



FIRST TREE MANUFACTURING MODARABA

ANNUAL REPORT

2015 - 2016

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Corporate Information

BOARD OF DIRECTORS:	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
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	
EXTERNAL AUDITORS:	KPMG Taseer Hadi & Co.	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	Kreston Hyder Bhimji & Company	Chartered Accountants
LEGAL ADVISORS:	Saleem & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Ltd. Habib Bank Limited MCB Bank Limited National Bank Limited Soneri Bank Limited	Askari Bank Limited BankIslami Pakistan Ltd Faysal Bank Limited JS Bank Limited Meezan Bank Limited NIB 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' Profile



Dr. Mrs. Niloufer Qasim Mahdi
Chairperson/Director

Dr. Mrs. Niloufer Qasim Mahdi belongs to one of the top industrialist families of Pakistan. She is the daughter of the late Syed Wajid Ali. She holds BA (Hons), MA, M.Litt, and D.Phil. degrees from Oxford University.

She owns and is the editor of an independent English-language weekly paper being published from Lahore, namely, "Cutting Edge". Her portfolio includes:-

- Treet Corporation Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Cutting Edge (Pvt.) Limited
- Convener, Gulab Devi Chest Hospital, Kasur
- Chairperson, All Pakistan Music Conference



Syed Shahid Ali
Chief Executive Officer

Holding a Masters degree in economics, a graduate diploma in development economics from Oxford University and a graduate diploma in management sciences from the University of Manchester, Syed Shahid Ali became Chief Executive Officer for the Treet Group in 1995. Apart from holding directorships in various companies, he is also actively involved in social and cultural activities and holds senior positions on several hospitals.

His portfolio includes:-

- Treet Corporation Limited
- Packages Limited
- IGI Insurance Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Treet Holdings Limited
- Gulab Devi Chest Hospital



Syed Sheharyar Ali
Executive Director

After returning from Saint Louis University, USA in 2001, Syed Sheharyar Ali became one of the youngest directors of Treet Corporation Limited. Currently at the age of 37 he manages a very diversified portfolio consisting of manufacturing, healthcare, information technology, automobiles, sports and music.

His portfolio includes:-

- Treet Corporation Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycle (Pvt.) Limited
- Cutting Edge (Pvt.) Limited
- Online Hotel Agents (Pvt.) Limited
- Frag Games (Pvt.) Limited
- Punjab Netball Federation
- All Pakistan Music Conference
- Treet Holdings Limited
- Gulab Devi Chest Hospital, Kasur



Dr. Salman Faridi
Independent Director

He is graduate from Dow Medical College and trained in UK as a Surgeon. He obtained FRCS in 1983. He is also fellow of Royal Society of Medicine. He has vast medical experience of more than two decades in UK, Middle East & Pakistan. Currently, He is Medical Director at the Liaquat National Hospital, Karachi, a largest hospital in the private healthcare in Pakistan. His Portfolio includes:-

- Treet Corporation Limited
- Standing Member of Pakistan Standard and Quality Authority for healthcare issues
- Member Corporate Syndicate for MBA in Healthcare Management at the Institute of Business Management, Karachi
- Member Advisory Board for Formulation of National Guidelines on the Prophylaxis and Management of Venous Thromboembolism (VTE)



Muhammad Shafique Anjum
Non-Executive Director

Mr. Anjum has been with the Treet Group for over 35 years. With a Mechanical Engineering degree, he has a vast experience in the razor blades and the allied product manufacturing field.

His portfolio includes:-

- Treet Corporation Limited
- Treet Power Limited
- Treet Assets (Pvt.) Limited
- First Treet Manufacturing Modaraba
- Treet HR Management (Pvt.) Limited
- Treet Holdings Limited
- Global Arts Limited



Mr. Saulat Said
Non-Executive Director

Mr. Saulat Said has been involved with some of the largest and oldest names in businesses in Pakistan with experience exceeding 35 years.

His portfolio includes:-

- Treet Corporation Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycles (Pvt.) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited



Mr. Munir K. Bana
Non-Executive Director

Mr. Munir K. Bana qualified as a Chartered Accountant in 1972 and is a fellow of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited and its group companies since 1996, initially serving as Director Finance and later elected as Chief Executive of the Group. Previously, he served on the Boards of multi-national companies, Parke-Davis & Boots, as Finance Director for 18 years. Nominated by the Prime Minister as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public private-partnership, he served the institution for over 10 years. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") in 2012-13. He has been Board member of Treet Corporation since 2008.

His portfolio includes:-

- Treet Corporation Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycles (Pvt.) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited



Mr. Imran Azim
Non-Executive Director

Mr. Imran Azim brings more than a two-decade experience with him to the board of Treet. His experience includes work in one of the largest financial institutions, asset management and manufacturing companies.

His portfolio includes:-

- Treet Corporation Limited
- Habib Asset Management Limited
- Fecto Sugar Mills Limited
- Haroon Oil Mills Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited

Notice of 10th Annual Review Meeting

Notice is hereby given that 10th Annual Review Meeting of Certificate Holders of **First Treet Manufacturing Modaraba** will be held on Monday, October 31, 2016 at 10.00 A.M. at Principal place of business of Modaraba situated at 72-B, Industrial Area, Kot Lakhpat, Lahore for the year ended June 30, 2016.

The Management of the Modaraba is pleased to announce Final Cash Dividend @ 6.27 % i.e. Re. 0.627 per certificate to existing Certificate Holders of the Modaraba.

The Certificate Transfer Books will remain closed from October 24, 2016 to October 31, 2016 (both days inclusive) for the purpose of determination of names of the certificate holders for attendance of Annual Review Meeting. The Certificate Holders whose names appear on the Register of Certificate Holders of **First Treet Manufacturing Modaraba** as on October 23, 2016 will be eligible to attend the Annual Review Meeting.

By order of the Board



(Rana Shakeel Shaukat)

Company Secretary
Treet Holdings Limited
Managers of First Treet Manufacturing Modaraba

LAHORE:

October 07, 2016

Notes:

1. In case of individuals, the account holder and/or person whose securities are in CDC sub account or investor account shall show their identity by showing original computerized national identity card (CNIC) or original passport at the time of attending the meeting, CDC sub account holders/investor account holders are also requested to bring their account numbers maintained with CDC.
2. In case of corporate entity, board of director's resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

Mission, Vision Statements

MISSION STATEMENT

Our MISSION is, to satisfy and meet the needs of our customers, providing our products and services with the quality, adjusted to their needs and preferences and to create value for our stakeholders through originality and strict adherence to our principles. We being a conscientious producer, and having stood the test of time, will continue our emphasis on responding to customer need with value added products and services. It is our belief that we can fulfill this mission through a unique combination of industry vision, effective supply chain management and innovative technology.

VISION STATEMENT

To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, sales and marketing expertise, while ensuring sound financial and sustainable growth of the Treet Group for the sake of its stakeholders and reputation.

PRINCIPLE

We will base our human resources systems on our proven principles reflective of our core values and our commitment to attract, reward, develop and motivate sophisticated people. They will reflect the global scope of our business while demonstrating responsibility and flexibility with respect to cultural diversity, and statutory and regional business realities.

EMPHASIS

Our emphasis on continuous improvement in all aspects of our business will enable us to reward our shareholders and employees.

SOCIAL RESPONSIBILITY

We will continually strive to be environmentally responsible and support the communities where we operate and the industries in which we participate.

CORPORATE VALUES

- Total Customer Services
- Long-Term Business Focus
- Technology Oriented
- Quality & Reliability
- Staff Development & Teamwork
- Effective Resources & Cost Management
- Corporate Responsibility

Statement of Ethics and Business Practices

Guidelines to Business Conduct

EMPLOYEES

- No one should ask any employee to break the law, or go against **Treet Group** policies and values.
- We treat all employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform jobs in a safe manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on **Treet Group** property.
- Employees should report suspicious people and activities.

BUSINESS PARTNERS

- Avoid conflicts of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment if it will appear to obligate the person who receives it.
- Use and supply only safe, reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt our competition.
- Do not have formal or informal discussions with our competitors on prices, markets or products, or production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest and fair manner.
- Do not compromise our values to make a profit.

BUSINESS RESOURCES

- Do not use inside information about the **Treet Group** for personal profit. Do not give such information to others.
- Do not use **Treet Group** resources for personal gain or any non-business purpose.
- Protect confidential and proprietary information.
- Do not use **Treet Group** resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries into the companies' books or records (within a **Treet Group**).

COMMUNITIES

- Follow all laws, regulations and **Treet Group** policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are open and clear in our environmental communications.
- When **Treet Group's** standards are higher than what is required by local law, we meet the higher standards.

Corporate Social Responsibility

Treet Group believes that a responsible attitude toward society and the environment can make a business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

Treet Group feels that social attitude is a significant part of its risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as a **Treet Group's** most valuable assets, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

Fundamental to success for Treet Group (and to our vision and corporate values) are based on following premises:

CUSTOMERS

Our future existence relies on understanding and satisfying our customers' present and future needs. Our goal is to be recognized by our customers as a high quality, innovative and cost effective supplier, and the most desirable to do business with. We recognize that, as a result, the next person in the process is our customer.

OUR PEOPLE

We value our family of employees as essential to the success of our Treet Group. We aim to develop a long term trusting relationship with each employee, encouraging their contributions and assisting in their personal development and education. In all dealings we will be fair and consistent.

PRODUCTS AND SERVICES

We are recognized at large by our end products and services. We will endeavor to produce technologically advanced products and services that offer superior quality and value. Continued innovation and improvement are critical to our survival and growth.

SUPPLIERS

We view suppliers of goods and services as an extension of our Treet Group, with whom we wish to develop long term trusting relationships. We expect our suppliers to embrace our quality improvement philosophy in their dealing with us.

SHAREHOLDERS

We aim to be a Group in whom our shareholders have trust and pride. We will keep our shareholders properly informed of our Treet Group's performance and prospects. We recognize the need to provide our shareholders with an excellent return on investment, consistent with long term growth.

PLANNING

All short term decisions will be consistent with long term objectives that balance the needs of our people, customers, suppliers and shareholders. Each year these objectives will be widely communicated within our Treet Group.

QUALITY IMPROVEMENT

We believe in step by step continual improvement of everything that we are engaged in, including our administration, marketing, sales, design, service, distribution and manufacturing. We will encourage cross-functional communication and co-operation to aid this.

ENVIRONMENT

Reflecting our commitment to a cleaner world, we aim to develop products and manufacturing processes which are as friendly to the environment as practicable.

SOCIETY

We will conduct our business at all times in a fair, ethical, consistent and professional manner. We accept our responsibilities to be a responsible community neighbour, and will continue to support community affairs.

HEALTH, SAFETY AND ENVIRONMENT POLICY

It is Treet Group policy to;

- Minimize its environmental impact, as much as economically and practically possible
- Save raw material, water and energy and avoid wastage (and reprocess the waste to the maximum possible extent)
- Ensure that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public
- Develop plans and procedures and provide resources to successfully implement the policy and for dealing effectively with any emergency
- Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, others and to the environment
- Ensure that all its activities comply with national environmental, health and safety regulations

DONATIONS, CHARITIES, CONTRIBUTIONS AND OTHER PAYMENTS OF A SIMILAR NATURE;

Companies within Treet Group are, subject to Board's approval, encouraged to provide support to local communities through donations, charities etc. to fulfill its duty towards social cause. But companies in our Treet Group will not, in any case, contribute any amount;

- (a) to any political party; or
- (b) for any political purpose to any individual or body.

Moreover, companies in **Treet Group** shall not distribute gifts in any form to its members in its meeting.

Investment / Funding and Dividend Policies

INVESTMENT POLICY

The Executive Committee of the Directors is responsible for seeking/evaluating and recommending either;

- Portfolio Investments (i.e. in Shares/ Securities etc. (Fresh Issues or Market Purchase) or Financial claims); or
- Investment in New Projects (either equity based or loan based); or
- Joint Ventures; or
- Investment in Intangibles (Goodwill/ Trade Marks/ Patents etc.)

Moreover, Executive Committee ensures that Proposed Investments are set out in Treet Group's vision and Strategic domain.

FUNDING POLICY

It is Treet Group's policy not only to utilize funds efficiently but also to seek funds from the cheapest source(s).

Treet Group advertently evaluates, from time to time, different funding options for;

- Working Capital Requirements (including import/export financing)
- Medium Term Rollovers/Capital Requirements
- Long Term Project Based Requirements

These funding options may include;

- Internally Generated Funds*
- Bank Borrowings (Short Term as well as Long Term)
- Trade & Sundry Credits
- Debt Instruments (Commercial Papers/ Bonds/ TFC etc.) issued to Institutions or Public in general
- Subordinate- Debts
- Leasing (Operating as well as Capital)
- Equity Financing etc.

*This includes Intra-Treet Group resource sharing. Corporate strategy (by the parent company i.e. Treet Corporation Limited) will seek to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities.

Moreover, the above funding options may augment other ancillary financial products (i.e. derivatives like shares options etc.).

DIVIDEND POLICY

The companies in Treet Group in general meeting may declare dividends; but no dividend shall exceed the amount recommended by the directors; and

- No dividend shall be declared or paid by a company for any financial year out of the profits of the company made from the sale or disposal of any immovable property or assets of a capital nature comprised in the undertaking or any of the undertaking of the company; and
- No dividend shall be paid by a company otherwise than out of profits of the company; and
- The Board may approve and pay to the Members such interim dividends as appears to be justified by the profits of the Company; and
- The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as they think proper as a reserve(s), which shall, at the discretion of the Board, be applicable for meeting contingencies etc.; and
- Company's dividend decision will be auxiliary to Company's Financing Policy

DIVIDEND POLICY FOR FIRST TREET MANUFACTURING MODARABA

Not less than 90% of the net income in respect of the Modaraba's business [non-trading] activities, determined after setting aside the mandatory reserves as per Prudential Regulations for Modaraba, is to be distributed at least once in every year to the certificate holders in proportion to the number of certificates held by them. Distribution will be in the form of cash dividend. No dividend shall be paid otherwise than out of the profits of the Modaraba for the year or any other distributed profits.

Directors' Report

Board of Directors of Treet Holdings Limited (THL), the Modaraba Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present the Directors' Report on the 10th annual accounts of FTMM for the year ended June 30, 2016. These accounts have been audited by statutory auditors of the Modaraba and are accompanied by their audit report.

