

# 1st Quarterly Report

for the period ended September 30,

# 2017



First Treet  
Manufacturing Modaraba



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Jamapunji

## Company Information

<b>BOARD OF DIRECTORS:</b>	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Muhammad Shafique Anjum Dr. Salman Faridi	Chairperson Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director
<b>AUDIT COMMITTEE:</b>	Dr. Salman Faridi Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana Rana Shakeel Shaukat	Chairman/Member Member Member Member Secretary
<b>CHIEF ACCOUNTANTS:</b>	Mr. Sajjad Haider Khan Mr. Muhammad Zubair	Modaraba Modaraba Company
<b>COMPANY SECRETARY:</b>	Rana Shakeel Shaukat	
<b>EXTERNAL AUDITORS:</b>	Kreston Hyder Bhimji & Co	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>LEGAL ADVISORS:</b>	Salim & Baig	Advocates
<b>CORPORATE ADVISORS:</b>	Cornelius, Lane & Mufti - Advocates	
<b>SHARIAH ADVISOR:</b>	Mufti Muhammad Javed Hassan	
<b>BANKERS:</b>	Allied Bank Limited Askari Bank Limited Habib Bank Limited Habib Metropolitan Bank Ltd MCB Bank Limited	Meezan Bank Limited National Bank Limited NIB Bank Limited Soneri Bank Limited
<b>REGISTERED OFFICE/ PLACE OF BUSINESS:</b>	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.treetonline.com	
<b>SHARES REGISTRAR:</b>	Corplink (Private ) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore	
<b>PACKAGING SOLUTIONS - CORRUGATION:</b>	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore	
<b>SOAP PLANT:</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
<b>BATTERY PROJECT:</b>	Faisalabad Industrial City, M-3, Motorway Faisalabad	

## Directors' Review

Board of Directors of Treet Holdings Limited (THL), the Management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present un-audited financial statements for the **1st Quarter** ending on September 30, 2017.

### Financial Results

	Rs. in 000'	2017-2018	2016-2017
Net Sales		669,588	689,324
Gross Profit		97,199	107,491
Net Profit		56,022	83,111
Profit/(Loss) per Certificate		0.29	0.42
Transfer to Statutory Reserve		Nil	Nil
Book Value per Certificate		23.51	23.23

Sales performance (in % change) is described below:

Rs. in 000'	Corrugation	Soap	Total
	<b>2017-2018</b>		
Sales (net)	424,987	244,601	669,588
Inter-segment sale	4,758	-	4,758
	429,745	244,601	674,346
	<b>2016-2017</b>		
Sales (net)	422,876	266,448	689,324
Inter-segment sale	5,171	-	5,171
	428,047	266,448	694,495
Sales growth (%)	0.40%	-8.20%	-2.90%

- Corrugation Segment maintained its volumes but margins are reduced due to intense competition;
- Sale of Soap showed reduction in sales but margins are improved due to reduction in raw material prices;

### Acknowledgement

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board



**Syed Shahid Ali**  
 Chief Executive Officer

**LAHORE**  
 October 30, 2017

# Financial Statements

For the period ended September 30, 2017



## Condensed Interim Balance Sheet (Un-Audited)

As At September 30, 2017

	(Un-audited) September 2017	(Audited) June 2017
Note	Rupees in '000'	
Property, plant and equipment	6,822,415	6,871,790
Long term loans and deposits	28,223	24,242
	6,850,638	6,896,032
<b>Current assets</b>		
Stock-in-trade	861,035	520,660
Trade debts - unsecured considered good	740,248	615,611
Loans, advances, deposits, prepayments and other receivables	1,583,817	687,373
Cash and bank balances	165,583	147,628
	3,350,683	1,971,272
<b>Current liabilities</b>		
Current portion of non-current liabilities	821	56,423
Finance under mark-up-arrangements - secured	800,000	244,189
Trade and other payables	4,782,373	3,967,513
	5,583,194	4,268,125
<b>Net current assets</b>	(2,232,511)	(2,296,853)
<b>Net assets</b>	4,618,127	4,599,179
<b>FINANCED BY:</b>		
Issued, subscribed and paid-up capital	1,956,000	1,956,000
Capital reserves	2,464,811	2,464,811
Unappropriated profit	149,899	93,571
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>	4,570,710	4,514,382
Surplus on revaluation of fixed assets	28,068	28,371
Long term deposits	19,349	56,426
Contingencies and commitments	5	-
	4,618,127	4,599,179

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

LAHORE  
 October 30, 2017

  
 Syed Shahid Ali  
 Chief Executive Officer

  
 Muhammad Shafique Anjum  
 Director

## Condensed Interim Profit And Loss Account (Un-Audited)

For the period ended September 30, 2017

	Note	3 months ended	
		July to September 2017	July to September 2016
		Rupees in '000'	
Net sales	6	669,588	689,324
Cost of Goods Sold	7	(572,389)	(581,833)
<b>Gross Profit</b>		97,199	107,491
<b>Operating expenses :</b>			
- Administrative expenses		(6,654)	(3,972)
- Selling & distribution expenses		(51,276)	(22,945)
		(57,930)	(26,917)
<b>Operating Profit</b>		39,269	80,574
Other income		20,254	2,551
		59,523	83,125
Financial expenses		(3,501)	(14)
		56,022	83,111
Workers' Profit Participation Fund		-	-
Workers' Welfare Fund		-	-
		-	-
<b>Profit before taxation</b>		56,022	83,111
Taxation		-	-
<b>Profit after taxation</b>		56,022	83,111
<b>Earnings per certificate from continuing operation</b>		0.29	0.42

