.1	241,424	208,409	742,316	620,829
Paper and board	7.2	127,107	98,457	366,192	336,495
Soaps	7.3	180,810	172,972	583,652	435,330
		549,341	479,838	1,692,160	1,392,654
<b>7.1 Packaging Products</b>					
Raw and packing material consumed		170,994	154,909	540,739	473,583
Stores and spares consumed		6,585	6,595	21,935	20,949
Salaries, wages and other benefits		30,941	23,786	95,884	64,369
Fuel and power		17,401	12,242	46,030	34,179
Depreciation		5,300	3,243	15,961	9,856
Other expenses		11,222	9,451	28,172	25,685
		242,443	210,226	748,721	628,621
Opening stock of work-in-process		6,123	6,752	5,198	3,044
Closing stock of work-in-process		(6,536)	(3,754)	(6,536)	(3,754)
Cost of goods manufactured		242,030	213,224	747,383	627,911
Opening stock of finished goods		23,315	10,472	18,854	8,205
Closing stock of finished goods		(23,921)	(15,287)	(23,921)	(15,287)
		241,424	208,409	742,316	620,829

	Quarter year ended		9 months ended	
	January to March 2014	January to March 2013	July to March 2014	July to March 2013
----- (Rupees in thousand) -----				
<b>7.2 Paper and board</b>				
Raw and packing material consumed	64,747	49,464	170,891	169,833
Stores and spares consumed	3,599	3,238	10,325	13,054
Salaries, wages and other benefits	11,967	10,323	35,391	32,526
Fuel and power	35,499	26,271	127,658	90,901
Depreciation	3,713	3,199	11,344	9,684
Other expenses	8,230	5,158	12,732	15,698
	127,755	97,653	368,341	331,696
Opening stock of work-in-process	259	288	223	191
Closing stock of work-in-process	(452)	(245)	(452)	(245)
Cost of goods manufactured	127,562	97,696	368,112	331,642
Opening stock of finished goods	3,560	5,122	2,095	9,214
Closing stock of finished goods	(4,015)	(4,361)	(4,015)	(4,361)
	127,107	98,457	366,192	336,495
<b>7.3 Soaps</b>				
Raw material consumed	144,645	144,996	485,872	376,771
Stores and spares consumed	1,860	1,770	10,406	4,556
Salaries, wages and other benefits	9,176	7,079	28,231	23,231
Fuel and power	19,871	14,247	42,587	32,889
Plant rental	2,267	2,100	6,802	6,299
Other expenses	(3)	4,443	6,616	10,177
	177,816	174,635	580,514	453,923
Opening stock of work-in-process	37,330	37,947	32,102	34,913
Closing stock of work-in-process	(35,327)	(39,067)	(35,327)	(39,067)
Cost of goods manufactured	179,819	173,515	577,289	449,769
Opening stock of finished goods	47,217	40,870	52,589	24,563
Purchases	-	-	-	2,411
Closing stock of finished goods	(46,226)	(41,413)	(46,226)	(41,413)
	180,810	172,972	583,652	435,330

	9 Months ended	
	July to March 2014	July to March 2013
(Rupees in thousand)		
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>		
Purchases and services received	174,223	137,609
Goods sold and services rendered	2,718	5,629

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 April 28, 2014.

10. Amounts have been rounded off to thousand rupees.

LAHORE:  
April 28, 2014

  
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



**SOAP DIVISION**



**TCL LABOR-HIRE COMPANY (Pvt.) LIMITED**

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