ECONOMIC OUTLOOK

Pakistan economy posted notable improvements in FY16 as average annual CPI inflation declined to a 47-year low of 2.9 percent and real GDP growth touched an 8-year high of 4.7 percent. Both external and domestic factors have contributed towards improvement of the economy. On the external front, despite a decline in exports growth, foreign exchange market remained broadly stable due to lower oil prices, healthy workers' remittances, and adequate official capital inflows. While on the domestic side, Pakistan's economy continues to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71 percent in FY 2016 which is the highest in eight years. GDP posted a reasonable growth over last year despite a major setback in agriculture growth on account of massive decline in cotton production. However, the loss to some extent is compensated by remarkable growth in industrial and services sector as both these sectors crossed their targets growth, while other key macroeconomic indicators like inflation, fiscal and current account balance recorded improvement. The stable PKR parity also helped in keeping the CPI inflation under control, and in lowering inflation expectations in the Country.

[Source: Monetary Policy Statement, July 2016 of State Bank of Pakistan & Pakistan Economic Survey 2015-16]

Declining prices of commodities and metals offers opportunities (particularly, falling prices of crude oil, palm oil etc.) that needs to be capitalized and posed challenges (particularly, falling prices agriculture commodities) and to cope with those challenges the appropriate strategy needs to be chalked out on national as well as Company's level.

FINANCIAL RESULTS:

	Rs. in 000'	2015-2016	2014-2015	% Change
Sales (net)		2,663,830	2,649,491	0.54%
Net Profit		244,358	136,322	79.25%
Earnings per Certificate		1.47	1.05	40.00%
Transfer to Statutory Reserve – 48% (2015: 45%)		117,292	61,345	91.20%
Book Value per Certificate		22.81	12.98	75.73%

SEGMENT-WISE ANALYSIS:

Rs. in 000'	Corrugated Packaging		Paper & Board		Soap	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Gross Sales	2,109,085	2,137,952	-	15,903	1,008,296	972,088
Inter-Segment Sales	17,457	14,887	-	78,375	-	-
Less: Sales Tax & Excise & Discounts	(278,025)	(297,987)	-	(8,856)	(175,526)	(162,562)
Total Sales	1,848,517	1,854,852	-	85,422	832,770	809,526
Gross Profit	223,402	216,338	-	(463)	142,738	79,106
Gross Profit %	12.09%	11.66%	-	-0.54%	17.14%	9.77%
Operating Profit	85,425	98,396	-	(889)	119,089	54,124

CORRUGATED PACKAGING:

Sales volumes & Gross Margins are maintained. Although paper & board segment experienced negative growth but this segment showed consistent results due to sustained efforts.

Efforts are being made to broaden the customer base through market diversification, particularly this stratagem is apparent to avoid bad debts in the ailing industries.

SOAPS

Soaps sales volumes are increased and revenue is maintained. Moreover, margins are improved due to reduction in raw material & fuel prices. But these margins will not be further improved due to reversal of prices of tallow and palm in the coming months.

PAPER & BOARD

Paper & Board operations discontinued its operation and was disposed of in September 2014.

BATTERY PLANT

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.

FTMM will build, construct, 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 the FTMM for the purpose.

CURRENT STATUS OF THE PROJECT:

Land	40 acres in FIEDMC in Faisalabad	acquired
Plant & Machinery	About 90% of Machinery is arrived	Rest of the Machinery is under process
Building	Prefabricated Structure is on the way	Civil Work is underway
Commencement of Production	May ~ June 2017	-
Distribution Channel	Already establishing through trading of imported batteries by parent company	-

DIVIDEND

The Board is pleased to announce final cash dividend @ 6.27% i.e. Re. 0.627 per Certificate of Rs. 10/- each (2015: 6.20% i.e. Rs. 0.620 per Certificate).

APPROPRIATIONS:

	Rs. in '000
Profit for the year	244,358
Un-appropriated profit brought forward	43,866
Transferred to Statutory Reserves (48.00%) for the year ended June 30, 2016	-117,292
Final dividend paid @ 6.20% for the year ended June 30, 2015	-80,848
Incremental depreciation charged during the year	1,382
Un-appropriated profit carried forward	91,466
Final Dividend for the year ended June 30, 2016 @ Rs. 0.627 per certificate (i.e. 6.27%) – 95.48% of the Profit (plus surplus transferred less statutory reserves)	122,641

FUTURE OUTLOOK:

Going forward, Pakistan's economic growth will further boost during 2016-2017 due to high investment in infrastructure, improved security environment and energy supply.

Growth is expected to strengthen to 5.0~5.7% percent in FY 2016/17, supported in part by an expected pick-up of investment related to the China Pakistan Economic Corridor (CPEC)

Moreover, relatively lower import prices of inputs, low interest rates, and better energy supplies are expected to boost manufacturing sector. Improved security situation would help in attracting foreign investment thus adding onto the sustainability of growth.

While the global growth outlook for 2016 is subdued, trend in international oil prices remains uncertain. Similarly, anticipations of the impact of interest rate hike by the US-Fed, slowdown in the Chinese economy, and aftermath of Brexit on international financial and commodity markets is building up on this prevalent uncertainty.

The management of your Modaraba is well aware of the posed challenges and is deploying most feasible marketing mix at trade and retail levels and is taking all possible measures to meet these challenges. Moreover, your Modaraba is continually reviewing its business strategy to cope with the threats and has been incessantly endeavoring not only to tap alternative inexpensive sources of raw material/inputs but also trying to optimize the throughput.

Going forward, however, challenges remain. Besides fiscal dominance, law and order conditions have yet to improve and energy shortages still persist. There is no room for complacency and considerable effort is required to bring a sustainable improvement to increase productivity, efficiency, and competitiveness of the Modaraba, and to ensure high growth rates that are both sustainable as well as more profitable.

CORRUGATED PACKAGING

Large scale manufacturing (LSM) sector recorded healthy growth and this one is the highest in the last 8 years. Major sectors that showed growth during the three quarters of the current fiscal year included textile (0.6pc), coke and petroleum products (2.pc), pharmaceuticals (7.2pc), chemicals (10.01pc), non-metallic mineral products (10.23pc), automobiles (23.43pc), fertilizers (15.92pc), leather products (12.18pc) and rubber products (11.68pc).

On the other hand, the LSM industries that witnessed a negative growth included iron and steel (7.48pc), electronics (9.98pc), paper and board (2.9pc), engineering (17.64pc) and wood products (58.03pc).

Although paper & board segment experienced negative growth but this segment showed consistent results and due to sustained efforts through broadening of consumer base this trend is likely to continue in FY17.

Moreover, if recent oil prices prevail, power rates, transportation charges etc. are unlikely to be increased. Thus, it is expected that margins will be maintained in the coming year.

SOAP

Prices of tallow and palm oil are on the increasing trend and your Company is hedging its position through futures [in palm oil] and accordingly it is expected that margins will be maintained in this segment.

Moreover, efforts are being made to introduce vegetable soaps (palm oil based) to introduce not only new brand but also to take advantage of palm oil prices. This will help to increase the operating margins of this segment.

BATTERY

Your Modaraba is setting up battery (lead acid) project. Batteries (for vehicles/UPS) growth in the Country.

Your Modaraba is bringing state of the art technology comparatively having more efficiency and bringing maintenance free sealed batteries (MFSB) in Pakistan with multinational brand name (i.e. Daewoo) for Batteries which is already a well-established name in the Country. Moreover, Korean experts in the field will be handling this project.

Overall plan by the parent Company i.e. Treet Corporation Limited is to establish channel of distribution and market of the batteries well before our own production comes in the market. We have agreement with the Daewoo International Corporation to market their brand name under the name of "Daewoo" in Pakistan.

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:

Utilization of Proceeds from 50% Right Issue	30-06-2016 (Rs).
Proceed Right i.e. 65,199,998 shares @ Rs. 40/- each)	2,607,999,920
Advances/incidentals paid against letter of Credits (for Plant & Machinery & Building Material)	99,117,449
Paid to FIEDMC [against 40 acres of Land in Faisalabad]	96,252,452
Others (including operating expenses & liabilities)	62,163,229
Plant & Machinery	2,707,461,770
Building & Improvement	84,095,375
	3,049,090,275
Utilized Balance available	(441,090,355)

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.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code, the Board of Directors of Modaraba Company states that:

- The financial statements, prepared by the management of Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies are consistently applied by your Modaraba in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Modaraba is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Modaraba, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

MEETINGS OF THE BOARD OF DIRECTORS

During the year the Board of Directors of Modaraba Company has met 06 times and the attendance at each of these meetings is as follows:-

Attendance of Board Meetings during the year 2015-2016

Sr. No.	Name	Designation	14/Jul/15	6/Oct/15	28/Oct/15	28/Jan/16	26/Feb/16	26/Apr/16	2015-2016
1	Dr. Mrs. Niloufer Qasim Mahdi	Chairperson	L	P	L	P	L	L	2/6
2	Syed Shahid Ali Shah	Chief Executive Officer	L	P	P	P	L	P	4/6
3	Mr. Saulat Said	Non-Executive Director	P	P	P	P	P	P	6/6
4	*Dr. Salman Faridi	Independent Director	-	L	L	P	P	P	3/6
5	Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	P	6/6
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	L	P	P	P	5/6
7	Mr. Muhammad Shafique Anjum	Non-Executive Director	P	P	P	P	P	P	6/6
8	Syed Sheharyar Ali	Executive Director	L	P	P	P	P	P	5/6
9	**Mr. Khuram Raza Bakhtayari	Independent Director	L	-	-	-	-	-	0/6
	Quorum of Meetings		4/8	7/8	5/8	8/8	6/8	7/8	
P	Present in the Meeting		*Dr. Salman Faridi was appointed on 24-08-2015						
L	Leave of Absence		**Mr. Khuram Raza Bakhtayari had resigned on 24-08-2015						

AUDIT COMMITTEE:

In compliance with the Code, the Board of Directors of your Modaraba Company has established an Audit Committee.

Attendance of Audit Committee Meetings during the year 2015-2016

Sr. No.	Name	Designation	6/Oct/15	28/Oct/15	28/Jan/16	26/Feb/16	26/Apr/16	2015-2016
1	*Dr. Salman Faridi	Chairman/Independent Director			P	P	P	3/5
2	Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	5/5
3	Mr. Munir Karim Bana	Non-Executive Director	P	L	P	P	P	4/5
4	**Syed Sheharyar Ali	Executive Director	P	P				2/5
	Quorum of Meetings		3/4	2/4	3/4	3/4	3/4	
P	Present in the Meeting	*Dr. Salman Faridi was appointed on 28-10-2015						
L	Leave of Absence	**Syed Sheharyar Ali had retired on 28-10-2015						

TERMS OF REFERENCE OF AUDIT COMMITTEE:

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Modaraba prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Modaraba.
- (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.
- (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- (vi) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.
- (vii) Review of management letter issued by the External Auditors and Management response thereto:

REPORT OF THE AUDIT COMMITTEE:

The Committee performs its functions in accordance with the terms of reference as approved by the Board and reviewed the following key items during the current financial year.

FINANCIAL REPORTING:

The Committee reviewed, discussed and recommended for Board approval, the draft Interim and Annual Results of the Modaraba. The Committee discussed with the CFO, HIA and External Auditors of the Company on significant accounting policies, estimates and judgments applied in preparing the financial information.

REVIEW OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (CCG):

The committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the Modaraba's Compliance with the CCG.

APPOINTMENT OF EXTERNAL AUDITORS:

As per the requirements of the CCG and term of reference of the Audit Committee, the Committee recommended the appointment and remuneration of External Auditors to the Board for their approval.

REVIEW OF MANAGEMENT LETTER ISSUED BY THE EXTERNAL AUDITORS:

The Committee also reviews the Management Letter issued by the External Auditors' wherein control weaknesses are highlighted. Compliance status of previously highlighted observations by the External Auditors' is reviewed and corrective measures are discussed to improve the overall control environment.

REMUNERATION OF EXECUTIVE DIRECTOR:

In accordance with the provisions of Section 218 of the Companies Ordinance, 1984, the Board has recommended the remuneration of Syed Sheharyar Ali Executive Director to the Certificate Holders for their intimation. Notice under Section 218 of the Companies Ordinance, 1984 is attached herewith Annual Report.

INTERNAL AUDIT

In compliance with the Code, the Board of Directors of your Modaraba Company has also established an Internal Audit Function to monitor and review the adequacy and implementation of Internal Control at each level of your Modaraba.

AUDITORS

The Audit Committee of your Modaraba Company has recommended that, the present auditors, Messers KPMG Taseer Hadi & Co., Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Modaraba Company for another term. Subject to approval by the Registrar of Modaraba Companies and Modarabas, their appointment has been confirmed by the Board.

SHARI'AH ADVISOR

Mufti Muhammad Javed Hassan is the Shari'ah advisor to the Modaraba. Annual Shari'ah Advisor's Report is attached with this report.

PATTERN OF CERTIFICATE-HOLDING

The pattern of certificate-holding of your Modaraba as on June 30, 2016 is annexed with this report. This statement is in accordance with the amendments made through the Code.

HR & ADMINISTRATION

Complete HR Function is outsourced to associated company Treet HR Management (Private) Limited who is labor hire company specialized in providing workforce to host companies under service agreement and taking all responsibilities of the workforce.