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

LAHORE  
October 30, 2017

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2017

	July to September 2017	July to September 2016
	Rupees in '000'	
Profit after taxation	56,022	83,111
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>56,022</b>	<b>83,111</b>

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

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

LAHORE  
October 30, 2017



Syed Shahid Ali  
Chief Executive Officer



Muhammad Shafique Anjum  
Director

## Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended September 30, 2017

	July to September 2017	July to September 2016
Rupees in '000'		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	56,022	83,111
Adjustments for non-cash items:		
Financial charges for the period	3,501	14
Depreciation on property, plant and equipment	5,842	8,118
Profit on bank deposits	(983)	(2,020)
	8,360	6,112
<b>Operating profit before working capital changes</b>	64,382	89,223
(Increase)/decrease in operating assets:		
Stock-in-trade	(340,375)	(100,245)
Trade debts	(124,637)	656
Loans, advances, deposits, prepayments and other receivables	(909,275)	(104,080)
	(1,374,287)	(203,669)
<b>Increase / (decrease) in operating liabilities</b>		
Trade and other payables	817,080	574,835
<b>Cash generated from operations</b>	(492,825)	460,389
Financial charges paid	(5,721)	(14)
Taxes paid	12,837	(1,746)
	7,116	(1,760)
<b>Net cash from operating activities</b>	(485,709)	458,629
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	31,313	(446,544)
Proceeds from sale of fixed assets	12,217	-
Long term deposits	(3,981)	(3,404)
Profit received on bank deposits	983	2,020
<b>Net cash outflow from investing activities</b>	40,532	(447,928)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on lease obligation	(55,602)	-
Share capital	-	-
Long Term Deposits	(37,077)	(13,986)
Dividend paid	-	(1)
<b>Net cash from financing activities</b>	(92,679)	(13,987)
<b>Net increase in cash and cash equivalents</b>	(537,856)	(3,286)
<b>Cash and cash equivalents at beginning of the period</b>	(96,561)	199,931
<b>Cash and cash equivalents at end of the period</b>	(634,417)	196,645
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	165,583	196,645
Finance under mark-up arrangements	(800,000)	-
	(634,417)	196,645

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



Syed Shahid Ali  
Chief Executive Officer



Muhammad Shafique Anjum  
Director

LAHORE  
October 30, 2017

## Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the period ended September 30, 2017

	Certificate Capital	Certificate Reserve	Statutory Reserve	Un- appropriated Profit/(Loss)	Total
Rupees in '000'					
<b>Balance as on June 30, 2016</b>	1,956,000	1,952,870	430,728	91,466	4,431,064
Total comprehensive income for the period	-	-	-	83,111	83,111
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	345	345
<b>Balance as on September 30, 2016</b>	1,956,000	1,952,870	430,728	174,922	4,514,520
<b>Balance as on June 30, 2017</b>	1,956,000	1,952,870	511,941	93,571	4,514,382
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	306	306
Total comprehensive income for the period	-	-	-	56,022	56,022
<b>Balance as on September 30, 2017</b>	1,956,000	1,952,870	511,941	149,899	4,570,710

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

LAHORE  
 October 30, 2017

  
 Syed Shahid Ali  
 Chief Executive Officer

  
 Muhammad Shafique Anjum  
 Director

## Notes To The Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2017

### 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 and soaps and is in the process of establishing a battery manufacturing unit in Faisalabad. The commercial production of battery project is expected to commence in the current financial year.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). The disclosures in the condensed interim financial information do not include all the information reported in the annual financial statements and should therefore be read in conjunction with financial statements of the Modaraba for the year ended June 30, 2017.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial information are consistent with those followed in the preparation of the Modaraba's annual financial statements for the year ended June 30, 2017.

### 4. SIGNIFICANT ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as that applied to the annual audited and published financial statements for the year ended June 30, 2017.

### 5. CONTINGENCIES AND COMMITMENTS

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

		3 months ended	
		July to September 2017	July to September 2016
		Rupees in '000'	
6.	<b>SALES</b>		
	Packaging products	424,987	422,876
	Soaps	244,601	266,448
		669,588	689,324
7.	<b>COST OF SALES</b>		
	Packaging products	398,657	373,268
	Soaps	173,732	208,565
		572,389	581,833
8.	<b>TRANSACTIONS WITH RELATED PARTIES</b>		
	- Purchases and services received	30,227	22,426
	- Goods sold and services rendered	8,441	5,832

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

9. This condensed interim financial information was authorized for issue by the board of directors of the Modaraba Company on October 30, 2017.

10. **GENERAL**

10.1 Amounts have been rounded off to thousand rupees.

10.2 The Board of Directors of Modaraba Management Company in their meeting held on 05 October 2017 have approved a profit distribution @ 5.98% (2016: 6.27%) i.e. Re. 0.598 (2015: Re. 0.627) per certificate for the year ended 30 June 2017 amounting to Rs. 117.042 million (2016: Rs. 122.641 million). These financial statements do not reflect this proposed profit distribution.

LAHORE  
 October 30, 2017

  
 Syed Shahid Ali  
 Chief Executive Officer

  
 Muhammad Shafique Anjum  
 Director



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OF COMPANIES