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 Shah
Chief Executive Officer

LAHORE:
October 07, 2016

ڈائریکٹرز رپورٹ

فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ (ایف ٹی ایم ایم) کی مضاربہ کمپنی ٹریٹ ہولڈنگز لمیٹڈ (ٹی ایچ ایل) کے بورڈ آف ڈائریکٹرز کو 30 جون، 2016 کو ختم ہونے والے سال کے لئے ایف ٹی ایم ایم کے دسویں سالانہ اکاؤنٹس کے بارے میں ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی ہے۔ ان اکاؤنٹس کا مضاربہ کے قانونی آڈیٹرز کی طرف سے آڈٹ کیا جا چکا ہے اور ان کے ساتھ ان کی آڈٹ رپورٹ منسلک ہے۔

معاشی منظر نامہ

پاکستان کی معیشت نے مالی سال 2016 میں قابل ذکر بہتری حاصل کی، اوسط سالانہ سی پی آئی افراط زر 47 سال کی سب سے کم سطح یعنی 2.9 فیصد پر آ گیا اور اصل جی ڈی پی افزائش 8 سال کی سب سے بلند سطح 4.7 فیصد پر آ گئی معیشت کی بہتری میں خارجی اور داخلی دونوں عوامل نے کردار ادا کیا۔ خارجی محاذ پر برآمدی افزائش میں کمی کے باوجود تیل کی کم قیمتوں، بیرون ملک کارکنوں کی بہتر ترسیلات اور سرمائے کے کافی سرکاری بہاؤ کے باعث زرمبادلہ کی مارکیٹ میں بڑی حد تک استحکام رہا۔ جبکہ داخلی محاذ پر پاکستان کی معیشت مسلسل تیسرے سال بھی اپنی ترقی کی رفتار برقرار رکھے ہوئے ہے، مالی سال 2016 میں اصل جی ڈی پی میں 4.71 فیصد اضافہ ہوا جو گزشتہ آٹھ سالوں میں سب سے زیادہ ہے۔ کپاس کی پیداوار میں بڑے پیمانے پر کمی کی وجہ سے زرعی ترقی کو لگنے والے بڑے جھٹکے کے باوجود پچھلے سال مجموعی قومی پیداوار میں خاطر خواہ اضافہ ہوا۔ تاہم صنعتی اور خدمات کے شعبے میں قابل ذکر ترقی سے کسی حد تک اس نقصان کی تلافی ہو گئی کیونکہ ان دونوں سیکٹرز نے اپنی افزائش کے ہدف عبور کر لیے جبکہ افراط زر، مالی اور کرنٹ اکاؤنٹ بیلنس جیسے دوسرے کلیدی میکر و اکنا مک اعشاریوں نے بہتری دکھائی۔ پاکستانی روپے کی مستحکم قدر نے بھی سی پی آئی افراط زر کو قابو میں اور کم سطح پر رکھنے میں مدد دی۔

[ذریعہ: مالیاتی پالیسی بیان، جولائی 2016 اسٹیٹ بینک آف پاکستان اور پاکستان اکنا مک سروے 2015-16]

خام مال اور دھاتوں کی گرتی ہوئی قیمتوں (خصوصاً خام تیل اور پام آئل وغیرہ کی گرتی ہوئی قیمتوں) سے مواقع پیدا ہوئے جنہیں اجاگر کرنے کی ضرورت ہے اور ان سے پیدا ہونے والی مشکلات (خصوصاً زرعی اجناس کی کم ہوتی ہوئی قیمتوں) سے نمٹنے کے لیے قومی اور کمپنی کی سطح پر مناسب حکمت عملی بنانے کی ضرورت ہے۔

مالیاتی نتائج

روپے 000 میں	2015-2016	2014-02015	% چارج
سیلز (خالص)	2,663,830	2,649,491	0.54%
خالص منافع	244,358	136,322	79.25%
آمدنی فی شیئہ	1.47	1.05	40.00%
سٹوری ریزرو میں منتقلی (2015: 45%)	117,292	61,345	91.20%
بک ویلیو فی شیئہ	22.81	12.98	75.73%

شعبہ وار تجزیہ

روپے 000 میں	کورو گلیڈ بیکنگ		پیپرائنڈ		صائبان	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
گراس سیلز	2,109,085	2,137,952	-	15,903	1,008,296	972,088
انٹرسیکٹ سیلز	17,457	14,887	-	78,375	-	-
سیلز ٹیکس، ایکسائز اور ڈسکاؤنٹ کو کال کر	(278,025)	(297,987)	-	(8,856)	(175,526)	(162,562)
نٹل سیلز	1,848,517	1,854,852	-	85,422	832,770	809,526
مجموعی منافع	223,402	216,338	-	(463)	142,738	79,106
مجموعی منافع %	12.09%	11.66%	-	-0.54%	17.14%	9.77%
آپریٹنگ پرافٹ	85,425	98,396	-	(889)	119,089	54,124

کورنگلیڈ پیکیجنگ

سیلز کی مقدار اور گراس مارجنز کو برقرار رکھا جاتا ہے۔ اگرچہ ہیپرا اور بورڈ سیگمنٹ میں منفی افزائش ہوئی مگر اس سیگمنٹ نے مسلسل کوششوں کی وجہ سے متوازن نتائج دیئے۔ مارکیٹ تنوع کے ذریعے کسٹمر بنیاد کو وسیع کرنے کی کوششیں کی جا رہی ہیں، خاص طور سے اس سیگمنٹ کو بہا صنعتوں میں برے قرضوں سے اجتناب کرنا ہے۔

صابن

صابن کی فروخت کی مقدار بڑھتی رہتی ہے اور ریونیو کو برقرار رکھا جاتا ہے۔ مزید برآں خام مال اور ایندھن کی قیمتوں میں کمی سے مارجنز بہتر ہوتے ہیں۔ مگر مقابلے کے مہینوں میں ٹیلو اور پام کی قیمتوں کے واپس اپنی سطح پر آ جانے کی وجہ سے یہ مارجنز مزید بہتر نہیں ہوں گے۔

کاغذ اور گتے

کاغذ اور گتے کا کام بند کر دیا گیا اور ستمبر 2014 میں اس سے فراغت حاصل کر لی گئی۔

بیٹری پلانٹ

آپ کا مضار بہ بیٹری (لیڈ ایسڈ) پراجیکٹ قائم کر رہا ہے۔ گزشتہ پانچ سے چھ سال کے دوران ملک میں (گاڑیوں ایو پی ایس) کے لیے بیٹریوں کی خرید و فروخت میں اضافہ متاثر کن رہا۔ لگتا ہے کہ یہ رجحان ابھی برقرار رہے گا۔ اپنی مثال آپ ٹیکنالوجی کے اس "لیڈ ایسڈ بیٹری پلانٹ" کو ایف ٹی ایم قائم، تعمیر، نصب، حاصل کرے گا، لگائے گا، چلائے گا اور اس کا انتظام کرے گا۔ یہ گاڑیوں ایو پی ایس کے لیے مختلف حجم اور ایمپیرز کی سالانہ 2.00 ملین بیٹریاں تیار کرنے کی صلاحیت کا حامل ہوگا۔ اس مقصد کے لیے ایف ٹی ایم نے 140 ایکڑ اراضی حاصل کر لی ہے۔

پراجیکٹ کا موجودہ اسٹیٹس

اراضی	ایف آئی ای ڈی ایم سی، فیصل آباد میں 140 ایکڑ	کیفیت
پلانٹ اور مشینری	تقریباً 90 فیصد مشینری پہنچ چکی ہے	باقی مشینری پروسیس میں ہے
عمارت	پری فہر کیلیڈ اسٹرکچر زیر تکمیل ہے	سول ورک جاری ہے
پیداوار کا آغاز	مئی - جون 2017	--
ڈسٹری بیوشن چینل	درآمد شدہ بیٹریوں کی ٹریڈنگ کے ذریعے پہلے سے قائم کیا جا رہا ہے۔	--

منافع منقسمہ

بورڈ کو 10 روپے فی شیئریٹ کے حساب سے 6.27% یعنی 0.627 روپے فی شیئریٹ نقد حتمی منافع منقسمہ کا اعلان کرتے ہوئے خوشی ہے۔ (2015: 6.20% یعنی 0.620 روپے فی شیئریٹ)۔

تخصیصات

روپے '000 میں	
244,358	منافع برائے سال
43,866	غیر تخصیص شدہ منافع جو آگے ملا یا گیا
-117,292	30 جون 2016 کو ختم ہونے والے سال کے لیے (48.00%) منتقل کیے گئے سٹوری ریزروز
-80,848	30 جون 2015 کو ختم ہونے والے سال کے لیے 6.20% کی شرح سے ادا کردہ حتمی منافع منقسمہ
1,382	سال کے دوران چارج ہونے والی انکم ٹینٹل ڈیپریسی ایشن
91,466	غیر تخصیص شدہ منافع جو آگے ملا یا گیا
122,641	30 جون 2016 کو 0.627 روپے فی شیئریٹ کی شرح سے (یعنی 6.27 فیصد)۔ منافع کا 95.48% (مع فاضل منتقل کردہ منفی سٹوری ریزروز)

مستقبل کا منظر نامہ

اساسی ڈھانچے میں زیادہ سرمایہ کاری، سیکورٹی کے بہتر ماحول اور انرجی کی سپلائی کی وجہ سے 2016-17 کے دوران پاکستان کی اقتصادی افزائش مزید مستحکم ہوگی۔ توقع ہے کہ مالی سال 2016/17 میں افزائش میں 5.0 سے 5.7 فیصد تک اضافہ ہوگا۔ جزوی طور پر اس میں چین پاکستان اقتصادی راہداری (سی پی ای سی) سے متعلق سرمایہ کاری میں متوقع اٹھان ہے۔

مزید برآں مداخل کی نسبتاً کم درآمدی قیمتیں، کم شرح سود اور انرجی کی بہتر سپلائی متوقع طور پر مینوفیکچرنگ کے شعبے کو آگے بڑھائے گی۔ سیکورٹی کی بہتر صورت حال سے غیر ملکی سرمایہ کاری کو ترغیب دینے میں مدد ملے گی، اس طرح افزائش میں پائیداری آئے گی۔

2016 کے لیے عالمی افزائش کا منظر نامہ قدرے دھندلا ہے، تیل کی بین الاقوامی قیمتوں کا رجحان بھی غیر یقینی ہے۔ اسی طرح یو ایس فیڈرل ریزرو بینک کی طرف سے شرح سود میں اضافے کے اثرات کے بارے میں پیش گوئیاں، چینی معیشت میں سست روی، اور بین الاقوامی مالیاتی اور کموڈٹی مارکیٹوں پر برطانیہ کی یورپی یونین سے نکل جانے کے بعد کی صورت حال کے اثرات بھی اس غیر یقینی کو بڑھا رہے ہیں۔ آپ کے مضاربہ کی انتظامیہ ان چیلنجوں سے بخوبی آگاہ ہے اور ٹریڈ اور ریٹیل کی سطحوں پر انتہائی قابل عمل مختلف طریقے اختیار کر رہی ہے اور ان چیلنجوں سے نمٹنے کے لیے تمام ممکنہ اقدامات کر رہی ہے۔ مزید برآں آپ کا مضاربہ خطرات کا مقابلہ کرنے کے لیے مسلسل تمام ممکنہ اقدامات کر رہا ہے، اور نہ صرف خام مال مداخل کے متبادل ارزان ذرائع اختیار کرنے کی اضافی جدوجہد کر رہا ہے بلکہ پیداوار بڑھانے کی بھی کوشش کر رہا ہے۔

تاہم آگے بڑھنے میں چیلنجز اپنی جگہ موجود ہیں۔ مالیاتی غلبے کے ساتھ امن و امان کی صورت حال کو مزید بہتر بنانا ہے اور توانائی کی قلت ابھی بھی برقرار ہے۔ ہاتھ پر ہاتھ کر بیٹھے رہنے کی کوئی گنجائش نہیں ہے اور پیداوار، بیت، صلاحیت، مضاربہ کی مقابلہ کرنے کی اہلیت میں پائیدار بہتری لانے اور افزائش کی ایسی بلند شرح کو یقینی بنانے کی ضرورت ہے جو دریا ہونے کے ساتھ ساتھ زیادہ منافع بخش بھی ہو۔

کور و گلوبل پیکجنگ

بڑے پیمانے پر مصنوعات تیار کرنے والے (ایل ایس ایم) سیکٹرز نے صحت مند افزائش حاصل کی اور یہ گزشتہ 8 سالوں کے دوران بلند ترین ہے۔ رواں مالی سال کی تین سہ ماہیوں کے دوران جن بڑے شعبوں نے افزائش دکھائی، ان میں ٹیکسٹائل (0.6 فیصد)،

کوک اور پیٹریولیم کی مصنوعات (2 فیصد)، دو سازی (7.2 فیصد)، کیمیکلز (10.01 فیصد)، غیر دھاتی معدنی مصنوعات (10.23 فیصد)، آٹو موٹو (23.43 فیصد)، فریٹلائزرز (15.92 فیصد)، چمچے کی مصنوعات (12.18 فیصد) اور برکی مصنوعات (11.68 فیصد)

دوسری طرف، جن ایل ایس ایم صنعتوں نے منفی افزائش دکھائی ان میں آئرن اینڈ اسٹیل (7.48 فیصد)، الیکٹرانکس (9.98 فیصد)، پیپر اینڈ بورڈ (2.9 فیصد)، انجینئرنگ (17.64 فیصد) اور کڑی کی مصنوعات (58.03 فیصد) شامل ہیں۔

اگرچہ پیپر اینڈ بورڈ سیکٹرز کو منفی افزائش کا سامنا کرنا پڑا مگر اس سیکٹرز نے مسلسل نتائج دکھائے اور کئی یومر میں وسیع کرنے کے ذریعے مستقل کوششوں کی وجہ سے یہ رجحان 2017 کے مالی سال میں بھی برقرار رہنے کا امکان ہے۔

مزید برآں اگر تیل کی موجودہ قیمتیں برقرار رہتی ہیں تو بجلی کے نرخوں اور ٹرانسپورٹیشن کے کرایوں میں اضافہ نہیں ہوگا، چنانچہ توقع ہے کہ آنے والے سال میں مارجنز برقرار رہیں گے۔

صابن

ٹیلو اور پام آئل کی قیمتوں میں اضافے کا رجحان ہے اور آپ کی کمپنی (پام آئل میں) مستقبل کے سودوں کی وجہ سے اپنی پوزیشن کو بچائے ہوئے ہے۔ امید کی جاتی ہے کہ اس سیکٹرز میں مارجنز برقرار رہیں گے۔

اس کے علاوہ (پام آئل بیسڈ) ویکسٹیل صابن متعارف کرانے کی کوششیں جاری ہیں۔ نہ صرف نئے برانڈ متعارف کرائے جا رہے ہیں بلکہ پام آئل کی قیمتوں سے بھی فائدہ اٹھانے کی کوشش کی جا رہی ہے۔ اس سے اس سیکٹرز میں منافع بڑھانے میں مدد ملے گی۔

بیٹری

آپ کا مضاربہ بیٹری (لیڈ ایسڈ) پراجیکٹ قائم کر رہا ہے۔ ملک میں (گاڑیوں/یو پی ایس کے لیے) بیٹریوں کی افزائش۔

آپ کا مضارب اپنی مثال آپ ٹیکنالوجی لارہا ہے جو نسبتاً زیادہ بہتر صلاحیت کی حامل ہے اور پاکستان میں ملٹی نیشنل برانڈ نام (یعنی Daewoo) کے ساتھ مینٹی نینس سے پاک سربمہر (ایم ایف ایس بی) بیٹریاں لارہا ہے۔ یہ نام ملک میں بیٹریوں کے لیے پہلے ہی بہت اچھی شہرت رکھتا ہے مزید برآں کوریا کے اس شعبہ کے ماہرین اس پراجیکٹ میں ساتھ دیں گے۔

سرپرست کمپنی یعنی ٹریٹ کارپوریشن کی طرف سے مجموعی پلان یہ ہے کہ وہ ہماری پراڈکشن کے مارکیٹ میں آنے سے بہت پہلے بیٹریوں کی ڈسٹری بیوٹن اور مارکیٹ کا چھیل بنائے گی۔ Daewoo انٹرنیشنل کارپوریشن کے ساتھ ہمارا یہ معاہدہ ہے کہ ہم پاکستان میں "Daewoo" کے نام سے ان کا برانڈ فروخت کریں گے۔

رائٹ ایٹو

آپ کے مضارب نے کل/2,607,999,920 روپے بہ تقسیم 10/ روپے فی کے حساب سے 65,199,998 سٹیک کیٹس کے رائٹ ایٹو کا 50% (یعنی مضارب کے موجودہ سٹیک کیٹ ہولڈرز کے پاس ایک سٹیک کیٹ کے لیے دو سٹیک کیٹ) کیا ہے۔ 10/ روپے کے ہر سٹیک کیٹ پر 30/ روپے کا پرمیئم ہوگا یعنی رائٹ آف پر آس۔ 40/ روپے فی سٹیک کیٹ ہے۔ اس سے حاصل ہونے والی آمدنی بیٹری پراجیکٹ میں استعمال ہوتی ہے، اس آمدنی کی تفصیل حسب ذیل ہے:

30-06-2016 (روپے)	50% رائٹ ایٹو سے ہونے والی آمدنی کا استعمال
2,607,999,920	رائٹ سے آمدنی یعنی (-40/ روپے فی سٹیک کے حساب سے 65,199,998 سٹیکرز)
99,117,449	(پلانٹ، مشینری اور بلڈنگ میٹریل کے لیے) لیٹر آف کریڈٹس کے نام پر پیمنٹ اور انڈینیل ایگیاں
96,252,452	(فیصل آباد میں 140 ایکڑ اراضی کے لیے) ایف آئی ای ڈی ایم سی کو ادائیگی
62,163,229	دیگر (بشمول آپریٹنگ اخراجات اور ذمہ داریاں)
2,707,461,770	پلانٹ اور مشینری
84,095,375	بلڈنگ اور امپرومنٹ
3,049,090,275	
(441,090,355)	دستیاب غیر استعمال شدہ بیلنس

براہ کرم نوٹ کیجئے کہ یہ فیڈرز، جیسا کہ پہلے بھی ذکر کیا جا چکا ہے دو حصوں میں اکٹھے کیے جا رہے ہیں اور دوسرا رائٹ ایٹو اس وقت ہوگا جب بورڈ آف ڈائریکٹرز مناسب سمجھے گا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

مضارب کمپنی کا بورڈ آف ڈائریکٹرز، مضابطے کی تعمیل کرتے ہوئے بیان کرتا ہے کہ:

- ☆ مضارب کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی دیانت داری کے ساتھ عکاسی کرتے ہیں۔
- ☆ مضارب کے حسابات کے کھاتے صحیح طریقے سے رکھے جاتے ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں آپ کے مضارب کی طرف سے مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا جاتا ہے اور اکاؤنٹنگ کے تخمینوں کی بنیاد معقول اور محتاط فیصلے پر ہے۔ ان مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے بین الاقوامی معیارات پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے اور ان سے کسی انحراف، اگر کہیں ہوا ہے، کا مناسب طریقے سے ذکر کیا گیا ہے۔
- ☆ آپ کے مضارب میں انٹرنل کنٹرول کے جس سسٹم پر عمل کیا جاتا ہے وہ بالکل درست ہے، اور یہ پورے سال کے دوران موثر طریقے سے نافذ رہا ہے۔
- ☆ آپ کے مضارب کی مالی صورت حال کو پیش نظر رکھتے ہوئے، ہمیں آگے بڑھتے ہوئے ادارے کی حیثیت سے اس کے تسلسل کے بارے میں کوئی شک و شبہ نہیں ہے۔
- ☆ زیر غور سال کے دوران کارپوریٹ گورننس کے ان بہترین طور طریقوں سے کوئی مادی انحراف نہیں کیا گیا، جن کی تفصیل لسٹنگ ریگولیشنز میں درج ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران مضاربہ کمپنی کے بورڈ آف ڈائریکٹرز کا 06 مرتبہ اجلاس ہوا، جن میں ہر ممبر کی حاضری درج ذیل رہی۔

سال 2015-16 کے دوران بورڈ بورڈ اجلاسوں کے دوران حاضری

نمبر شمار	نام	عہدہ	14 جولائی-15	6 اکتوبر-15	28 اکتوبر-15	28 جنوری-16	26 فروری-16	26 اپریل-16	2015-2016
1	ڈاکٹر مسز نیلو فرقا سم مہدی	چیئر پرسن	L	P	L	P	L	L	2/6
2	سید شاہد علی شاہ	چیف ایگزیکٹو آفیسر	L	P	P	P	L	P	4/6
3	جناب صولت سعید	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
4	ڈاکٹر سلمان فریدی*	انڈیپنڈنٹ ڈائریکٹر	-	L	L	P	P	P	3/6
5	عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
6	منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	L	P	P	P	5/6
7	محمد شفیق انجم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
8	سید شہریار علی	ایگزیکٹو ڈائریکٹر	L	P	P	P	P	P	5/6
9	خرم رضا بختیاری*	انڈیپنڈنٹ ڈائریکٹر	L	-	-	-	-	-	0/6
	اجلاسوں کا کورم		4/8	7/8	5/8	8/8	6/8	7/8	
P	اجلاس میں شریک								* ڈاکٹر سلمان فریدی کا 24-08-2015 کو مقرر کیا گیا تھا۔
L	غیر حاضری کی رخصت								** مسٹر خرم رضا بختیاری نے 24.08.2015 کو استعفا دے دیا تھا۔

آڈٹ کمیٹی

کوڈ کی تعمیل کرتے ہوئے آپ کی مضاربہ کمپنی کے بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی قائم کی ہے۔

سال 2015-16 کے دوران آڈٹ کمیٹی کے اجلاسوں میں حاضری

نمبر شمار	نام	عہدہ	6 اکتوبر-15	28 اکتوبر-15	28 جنوری-16	26 فروری-16	26 اپریل-16	2015-2016
1	* ڈاکٹر سلمان فریدی	چیئر مین / انڈیپنڈنٹ ڈائریکٹر			P	P	P	3/5
2	عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5
3	منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	L	P	P	P	4/5
4	** سید شہریار علی	ایگزیکٹو ڈائریکٹر	P	P				2/5
	کورم آف میٹنگز		3/4	2/4	3/4	3/4	3/4	
P	اجلاس میں شریک							* ڈاکٹر سلیم فریدی کا تقرر 28-10-2015 کو ہوا تھا۔
L	غیر حاضری کی رخصت							** سید شہریار علی 28-10-2015 کو ریٹائر ہو گئے۔

آڈٹ کمیٹی کے قواعد و ضوابط

کمیٹی وقفے وقفے سے مالیاتی گوشواروں پر غور کرتی ہے اور اس امر کو یقینی بنانے کے لیے مالیاتی پالیسیوں اور طور طریقوں کا جائزہ لیتی ہے کہ انٹرنل کنٹرول کا ایک موثر اور مضبوط نظام کام کر رہا ہے۔ یہ کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کی طرف سے جاری کردہ آڈٹ رپورٹس اور آڈٹ آف بزنس کے کمپلائنس اسٹیٹس کا بھی جائزہ لیتی

- ہے۔
- یہ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کو ایکسٹرنل آڈیٹرز کے تقرر کی سفارش کرنے کی بھی ذمہ دار ہے اور ایکسٹرنل آڈیٹرز کے استعفیایا سبکدوشی، آڈٹ فیس اور مالیاتی گوشواروں کے آڈٹ کے علاوہ، ایکسٹرنل آڈیٹرز کی طرف سے کمپنی کو کسی سروس کی فراہمی جیسے معاملات پر بھی غور و خوض کرتی ہے۔
- آڈٹ کمیٹی کا ضابطہ کاران ضوابط کے مطابق ہے جن کا ذکر کوڈ آف کارپوریٹ گورننس میں ہے اور وسیع معنوں میں ان میں درج ذیل شامل ہیں:
- (i) بورڈ آف ڈائریکٹرز کی طرف سے منظوری سے قبل مضاربہ کے عبوری اور سالانہ مالیاتی گوشواروں پر نظر ثانی۔
 - (ii) عبوری اور حتمی آڈٹس سے پیدا ہونے والی بڑی آبرزویشنز پر ایکسٹرنل آڈیٹرز کے ساتھ مشاورت؛ ایکسٹرنل آڈیٹرز کی طرف سے جاری کیے جانے والے مینجمنٹ لیٹر اور اس بارے میں انتظامیہ کے رد عمل کا جائزہ۔
 - (iii) اس امر کو یقینی بنانے کے لیے انٹرنل آڈٹ کے دائرے اور حد کا جائزہ کہ آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور یہ مضاربہ کے اندر صحیح طریقے سے کام کر رہا ہے۔
 - (iv) فائنانشل اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹم اور رپورٹنگ اسٹریکچر سمیت، انٹرنل کنٹرول سسٹم کے مناسب اور موثر طریقے سے کام کرنے کے بارے میں معلومات کا حصول۔
 - (v) متعلقہ قانونی تقاضوں کی پابندی کا تعین اور کارپوریٹ گورننس کے بہترین طور طریقوں کی تعمیل پر نظر رکھنا۔
 - (vi) خصوصی پراجیکٹس شروع کرنا، ہنسی اسٹڈیز کی قدر و قیمت یا بورڈ آف ڈائریکٹرز کی طرف سے سونپے جانے والے کسی معاملے کی تفتیش۔
 - (vii) ایکسٹرنل آڈیٹرز کی طرف سے جاری کردہ مینجمنٹ لیٹر اور اس بارے میں مینجمنٹ کے جواب پر غور۔

آڈٹ کمیٹی کی رپورٹ:

کمیٹی، بورڈ کی طرف سے منظور کردہ قواعد و ضوابط کے مطابق اپنے فرائض انجام دیتی ہے اور اس نے رواں مالی سال کے دوران درج ذیل کلیدی آئٹمز کا جائزہ لیا۔

فائنانشل رپورٹنگ:

کمیٹی نے مضاربہ کے عبوری اور سالانہ نتائج کا جائزہ لیا، مشاورت کی اور بورڈ کی منظوری کے لیے سفارش کی۔ کمیٹی نے مالیاتی معلومات کی تیاری میں اختیار کی جانے والی اہم اکاؤنٹنگ پالیسیوں، تخمینوں اور فیصلوں کے بارے میں سی ایف او، ایچ آئی اے اور مضاربہ کے ایکسٹرنل آڈیٹرز کے ساتھ گفت و شنید کی۔

کوڈ آف کارپوریٹ گورننس (سی سی جی) کی تعمیل کا جائزہ:

کمیٹی کوڈ آف کارپوریٹ گورننس کے بہترین طور طریقوں کی پابندی کو یقینی بنانے کو بہت زیادہ اہمیت دیتی ہے۔ اس ضمن میں کمیٹی سی سی جی کے ساتھ مضاربہ کی تعمیل کا سالانہ جائزہ لیتی ہے۔

ایکسٹرنل آڈیٹرز کا تقرر:

کمیٹی نے سی سی جی اور آڈٹ کمیٹی کے قواعد و ضوابط کے تقاضوں کے مطابق بورڈ کو ان کی منظوری کے لیے ایکسٹرنل آڈیٹرز کے تقرر اور مشاہرے کی سفارش کی۔

ایکسٹرنل آڈیٹرز کی طرف سے جاری کردہ مینجمنٹ لیٹر پر غور:

کمیٹی ایکسٹرنل آڈیٹرز کی طرف سے جاری کردہ مینجمنٹ لیٹر کا بھی جائزہ لیتی ہے، جس میں کنٹرول کی کمزوریوں پر روشنی ڈالی جاتی ہے۔ ایکسٹرنل آڈیٹرز کی طرف سے پہلے جاگرتی گئی آبرزویشنز کے کمپلائنس اسٹینڈرز پر نظر ثانی کی جاتی ہے اور کنٹرول کے مجموعی ماحول کو بہتر بنانے کے لیے اصلاحی اقدامات پر مشاورت کی جاتی ہے۔

ایگزیکٹو ڈائریکٹرز کا مشاہرہ:

بورڈ کے مینیجرز آرڈیننس 1984 کے سیکشن 218 کی دفعات کے مطابق حقیقت ہولڈرز کو ان کی اطلاع کے لیے ایگزیکٹو ڈائریکٹرز، سید شہر یار علی کے مشاہرے کی سفارش کی مینیجرز آرڈیننس 1984 کے سیکشن 218 کے تحت نوٹس سالانہ رپورٹ کے ساتھ منسلک ہے۔

انٹرنل آڈٹ:

آپ کی مضاربہ کمیٹی کے بورڈ آف ڈائریکٹرز نے کوڈ کی تعمیل کرتے ہوئے انٹرنل آڈٹ فنکشن بھی قائم کیا ہے تاکہ آپ کے مضاربہ کی ہر سطح پر انٹرنل کنٹرول ضرورت کے مطابق ہونے اور عمل درآمد کی نگرانی کی جائے اور اس کا جائزہ لیا جاسکے۔

آڈیٹرز

آپ کی مضاربہ کمپنی نے سفارش کی ہے کہ موجودہ آڈیٹرز، مینسز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو جو سبکدوش ہونے والے ہیں اور اہل ہونے کے ناتے خود کو دوبارہ تقرر کے لیے پیش کر رہے ہیں، ایک اور مدت کے لیے کمپنی کے آڈیٹرز مقرر کر دیا جائے۔ بورڈ نے رجسٹرار آف مضاربہ کمپنیز اینڈ مضاربہ کی منظوری سے مشروط، ان کے تقرر کی توثیق کر دی ہے۔

شریہ مشیر

مفتی محمد جاوید حسن، مضاربہ کے شریہ مشیر ہیں۔ شریہ مشیر کی سالانہ رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔

ٹھونکیٹ ہولڈنگ کا پیٹرن

آپ کے مضاربہ کا ٹھونکیٹ ہولڈنگ پیٹرن، جو 30 جون 2016 کو تھا اس رپورٹ کے ساتھ منسلک ہے۔ یہ اسٹیٹمنٹ ان ٹریمیم کے مطابق ہے جو کوڈ کے ذریعے کی گئیں۔

انسانی وسائل اور انتظامیہ

ایچ آر کا پورا کام، ملحقہ کمپنی ٹریٹ ایچ آر مینجمنٹ (پرائیویٹ) لمیٹڈ کو آؤٹ سورس کیا ہوا ہے جو کارکنوں کو بھرتی کرنے والی کمپنی ہے، یہ سروس ایگریمنٹ کے تحت میزبان کمپنیوں کو ورک فورس فراہم کرنے میں خصوصی مہارت کی حامل ہے اور ورک فورس کی تمام ذمہ داریاں اٹھاتی ہے۔

اظہار تشکر

بورڈ اس موقع پر، سرپرستی اور تعاون کرنے پر اپنے گراں قدر کسٹمرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ اور مضاربہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت اور رہنمائی پر شکریہ ادا کرتا ہے۔

ہم پر بھروسہ اور اعتماد کرنے پر ٹھونکیٹ ہولڈرز کا خصوصی طور پر شکریہ۔

برائے اور از طرف



سید شاہد علی

چیف ایگزیکٹو آفیسر

بتاریخ: 07 اکتوبر 2016

لاہور

Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2016.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the CCG in the following manner:

1. The Modaraba encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name of Directors
Independent Director	i. Dr. Salman Faridi
Executive Directors	i. Syed Shahid Ali ii. Syed Sheharyar Ali
Non-Executive Directors	i. Dr. Mrs. Niloufer Qasim Mahdi ii. Mr. Muhammad Shafique Anjum iii. Mr. Saulat Said iv. Mr. Imran Azim v. Mr. Munir Karim Bana

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Modaraba (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Modaraba are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the Board during the year which was filled by the Board within stipulated time.
5. The Modaraba has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/Certificate Holders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year under review no training program was arranged by the Modaraba. All Directors meets the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Modaraba other than that disclosed in the pattern of shareholding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three Members. All Members are Non-Executive Directors and the Chairman of the Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
18. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

22. Board of directors does not fall for HR committee since all the work force is out sourced.
23. In compliance with the Code of Corporate Governance, the Board has established mechanism for an annual evaluation of its own performance.
24. The Modaraba has complied with the requirements relating to maintenance of Register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

For and Behalf of the Board of Directors



Syed Shahid Ali Shah
Chief Executive Officer

LAHORE:
October 07, 2016

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Treet Holdings Limited (“the Modaraba Management Company”)** in respect of **First Treet Manufacturing Modaraba (the Modaraba)** for the year ended 30 June 2016 to comply with the requirements of Listing Regulation no. 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Code requires the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

LAHORE:
October 07, 2016



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

Annual Shari'ah Advisor's Report

I have conducted the Shari'ah review of **First Treet Manufacturing Modaraba** managed by **Treet Holdings Limited** Modaraba Management Company for the financial year ended **June 30, 2016** in accordance with the requirements of the **Shari'ah Compliance** and **Shari'ah Audit Mechanism for Modarabas** and report that except the observations as reported hereunder, in my opinion:

- i. the Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. no major developments in the following took place during the year:
 - a) Research and new product development
 - b) Training and Development
- iii. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. to the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising products etc. are not applicable to this Modaraba.
- vi. the earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts.



Mufti Muhammad Javed Hassan
Shari'ah Advisor
First Treet Manufacturing Modaraba

Dated: October 07, 2016

Auditors' Report to the Certificate-Holders

We have audited the annexed balance sheet of **First Treet Manufacturing Modaraba** ("the Modaraba") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied except for the change in accounting policy as referred to in note 3.1 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the central Zakat fund established under section 7 of that Ordinance.

LAHORE:
October 07, 2016



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

Balance Sheet

as at June 30, 2016

	Note	2016 (Rupees in thousand)	2015
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,779,775	665,119
Long term advances	5	10,869	15,553
Long term deposits	6	16,814	14,625
		3,807,458	695,297
Current assets			
Stores and spares	7	66,891	49,542
Stock-in-trade	8	358,845	474,478
Trade debtors	9	378,708	365,012
Advances, deposits, prepayments and other receivables	10	55,075	30,689
Tax refunds due from the Government	11	323,814	94,373
Short term investment	12	-	200,000
Cash and bank balances	13	199,931	143,381
		1,383,264	1,357,475
Total assets		5,190,722	2,052,772
Equity and liabilities			
Certificate capital and reserves:			
Authorized certificate capital 250,000,000 (2015: 250,000,000) Modaraba certificates of Rs. 10 each			
		2,500,000	2,500,000
Issued, subscribed and paid-up certificate capital	14	1,956,000	1,304,000
Statutory reserve	15	430,728	313,436
Certificate premium	16	1,952,870	-
Unappropriated profit		91,466	43,866
Certificate holders' equity		4,431,064	1,661,302
Surplus on the revaluation of land and buildings	17	29,753	31,135
		4,460,817	1,692,437
Non-current liabilities			
Long term liability against purchase of land	18	112,670	169,093
Current liabilities			
Current maturity of liability against purchase of land	18	56,602	56,602
Retention money		7,327	3,806
Trade and other payables	19	553,306	130,834
		617,235	191,242
Contingencies and commitments			
	20		
Total equity and liabilities		5,190,722	2,052,772

The annexed notes 1 to 36 form an integral part of these financial statements.

LAHORE:
October 07, 2016

Syed Shahid Ali Shah
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Profit and Loss Account

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Continuing operations			
Sales - net	21	2,663,830	2,649,491
Cost of goods sold	22	(2,297,690)	(2,354,047)
Gross profit		366,140	295,444
Administration expenses	23	(55,249)	(36,925)
Distribution cost	24	(113,004)	(105,999)
		(168,253)	(142,924)
Operating profit		197,887	152,520
Finance cost	25	(1,752)	(2,167)
Other income	26	48,223	21,741
Profit before tax from continuing operations		244,358	172,094
Taxation	28	-	-
Net profit for the year from continuing operations		244,358	172,094
Discontinued operation			
Net loss for the year from discontinued operation	27	-	(35,772)
Net profit for the year		244,358	136,322
Earnings/ (loss) per modaraba certificate basic and diluted			
-from continuing operations		Rupees 1.47	1.32
-from discontinued operation		Rupees -	(0.27)
		Rupees 1.47	1.05

The annexed notes 1 to 36 form an integral part of these financial statements.

LAHORE:
October 07, 2016



Syed Shahid Ali Shah
Chief Executive Officer



Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit after taxation	244,358	136,322
<i>Items that will may or may not be reclassified to profit and loss</i>		
Other comprehensive income	-	-
Total comprehensive income for the year	244,358	136,322
Attributable to:		
Continuing operations	244,358	172,094
Discontinued operation	-	(35,772)
	244,358	136,322

The annexed notes 1 to 36 form an integral part of these financial statements.

LAHORE:
October 07, 2016



Syed Shahid Ali Shah
Chief Executive Officer



Muhammad Shafique Anjum
Director

Cash Flow Statement

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	244,358	136,322
Adjustment for non-cash items:		
Depreciation on property, plant and equipment	31,654	32,946
Provision for doubtful debts	11,741	12,116
Provision for slow moving/obsolete stores	-	5,523
Loss on sale of paper and board mill	-	35,045
Exchange Loss	991	1,677
Finance cost	761	490
	45,147	87,797
Operating profit before working capital changes	289,505	224,119
(Increase)/ Decrease in current assets:		
Stores and spares	(17,349)	14,617
Stock in trade	115,633	(57,145)
Trade debts	(25,437)	10,387
Advances, deposits, prepayments and other receivables	(250,398)	26,372
	(177,551)	(5,769)
<i>Increase in current liabilities:</i>		
Retention money	3,521	3,316
Trade and other payables	421,481	1,427
Cash generated from operations	536,956	223,093
Finance cost paid	(761)	(490)
Income taxes (paid)/ refunds - net	(3,429)	1,865
Long term advances - net	4,684	10,325
Long term deposits - net	(2,189)	(6,604)
Net cash generated from operating activities	535,261	228,189
Cash flow from investing activities		
Fixed capital expenditure	(3,202,733)	(175,202)
Net proceeds from sale of paper and board mill	-	154,345
Short term investment	200,000	(200,000)
Net cash used in investing activities	(3,002,733)	(220,857)
Cash flow from financing activities		
Profit distributed to certificate holders	(80,848)	(44,988)
Proceeds from issue of Modaraba certificates	2,604,870	-
Net cash generated from/ (used in) financing activities	2,524,022	(44,988)
Net increase/ (decrease) in cash and cash equivalents	56,550	(37,656)
Cash and cash equivalents at beginning of the year	143,381	181,037
Cash and cash equivalents at end of the year	199,931	143,381

The annexed notes 1 to 36 form an integral part of these financial statements.

LAHORE:
October 07, 2016


Syed Shahid Ali Shah
Chief Executive Officer


Muhammad Shafique Anjum
Director

Statement of Changes in Equity

for the year ended June 30, 2016

	Certificate capital	Capital Reserve		Revenue Reserve	Total
		Certificate premium	Statutory reserve	Un-appropriated profit	
(Rupees in thousand)					
Balance as at 30 June 2014	1,304,000	-	252,091	1,060	1,557,151
Total Comprehensive Income	-	-	-	136,322	136,322
<i>Transaction with owners of the Modaraba - distribution</i>					
Profit distribution @ 3.45% for the year ended 30 June 2014	-	-	-	(44,988)	(44,988)
<i>Surplus transferred to unappropriated profit on account of:</i>					
- disposal of land and building	-	-	-	11,434	11,434
- incremental depreciation charged during the year	-	-	-	1,383	1,383
	-	-	-	12,817	12,817
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 year	-	-	-	244,358	244,358
<i>Transaction with owners of the Modaraba - contributions and distributions</i>					
Issue of modaraba certificates during the year	652,000	1,952,870	-	-	2,604,870
Profit distribution @ 6.2% for the year ended 30 June 2015	-	-	-	(80,848)	(80,848)
	652,000	1,952,870	-	(80,848)	2,524,022
<i>Surplus transferred to unappropriated profit on account of incremental depreciation charged during the year</i>					
	-	-	-	1,382	1,382
Transfer to statutory reserve @ 48%	-	-	117,292	(117,292)	-
Balance as at 30 June 2016	1,956,000	1,952,870	430,728	91,466	4,431,064

The annexed notes 1 to 36 form an integral part of these financial statements.

LAHORE:
October 07, 2016


Syed Shahid Ali Shah
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Financial Statements

for the year ended June 30, 2016

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 Pakistan Stock Exchange Limited (Formerly Lahore Stock Exchange (Guarantee) Limited). The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and is in the process of establishing a battery manufacturing unit in Faisalabad. The commercial production is expected to commence in next financial year.

During the year ended 30 June 2015, the Modaraba Management Company sold Modaraba’s Paper and Board Mill segment as referred to in note 27 of these financial statements and as a result the Modaraba’s operations have been divided into continuing and discontinued operations, wherever required in accordance with the requirements of IFRS-5 - “Non-current assets held for sale and discontinued operations”.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan, provisions of and directives issued under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by Securities and Exchange Commission of Pakistan (SECP). In case requirements of IFRS differ, the provisions of or directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for land and buildings which are carried at revalued.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Modaraba’s functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand, unless otherwise stated.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Modaraba's financial statements or where judgments were exercised in application of accounting policies are:

	Note
- Residual values and useful lives of depreciable assets	3.3
- Provision for obsolete stores	3.4
- Provision for doubtful debts	3.6
- Provisions and contingencies	3.14

2.5 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

These amendments are not considered to have material impacts on these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except as mentioned in note 3.1.

3.1 Change in accounting policies

During the year, the Modaraba has adopted IFRS-13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 1 January 2015. 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 or permitted by other IFRSs. It unifies the definition of fair values as the prices 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS-7 'Financial Instruments Disclosures'. As a result, the Modaraba has included the additional disclosure in this regard in note 31.6 to the financial statements. 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, this change has no significant impact on the measurements of the Modaraba's financial assets and liabilities.

3.2 Taxation

3.2.1 Current

Under the current taxation law, income of the Modaraba is exempt from income tax provided it distributes at least 90% of its profits as cash dividend to the certificate holders out of current year's total profit after appropriating statutory reserves under section 37 of the Modaraba Companies and Modaraba (floatation and control) Ordinance, 1980.

Where such profit is not distributed, provision for current tax is made on taxable income for the year at the current tax rates applicable to Modaraba after taking into account the available tax exemptions and tax credits, if any.

3.2.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the balance sheet liability method. However, deferred taxation has not been

recognized in these financial statements as the management believes that the income of Modaraba will not be taxable in the foreseeable future as the Modaraba intends to continue availing the tax exemption through profit distribution of at least ninety percent of distributable profits.

3.3 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and buildings. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the buildings. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'.

Depreciation is provided on straight line method at rates specified in note 4.1 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. Depreciation on additions to property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is retired from active use or the asset is disposed off.

Residual value and the useful life of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized as income or expense in the profit or loss account.

Capital work-in-progress

Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use. Capital work-in-progress is stated at cost, less any identified impairment loss.

Impairment tests for property, plant and equipment are performed annually or whenever there is an indication of impairment.

3.4 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred upto the balance sheet date. The Modaraba reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.5 Stock-in-trade

Stock of raw materials, packing materials, work-in-process and finished goods are valued at lower of moving average cost and net realizable value except for stock-in-transit which is valued at invoice price and related expenses. Cost in relation to work-in-process and finished goods includes prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the cost necessary to be incurred to make the sales.

3.6 Trade and other receivables

These are carried at amounts recognized at invoice value which is the fair value of the consideration receivable less an estimate of doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified, while debts considered doubtful of recovery, if any, are fully provided for in these financial statements.

3.7 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees which is the Modaraba's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

3.8 Revenue recognition

- i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Modaraba and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods.

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer.

- ii) Return on bank deposits, investments and interest on loans is accounted for on a time proportion basis using the effective rate of return/interest.
- iii) Other revenues are recorded on accrual basis.

3.9 Borrowing costs

Borrowing costs are interest or other costs incurred by the Modaraba in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

3.10 Financial instruments

Financial assets and liabilities are recognized, when the Modaraba becomes a party to the contractual provisions of the instrument and de-recognized when the Modaraba loses control of the contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments includes trade debts, advances, deposits, cash and bank balances, trade and other payables and due to Modaraba Company. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be.

3.11 Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the financial statements only when the Modaraba has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Modaraba, if any.

3.13 Trade and other payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Modaraba.

3.14 Provisions and contingencies

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.15 Impairment

Financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. Impairment losses on available for sale financial assets are recognized by reclassifying accumulated losses in fair value reserve to profit and loss account. All impairment losses are recognized in profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Non-financial assets

The carrying amount of the Modaraba's non-financial assets, other than inventories assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata-basis. Impairment

losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognized.

3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Modaraba Management Company that makes strategic decisions. Segments reported are corrugated boxes, soaps and batteries which also reflects the management structure of the Modaraba. The Modaraba is in the process of establishing a battery manufacturing unit in Faisalabad. The commercial production is expected to commence in next financial year.

3.17 Operating leases

Leases including ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit on a straight line basis over the lease/ ijarah term unless another systematic basis is representative of the time pattern of the Modarabas's benefit.

3.18 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that their carrying amount will be recovered principally through sale rather than through continuing use. They are stated at lower of carrying amount and fair value less costs to sell.

3.19 Profit distribution

Profit distribution to the certificate holders is recognized in the period in which it is approved.

	Note	2016 (Rupees in thousand)	2015
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	774,660	556,055
Capital work-in-progress	4.2	3,005,115	109,064
		3,779,775	665,119

4.1 Operating fixed assets

PARTICULARS	2016				2015			
	As at 01 July 2015	As at 30 June 2016	RATE %	As at 01 July 2015	For the year	Deletions	As at 30 June 2016	Net book value as at 30 June 2016
	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION				
	Additions	Deletions		As at 01 July 2015	For the year	Deletions	As at 30 June 2016	Net book value as at 30 June 2016
Owned	----- (Rupees in thousand) -----							
Freehold land	335,049	235,324	-	570,373	-	-	-	570,373
Buildings on freehold land	89,774	-	-	89,774	5,736	-	9,476	80,298
Leasehold improvements	4,791	-	5	3,740	479	-	2,396	2,395
Plant and machinery	239,372	11,981	10	110,078	24,811	-	134,889	116,464
Furniture and equipment	2,550	2,954	10	453	374	-	827	4,677
Computer equipment	1,027	-	25	320	254	-	574	453
	672,563	250,259	-	116,508	31,654	-	148,162	774,660
Owned	----- (Rupees in thousand) -----							
Land - freehold	94,585	265,524	-	335,049	-	-	-	335,049
Buildings and civil works on freehold land	174,644	-	5	89,774	6,674	(2,934)	3,740	86,034
Leasehold improvements	4,791	-	10	4,791	479	-	1,917	2,874
Plant and machinery	317,974	25,249	10	131,269	25,390	(46,581)	110,078	129,294
Furniture and equipment	1,738	1,055	10	356	209	(112)	453	2,097
Computer equipment	953	635	25	686	194	(560)	320	707
	594,685	292,463	-	133,749	32,946	(50,187)	116,508	556,055

4.1.1 The cost of the assets as at 30 June, 2016 includes fully depreciated assets amounting to Rs. 0.1 million (2015: Rs. nil) but are still in use of the Modaraba.

4.1.2 Land includes freehold land, amounting to Rs. 265.5 million, acquired from Faisalabad Industrial Estate Development and Management Company (FIEMC) in the year 2015. The right to use was transferred to the Modaraba on acquisition and payment is to be made in installments as explained in note 18. The legal title of the land will be transferred to the Modaraba after full payment has been made.

4.1.3 The following assets were disposed off:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Loss
	----- (Rupees in thousands) -----				
2016	-	-	-	-	-
2015	214,585	50,187	164,398	130,773	(33,625)

4.1.4 The depreciation charge for the year has been allocated to cost of goods sold and administrative expenses as under:

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Continuing operations:			
Packaging solutions - corrugated boxes	22	28,642	27,203
Soaps	22	2,977	2,809
Batteries (capital work-in-progress)	23	35	-
Discontinued operations:			
Paper and board mill - paper and board	22	-	2,934
		31,654	32,946

4.1.5 Had the assets no revaluation, the net book value of freehold land and buildings would have amounted to:

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Freehold land	565,513	330,189
Buildings on freehold land	55,405	59,759
	620,918	389,948

4.2 Capital work-in-progress

Civil works	1,260	-
Plant and machinery	2,795,180	100,459
Advances for capital expenditure	95,068	-
Others - unallocated	113,607	8,605
	3,005,115	109,064

	Note	2016 (Rupees in thousand)	2015
5. LONG TERM ADVANCES			
Long term advances - unsecured, considered good	5.1	16,492	21,626
Less: Current maturity	10	(5,623)	(6,073)
		10,869	15,553

5.1 This represents outstanding advance receivable from Khatoon Industries (Private) Limited ("KIL") for rice husk boiler, laboratory, warehouse, weigh bridge and road construction amounting to Rs. 10.6 million, Rs. 1 million, Rs. 8.5 million, Rs. 1.6 million and Rs 0.32 million respectively. The remaining balances are adjustable against rent payable to KIL in lieu of use of soaps manufacturing facility in 48, 48, 10, 19 and 22 equal monthly installments, respectively.

	Note	2016 (Rupees in thousand)	2015
6. LONG TERM DEPOSITS			
Utility deposits		6,790	6,501
Others		10,024	8,124
		16,814	14,625

	Note	2016 (Rupees in thousand)	2015
7. STORES AND SPARES			
Stores	7.1	33,796	24,944
Spares	7.1	38,618	30,121
		72,414	55,065
Less: Provision for slow moving/obsolete stores	7.2	(5,523)	(5,523)
		66,891	49,542

7.1 This includes spares in transit amounting to Rs. 2.03 million (2015: Rs. 3.38 million).

		2016 (Rupees in thousand)	2015
7.2 Provision for slow moving/obsolete stores			
Balance as at 01 July		5,523	-
Provision for the year		-	5,523
Balance as at 30 June		5,523	5,523

	Note	2016 (Rupees in thousand)	2015
8. STOCK-IN-TRADE			
Raw material	8.1	230,320	388,101
Packing material		22,859	22,033
Work in process		40,297	16,683
Finished goods		65,369	47,661
		358,845	474,478
8.1 This includes raw material in transit amounting to Rs. 7.2 million (2015: Rs. 17.14 million).			
	Note	2016 (Rupees in thousand)	2015
9. TRADE DEBTORS			
Trade debtors - unsecured:			
Considered good		378,708	365,012
Considered doubtful		47,314	35,677
		426,022	400,689
Less: Provision for doubtful debts	9.1	(47,314)	(35,677)
		378,708	365,012
9.1 Provision for doubtful debts			
Balance as at 01 July		35,677	29,726
Provision for the year		11,741	12,116
Written off during the year		(104)	(6,165)
Balance as at 30 June		47,314	35,677
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of long term advances		5,623	6,073
Advances to employees - considered good		757	51
Prepayments		4,192	3,210
Advances to suppliers - unsecured, considered good		36,844	5,795
Other receivables		7,659	15,560
		55,075	30,689
11. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax receivable		247,100	21,088
Income tax refundable		76,714	73,285
		323,814	94,373

	Note	2016 (Rupees in thousand)	2015
12. SHORT TERM INVESTMENT			
Term deposit certificates	12.1	-	200,000

12.1 This represented term deposit receipt (TDR) with Dubai Islamic Bank, maintained under Shariah permissible arrangement, having maturity upto one year and carrying mark-up rate of 5% to 7% per annum (2015: 6% to 8% per annum).

	Note	2016 (Rupees in thousand)	2015
13. CASH AND BANK BALANCES			
Cash in hand		2,281	1,449
Cash at bank:			
Current accounts		113,938	114,434
Saving accounts	13.1	83,712	27,498
		197,650	141,932
		199,931	143,381

13.1 These carry profit ranging between 4% to 6.7% per annum (2015: 6% to 7% per annum). These deposits are maintained under Shariah permissible arrangement.

14. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

14.1 Issued, subscribed and paid-up certificate capital

2016	2015		2016	2015
Number of Certificates			(Rupees in thousands)	
195,599,994	130,399,996	Certificates of Rs 10 each fully paid-up in cash	1,956,000	1,304,000

	Note	2016 (Rupees in thousand)	2015
14.2 Reconciliation of number of certificates			
Number of certificates as at 01 July		130,399,996	130,399,996
Issued against right Modaraba certificates	14.4	65,199,998	-
Number of certificates as at 30 June		195,599,994	130,399,996

14.3 As at 30 June 2016, Treet corporation Limited, the holding company holds 175,724,807 (2015: 117,149,871) certificates of the Modaraba. In addition, 19,590,563 (2015: 13,060,375) certificates are held by the Modaraba Management Company i.e. Treet Holdings Limited.

14.4 During the year, the Board of Directors of the Modaraba Management Company in their meeting held on 12 August 2015 resolved to offer right Modaraba certificates to the certificate holder in the ratio of 50 certificates for every 100 ordinary certificates held, at an exercise price of Rs. 40 per certificate (including a premium of Rs.30 per certificate). Accordingly, the Modaraba issued 65,199,998 certificates as right Modaraba certificates.

	2016 (Rupees in thousand)	2015
15. STATUTORY RESERVES		
Statutory reserves	430,728	313,436

This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and can be utilized only for the purpose specified in regulation 2 of part III of the Prudential Regulations.

16. CERTIFICATE PREMIUM

This represents Certificate premium at the rate of Rs. 40 per certificate in respect of transaction referred to in note 14.4. This reserve can be utilized by the Modaraba only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	2016 (Rupees in thousand)	2015
17. SURPLUS ON THE REVALUATION OF LAND AND BUILDINGS		
Revaluation surplus as at 01 July	31,135	43,952
Surplus transferred to unappropriated profits on account of:		
- disposal of property, plant and equipment	-	(11,434)
- incremental depreciation charged during the year	(1,382)	(1,383)
	(1,382)	(12,817)
Revaluation surplus as at 30 June	29,753	31,135

17.1 Land and buildings were last revalued on 30 June 2014 by M/s Zafar Iqbal & Co (PBA approved valuers, inspectors and engineers) resulting in surplus of Rs. 43.95 million. Land was revalued on the basis of current market value and buildings were revalued on the basis of replacement value.

This revaluation surplus on land and buildings shall be utilized only in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

	2016 (Rupees in thousand)	2015 (Rupees in thousand)
18. LONG TERM LIABILITY AGAINST PURCHASE OF LAND		
Long term liability	225,695	265,524
Less: Payment made during the year	(56,423)	(39,829)
	169,272	225,695
Less: Current maturity of liability	(56,602)	(56,602)
	112,670	169,093

18.1 This represents long term liability for land purchased in Faisalabad from Faisalabad Industrial Estate Development and Management Company (FIEDMC). The Modaraba has made a payment of Rs. 96.25 million and the remaining amount of Rs. 169.27 million is payable in 12 equal quarterly installments ending on 04 June 2019.

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
19. TRADE AND OTHER PAYABLES			
Creditors		157,312	58,058
Payable to related parties			
Treet Corporation Limited	19.1	305,332	22,491
Treet Holdings Limited		20,267	267
Treet HR Management (Private) Limited		662	-
Packages Limited		-	290
		326,261	23,048
Accrued liabilities		49,895	41,871
Withholding sales tax payable		6,619	-
Advances from customers		3,047	4,554
Income tax deducted at source		9,365	3,295
Unclaimed dividend		8	8
Other payables		799	-
		553,306	130,834

19.1 This is interest free and repayable on demand.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

For the tax years 2011 and 2012, the Deputy Commissioner Inland Revenue (DCIR) passed orders under sections 161 and 205 of the Income Tax Ordinance 2001 creating tax demands of Rs. 1.52 million and Rs. 41.36 million respectively. The Modaraba filed appeals against the orders passed by DCIR with Commissioner Inland Revenue (CIR) appeals who decided the matters in the favor of the Modaraba by deleting the tax demands. Tax department filed appeals against the decision of CIR appeals with Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. The management is of the view that favorable outcome is expected as the Modaraba is fully compliant of withholding tax provisions.

Government of Pakistan made certain amendments in the WWF Ordinance, 1971 (WWF) through Finance Acts 2006 and 2008 against which appeals were filed with Honorable Lahore and Sindh High Courts for declaration of such amendments in WWF through Finance Acts unconstitutional. The Honorable Sindh High Court through its order dated 01 March 2013 declared the amendments made in the WWF through Finance Acts 2006 and 2008 constitutional, whereas, the Honorable Lahore High Court declared the amendments unconstitutional. One of the amendments made in WWF through Finance Act 2006 require the computation of WWF on the basis of higher of taxable income or accounting profits of the industrial establishment. In light of the above order of Honorable Sindh High Court, the cumulative provision for WWF on the basis of accounting profit comes out to Rs. 17.40 million (2015: Rs. 12.5 million). The management of the Modaraba is of the view that it does not come under the purview of the Honorable Sindh High Court and since the taxable income of the Modaraba is exempt from tax, hence no provision for WWF has been made in these financial statements. Government of Pakistan has taken the matter to Honorable Supreme Court where the matter is pending adjudication.

	2016	2015
	(Rupees in thousand)	
20.2 Guarantees		
Outstanding guarantees	14,696	7,245
Un-utilized limits of letter of guarantees	95,304	42,755
20.3 Letter of credit		
Outstanding letters of credit	629,032	197,000
Unutilized limits of letters of credits	2,845,968	3,000

20.4 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.

	2016	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	39,422	49,218
	49,218	59,014

21. SALES - NET

	Continuing operations					
	Corrugated Boxes		Soaps		Total	
	2016	2015	2016	2015	2016	2015
	-----Rupees in thousand-----					
External customers	1,993,560	2,039,372	1,003,850	939,057	2,997,410	2,978,429
Treet Corporation Limited						
- Associated undertaking	22,126	20,998	-	-	22,126	20,998
	2,015,686	2,060,370	1,003,850	939,057	3,019,536	2,999,427
Inter segment sales	17,457	14,887	-	-	-	-
Sale of waste paper	93,399	77,582	-	-	93,399	77,582
Sale of steam	-	-	4,446	33,031	4,446	33,031
	2,126,542	2,152,839	1,008,296	972,088	3,117,381	3,110,040
Less:						
Sales tax	(277,905)	(295,724)	(175,526)	(162,562)	(453,431)	(458,286)
Trade discount	(120)	(2,263)	-	-	(120)	(2,263)
	(278,025)	(297,987)	(175,526)	(162,562)	(453,551)	(460,549)
	1,848,517	1,854,852	832,770	809,526	2,663,830	2,649,491

22. COST OF GOODS SOLD

Opening stock- raw and packing material	286,473	202,099	123,660	102,700	410,133	304,799
Add: Purchases						
- continuing operations	-	-	17,457	14,887	-	-
- discontinued operations	-	78,375	-	7,284	-	85,659
Inter-segment	-	78,375	17,457	7,284	-	85,659
Others	1,209,327	1,330,368	508,709	540,994	1,718,036	1,871,362
	1,209,327	1,408,743	526,166	548,278	1,718,036	1,957,021
Less: Closing stock	(184,191)	(286,473)	(68,988)	(123,660)	(253,179)	(410,133)
Raw and packing material consumed	1,311,609	1,324,369	580,838	527,318	1,874,990	1,851,687
Stores and spares consumed	40,385	35,704	4,540	12,000	44,925	47,704
Out sourced manpower cost	184,080	147,080	64,966	54,767	249,046	201,847
Fuel and power	52,461	65,937	9,885	59,740	62,346	125,677
Depreciation on property, plant and equipment	28,642	27,203	2,977	2,809	31,619	30,012
Repair and maintenance	12,399	15,160	519	516	12,918	15,676
Traveling and conveyance	2,836	3,391	767	933	3,603	4,324
Insurance	2,469	2,256	591	590	3,060	2,846
Rent, rates and taxes	17,836	10,364	17,596	6,103	35,432	16,467
Provision for slow moving/obsolete stores	-	5,523	-	-	-	5,523
Plant rental	-	-	8,979	10,612	8,979	10,612
Fee and subscription	-	-	19	6	19	6
Legal and professional	2	-	21	29	23	29
Other manufacturing expenses	8,143	9,338	3,909	4,319	12,052	13,657
	1,660,862	1,646,325	695,607	679,742	2,339,012	2,326,067
Work in process						
Add: Opening stock	4,676	4,790	12,007	28,317	16,683	33,107
Less: Closing stock	(36,865)	(4,676)	(3,432)	(12,007)	(40,297)	(16,683)
	1,628,673	1,646,439	704,182	696,052	2,315,398	2,342,491
Finished goods						
Add: Opening stock	24,200	16,275	23,461	42,942	47,661	59,217
Less: Closing stock	(27,758)	(24,200)	(37,611)	(23,461)	(65,369)	(47,661)
	1,625,115	1,638,514	690,032	715,533	2,297,690	2,354,047

	Note	2016 (Rupees in thousand)	2015
23. ADMINISTRATION EXPENSES			
Out sourcing of manpower		16,986	15,745
Management fee - Modaraba Management Company		20,000	-
Auditor's remuneration	23.1	1,600	1,600
Rent, rates and taxes		4,716	-
Legal and professional		8,691	17,686
Vehicle running and maintenance		240	64
Printing and stationery		249	180
Travelling and conveyance		405	292
Postage and telephone		78	91
Depreciation on property, plant and equipment		35	-
Others	23.2	2,249	1,267
		55,249	36,925
23.1 Auditors' remuneration			
Audit fee		1,300	1,300
Half year review		235	235
Out of pocket expenses		65	65
		1,600	1,600

23.2 This includes an amount of Rs. 21,493 (2015: Rs. Nil) donated to Gulab Devi Chest hospital (the hospital). The CEO of modaraba management company is chairman of the managing committee of the hospital.

	Note	2016 (Rupees in thousand)	2015
24. DISTRIBUTION COST			
Freight and forwarding		54,026	58,827
Provision for doubtful debts	9.1	11,741	12,116
Out sourcing of manpower		21,323	13,227
Rent, rates and taxes		21,954	15,734
Advertisement		734	248
Traveling and conveyance		1,850	1,855
Postage and telephone		492	481
Printing and stationery		275	422
Staff training		-	352
Others		609	2,737
		113,004	105,999

	Note	2016 (Rupees in thousand)	2015
25. FINANCE COST			
Bank charges		761	490
Exchange loss	25.1	991	1,677
		1,752	2,167

25.1 This represents loss incurred due to actual currency fluctuations.

	Note	2016 (Rupees in thousand)	2015
26. OTHER INCOME			
Income from financial assets			
Profit from bank on saving accounts	26.1	31,618	18,465
Profit on term deposit	26.1	9,684	-
		41,302	18,465
Income from non financial assets			
Sale of scrap		6,317	2,845
Others		604	431
		6,921	3,276
		48,223	21,741

26.1 These profits are earned on accounts and deposits maintained under Shariah permissible arrangement.

27. 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	2016 (Rupees in thousand)	2015 (Rupees in thousand)
27.1 Profit and Loss on discontinued operation			
Local sales - net		-	7,047
Sale to continuing operations		-	78,375
		-	85,422
Cost of sales		-	(85,885)
Gross loss		-	(463)
Administration expenses		-	(78)
Distribution expenses		-	(348)
		-	(426)
Operating loss		-	(889)
Finance cost		-	(2)
Other income		-	164
		-	(727)
Net loss on sale of discontinued operation	27.3	-	(35,045)
Loss from discontinued operation		-	(35,772)
27.2 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	
		2016	2015
		(Rupees in thousand)	
27.3 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 sale		-	(35,045)

28. TAXATION

The Modaraba intends to avail income tax exemption by distributing 90% of its profits to the certificate holders.

		2016	2015
		(Rupees in thousand)	
29. EARNINGS/(LOSS) PER MODARABA CERTIFICATE - BASIC AND DILUTED			
Basic earnings/(loss) per certificate			
Profit for the year			
- Continuing operations		244,358	172,094
- Discontinued operations		-	(35,772)
Weighted Average Number of certificates	<i>Numbers in thousand</i>	166,305	130,400
Earning/(loss) per certificate:			
- Continuing operations		1.47	1.32
- Discontinued operations		-	(0.27)

Diluted earnings per certificate

There is no dilutive effect on the basic earnings per modaraba certificate as there are no such commitments.

30. OPERATING SEGMENT RESULTS

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 30 June 2016 following are the continuing business segments.

- (i) Manufacture and sale of corrugated boxes
- (ii) Manufacture and sale of soaps
- (iii) Manufacture and sale of batteries (capital work-in-progress)

	Note	Continuing operations (Rupees in thousand)						Discontinued operations														
		Corrugated boxes			Soaps			Batteries			Elimination			Total			Paper & board mill - Paper					
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015					
Sales																						
Inter-segment	21	17,457	14,887	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,375	
Others		2,109,085	2,137,952	1,008,296	972,088	-	-	-	-	(17,457)	(14,887)	-	-	-	3,117,381	3,110,040	-	-	-	-	15,903	
		2,126,542	2,152,839	1,008,296	972,088	-	-	-	-	(17,457)	(14,887)	-	-	-	3,117,381	3,110,040	-	-	-	-	94,278	
Less:																						
Sales tax		(277,905)	(295,724)	(175,526)	(162,562)	-	-	-	-	-	-	-	-	-	(453,431)	(458,286)	-	-	-	-	(8,856)	
Trade discount		(120)	(2,263)	-	-	-	-	-	-	-	-	-	-	-	(120)	(2,263)	-	-	-	-	-	
		(278,025)	(297,987)	(175,526)	(162,562)	-	-	-	-	-	-	-	-	-	(453,551)	(460,549)	-	-	-	-	(8,856)	
Net sales		1,848,517	1,854,852	832,770	809,526	-	-	-	-	(17,457)	(14,887)	-	-	-	2,663,830	2,649,491	-	-	-	-	85,422	
Cost of sales	22	(1,625,115)	(1,638,514)	(690,032)	(730,420)	-	-	-	-	17,457	14,887	-	-	-	(2,297,690)	(2,354,047)	-	-	-	-	(85,885)	
Gross profit/(loss)		223,402	216,338	142,738	79,106	-	-	-	-	-	-	-	-	-	366,140	295,444	-	-	-	-	(463)	
Administration expenses		(32,804)	(17,735)	(15,836)	(19,190)	(6,609)	-	-	-	-	-	-	-	-	(55,249)	(36,925)	-	-	-	-	(78)	
Distribution expenses		(105,173)	(100,207)	(7,813)	(5,792)	(18)	-	-	-	-	-	-	-	-	(113,004)	(105,999)	-	-	-	-	(348)	
		(137,977)	(117,942)	(23,649)	(24,982)	(6,627)	-	-	-	-	-	-	-	-	(168,253)	(142,924)	-	-	-	-	(426)	
Segment results -																						
Operating profit/(loss)		85,425	98,396	119,089	54,124	(6,627)	-	-	-	-	-	-	-	-	197,887	152,520	-	-	-	-	(889)	
Finance cost																						
Other income																						
Loss on sale of discontinued operations																						
Net profit/(loss) for the year															244,358	172,094	-	-	-	-	-	(35,772)

30.1 Transactions among the business segments are recorded at market value.

30.2 Inter-segment sales and purchases have been eliminated from total figures

	Continuing operations										Discontinued operations					
	Corrugated boxes			Soaps			Batteries			Unallocated			Total		Paper & board mill - Paper	
	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
30.3 Segment assets	1,703,568	1,368,282	305,824	418,966	3,181,330	-	-	265,524	5,190,722	2,052,772	-	-	-	-	-	-

All non-current assets of the Company as at the reporting date are located in Pakistan.

30.4 Segment liabilities	393,408	97,972	59,324	36,668	277,173	-	-	225,695	729,905	360,335	-	-	-	-	-	-
30.5 Current assets and liabilities relating to Paper and Board Mill segment were transferred to corrugated boxes segment.																
30.6 Capital expenditure	363,260	26,381	95	1,927	2,839,378	146,894	-	-	3,202,733	175,202	-	-	-	-	-	-
30.7 Depreciation on property, plant and equipment	28,642	27,203	2,977	2,809	35	-	-	-	31,654	30,012	-	-	-	-	-	2,934

(Rupees in thousand)

31. FINANCIAL INSTRUMENTS

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the Modaraba management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework. The Board is also responsible for developing and monitoring the Modaraba's risk management policies.

This note presents information about the Modaraba's exposure to each of the above risks, the Modaraba's objectives, policies and processes for measuring and managing risk, and the Modaraba's management of capital.

The Modaraba's risk management policies are established to identify and analyze the risks faced by the Modaraba, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Modaraba's activities. The Modaraba through its training & management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

31.1 Credit risk

Credit risk is the risk of financial loss to the Modaraba if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Modaraba's receivables from customers, refundable deposits, other receivables and bank balances. Out of the total financial assets of Rs. 603.11 million (2015: Rs. 738.59 million) financial assets which are subject to credit risk amount to Rs. 600.83 million (2015: Rs. 737.13 million).

The Modaraba believes that it is not exposed to significant credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	Note	2016 (Rupees in thousand)	2015
Long term deposits	6	16,814	14,625
Trade debtors - net	9	378,708	365,012
Advance, deposit and other receivable	10	7,659	15,560
Short term investment	12	-	200,000
Bank balances	13	197,650	141,932
		600,831	737,129

	2016	2015
	(Rupees in thousand)	
The age analysis of trade debtors (net of impairment) at the reporting date is:		
Not past due	263,115	262,767
Less than 30 days	63,836	68,591
Past due 1 - 3 months	35,059	25,139
Past due 3 - 6 months	12,508	2,081
Past due 6 - 12 months	2,800	4,151
Above one year	1,390	2,283
	378,708	365,012

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2016	2015
	Short term	Long term			
(Rupees in thousand)					
MCB Bank Limited	A-1+	AAA	PACRA	140	1,260
United Bank Limited	A-1+	AAA	JCR-VIS	95,700	94,149
Bank Islami Pakistan Limited	A-1	A+	PACRA	211	2
National Bank of Pakistan	A-1+	AAA	JCR-VIS	10,763	4,952
Habib Bank Limited	A-1+	AAA	JCR-VIS	318	250
Bank Alfalah Limited	A-1+	AA	PACRA	1,469	8,745
NIB Bank Limited	A-1+	AA-	PACRA	4,401	783
Faysal Bank Limited	A-1+	AA	JCR-VIS	31,284	8
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	47,441	227,478
Soneri Bank Limited	A-1+	AA-	PACRA	4,289	1,105
JS Bank Limited	A-1+	A+	PACRA	1,234	3,200
Askari Bank Limited	A-1+	AA	PACRA	36	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	364	-
				197,650	341,932

Due to the Modaraba's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

31.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Modaraba maintains a statutory reserve out of profits each year and has effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as on 30 June 2016:

	Carrying Amount	Contractual Cash flows	6 Months or less	6-12 months	More than 2 years
------(Rupees in thousand)-----					
Retention money	7,327	7,327	7,327	-	-
Trade and other payables	534,275	534,275	534,275	-	-
Long term liability against purchase of land	169,272	169,272	28,301	28,301	112,670
	710,874	710,874	569,903	28,301	112,670

The following are the contractual maturities of financial liabilities as on 30 June 2015:

	Carrying Amount	Contractual Cash flows	6 Months or less	6-12 months	More than 2 years
------(Rupees in thousand)-----					
Retention money	3,806	3,806	3,806	-	-
Trade and other payables	122,985	122,985	122,985	-	-
Long term liability against purchase of land	225,695	225,695	28,301	28,301	169,093
	352,486	352,486	155,092	28,301	169,093

31.3 Market risk

Market risk is the risk that changes in market prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of the Modaraba's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

31.3.1 Currency risk

The Modaraba is exposed to currency risk on import of plant and machinery, raw materials and stores and spares mainly denominated in US dollars. The Modaraba's exposure to foreign currency risk for US Dollars is as follows:

	2016 (Rupees in thousand)	2015
Creditors in foreign currency	1,000	2,055

The following significant exchange rate have been applied:

	Average rate		Reporting date rate	
	2016	2015	2016	2015
USD to PKR	103.1	100.03	104.7	101.5

At June 30, 2016, if the Rupee had weakened/strengthened by 10% against the US dollar with all other variables held constant, profit for the year would have been higher / lower by Rs. 10.3 million, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade payables.

31.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate risk profile of the Modaraba is negligible as the Modaraba does not have any interest bearing liabilities.

31.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Modaraba is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

31.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Modaraba's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Modaraba's operations.

The Modaraba's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Modaraba's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Modaraba. This responsibility is supported by the development of overall Modaraba standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans ;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

31.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Modaraba defines as operating income divided by total capital employed.

The Modaraba's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for certificate holders and benefits for other stakeholders, and
- (ii) to provide an adequate return to certificate holders.

The Modaraba manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. Neither there were any changes in the Modaraba's approach to capital management during the year nor the Modaraba is subject to externally imposed capital requirements. There is no debt liability outstanding as at balance sheet date.

31.6 Fair value measurement of financial instruments

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 company 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value			
		Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3
		----- Rupees -----						
30-Jun-16								
Financial assets - measured at fair value								
Financial assets - not measured at fair value								
Long term deposits	6	16,814	-	-	16,814	-	-	-
Trade debtors	9	378,708	-	-	378,708	-	-	-
Advances, deposits, prepayments and other receivables	10	7,659	-	-	7,659	-	-	-
Tax refunds due from the Government	11	323,814	-	-	323,814	-	-	-
Cash and bank balances	13	-	199,931	-	199,931	-	-	-
		726,995	199,931	-	926,926	-	-	-
Financial liabilities - measured at fair value								
Financial liabilities - not measured at fair value								
Long term liability against purchase of land	18	-	-	169,272	169,272	-	-	-
Retention money		-	-	7,327	7,327	-	-	-
Trade and other payables	19	-	-	534,275	534,275	-	-	-
		-	-	710,874	710,874	-	-	-

32. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise of associated companies, directors and key management personnel. Amounts due from/to related parties are disclosed in respective notes to these financial statements. Other significant transactions with related parties are as follows:

Name of the party	Nature of transactions	2016 (Rupees in thousand)	2015
<u>Holding Company</u>			
Treet Corporation Limited	Sale of goods	18,912	17,947
	Rental of facilities	35,000	12,000
<u>Modaraba Management Company</u>			
Treet Holdings Limited	Management fee	20,000	-
<u>Associated undertakings</u>			
Packages Limited	Purchase of goods	77,695	67,815
Treet HR Management (Private) Limited	Services received	10,588	5,515

32.1 All the transactions with the related parties are executed in the normal course of business on the basis of mutually agreed terms and conditions.

32.2 All the executives, officers and other employees of the Modaraba have been outsourced from its related party namely Treet HR Management (Private) Limited.

32.3 One of the directors is working as CEO of the Modaraba. No remuneration has been paid to CEO or any director of the Modaraba. No fees for attending the meeting has been paid to directors during the year (2015: Rs. Nil).

33. PLANT CAPACITY AND PRODUCTION

	Annual rated capacity	
	(Metric Tons)	
	2016	2015
<i>Continued operation:</i>		
Corrugated boxes	30,000	30,000
Soaps	5,000	5,000
	Annual production	
	(Metric Tons)	
	2016	2015
<i>Continuing operations:</i>		
Corrugated boxes and sheets	25,920	26,225
Soaps	4,762	4,147
<i>Discontinued operation:</i>		
Paper and board	-	1,274

The variance of actual production from capacity is primarily on account of the product mix.

34. NON-ADJUSTING PROFIT DISTRIBUTION

The Board of Directors of Modaraba Management Company in their meeting dated 07 October 2016 have approved a profit distribution @ 6.27% of Re. 0.627 (2015: Re. 0.620) per certificate amounting to Rs. 122,641 (2015: Rs. 80.85 million) for the year ended 30 June 2016. These financial statements do not reflect this profit distribution.

35. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 October 2016 by the Board of Directors of Treet Holdings Limited, the Modaraba Management Company.

36. GENERAL

Corresponding figures have been re-arranged or reclassified wherever necessary, for the purposes of comparison and better presentation as per reporting framework, however, no significant re-arrangements have been made.

LAHORE:
October 07, 2016



Syed Shahid Ali Shah
Chief Executive Officer



Muhammad Shafique Anjum
Director

Pattern of Certificate-Holding as at June 30, 2016

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL NUMBER OF CERTIFICATE HELD
	FROM	TO	
29	1	500	10,840
5	501	1,000	4,815
2	1,501	2,000	6,630
1	15,001	20,000	20,000
1	145,001	150,000	221,447
1	13,060,001	13,065,000	19,590,562
1	117,145,001	117,150,000	175,745,700
40			195,599,994

Categories of Certificate Holders	No. of Certificate Holders	Certificates Held	% Holding
DIRECTORS			
SYED SHEHARYAR ALI	1	221,447	0.11%
INDIVIDUALS	37	42,285	0.02%
INVESTMENT COMPANIES	NIL	NIL	-
INSURANCE COMPANIES	NIL	NIL	-
JOINT STOCK COMPANIES	1	175,745,700	89.85%
FINANCIAL INSTITUTIONS	NIL	NIL	-
MODARABA COMPANY	1	19,590,562	10.02%
OTHERS	NIL	NIL	-
	40	195,599,994	100.00%

CERTIFICATE HOLDERS HAVING MORE THAN 10% CERTIFICATES

Name of Certificate Holder	Certificates	Percentage
Treet Corporation Limited	175,745,700	89.85%
Treet Holdings Limited	19,590,562	10.02%

Intimation under Clause (I) of sub-regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of Pakistan Stock Exchange Limited during the year.

50% Right Issue @ Rs. 40.00

	No. of Certificates	Right Price
Treet Corporation Limited	58,595,829	40.00
Treet Holdings Limited	6,530,187	40.00
Syed Sheharyar Ali	73,482	40.00

Key Operating Financial Data

Rs.(000)	2016	2015	2014	2013	2012
Sales	2,663,830	2,649,491	2,491,651	2,180,217	2,259,353
Gross Profit	366,140	295,444	187,492	242,092	279,655
Profit before Taxation	244,358	136,322	85,910	128,522	188,177
Profit after Taxation	244,358	136,322	85,910	128,522	188,177
Certificateholders' Equity	4,460,817	1,692,437	1,601,103	1,519,488	1,514,846
Fixed Assets - Net	3,779,775	665,119	461,566	445,653	322,813
Total Assets	5,190,722	2,052,772	1,729,323	1,644,472	1,665,200
Total Liabilities	729,905	360,335	128,220	124,984	150,354
Current Assets	1,383,264	1,357,475	1,229,268	1,171,628	1,313,386
Current Liabilities	617,235	191,242	128,220	123,474	150,354
Dividend Declared	6.27%	6.20%	3.45%	6.70%	6.50%
Certificates Outstanding	195,599,994	130,399,996	130,399,996	130,399,996	79,999,998

IMPORTANT RATIOS

	2016	2015	2014	2013	2012
Profitability					
Gross Profit	13.74%	11.15%	7.52%	11.10%	12.38%
Profit before Tax	9.17%	5.15%	3.45%	5.89%	8.33%
Profit after Tax	9.17%	5.15%	3.45%	5.89%	8.33%
Return to Equity					
Return on Equity before Tax	5.48%	8.05%	5.37%	8.46%	12.42%
Return on Equity after Tax	5.48%	8.05%	5.37%	8.46%	12.42%
Earning per Certificates	1.25	1.05	0.66	0.99	2.35
Liquidity/Leverage					
Current Ratio	2.24	7.10	9.59	9.49	8.74
Break-up Value per Certificate	22.81	12.98	12.28	11.65	18.94
Total Liabilities to Equity	0.16	0.21	0.08	0.08	0.10

% Change	2016	2015	2014	2013	2012
Sales	0.54%	6.33%	14.28%	-3.50%	26.21%
Gross Profit	23.93%	57.58%	-22.55%	-13.43%	50.62%
Profit before Taxation	79.25%	58.68%	-33.16%	-31.70%	52.71%
Profit after Taxation	79.25%	58.68%	-33.16%	-31.70%	52.71%
Certificateholders' Equity + Revaluation Surplus	163.57%	5.70%	5.37%	0.31%	72.50%
Fixed Assets - Net	468.29%	44.10%	3.57%	38.05%	-5.49%
Total Assets	152.86%	18.70%	5.16%	-1.24%	16.56%
Total Liabilities	102.56%	181.03%	2.59%	-16.87%	-72.69%
Current Assets	1.90%	10.43%	4.92%	-10.79%	22.11%
Current Liabilities	222.75%	49.15%	3.84%	-17.88%	61.08%
Dividend	1.13%	79.71%	-48.51%	3.08%	-6.20%
Certificates Outstanding	50.00%	0.00%	0.00%	63.00%	0.00%

ANNEXURE "A"

October 07, 2016

Dear Shareholder(s),

INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984.

We wish to inform you that in accordance with the approval of the Board of Directors, in their meeting held on October 07, 2016, the remuneration of Executive Director of the Modaraba have been determined as follows:

Name of Director	Designation	Per Month Salary	Effective from
Syed Sheharyar Ali	Executive Director	Rs. 650,000/-	July 01, 2016

The above remuneration shall be subject to such adjustments, bonuses, retirement funds, incentives and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Modaraba and/or in accordance with the policies and the service rules of the Company for the time being in force.

Yours sincerely,
For **First Treet Manufacturing Modaraba**



(Rana Shakeel Shaukat)
Company Secretary

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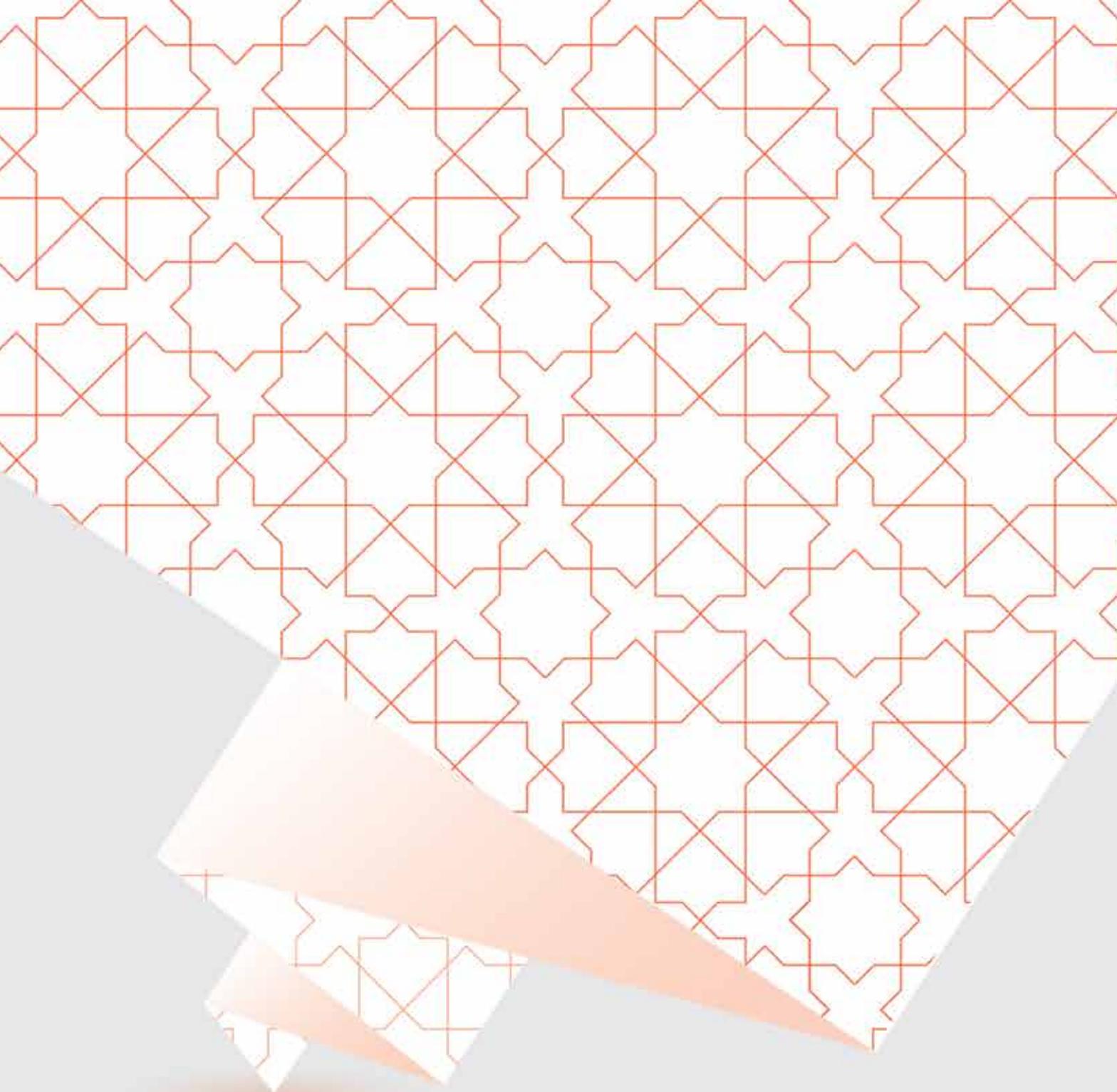


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TREET GROUP OF COMPANIES