



FIRST TREE MANUFACTURING MODARABA

## 3rd Quarterly Financial Statement

JULY - MARCH  
2015 - 2016

# Contents

Corporate Information	2
Directors' Review	3
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10

## Corporate Information

<b>BOARD OF DIRECTORS:</b>	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Shah Syed Sheharyar Ali Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Mr. Muhammad Shafique Anjum	Chairperson Chief Executive Officer Director Director Director Director Director Director
<b>AUDIT COMMITTEE:</b>	Dr. Salman Faridi Mr. Imran Azim Mr. Munir Karim Bana Rana Shakeel Shaukat	Chairman/Member Member Member Secretary
<b>CHIEF ACCOUNTANTS:</b>	Mr. Sohail Habib Mr. Sajjad Haider Khan	Modaraba Company Modaraba
<b>COMPANY SECRETARY:</b>	Rana Shakeel Shaukat	
<b>HEAD OF INTERNAL AUDIT:</b>	Mr. Muhammad Ali	
<b>EXTERNAL AUDITORS:</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>	Kreston Hyder Bhimji & 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 Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited	JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited United Bank Limited
<b>REGISTERED OFFICE/ PLACE OF BUSINESS:</b>	72-B, Industrial Area, Kot Lakhpat, Lahore. Ph: 042-35830881, 35156567 Fax: 042-35114127, 35117650 Email: info@treetonline.com web: www.treetgroup.com	
<b>SHARES REGISTRAR:</b>	Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Email: corplink786@gmail.com	
<b>PACKAGING SOLUTIONS - CORRUGATION:</b>	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore	
<b>SOAP PLANT:</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
<b>BATTERY PROJECT:</b>	Faisalabad Industrial City, M-3, Motorway Faisalabad	
<b>EDUCATIONAL PROJECT:</b>	10 KM, Lahore Raiwind Road.	

## Directors' Review

Board of Directors of Treet Holdings Limited (THL) (formerly Global Econo Trade Limited), the management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present financial statements for the third quarter and nine months ending on March 31, 2016.

### Financial Results

Rs. in 000'	2015-2016	2014-2015
Net Sales	2,033,693	1,970,633
Gross Profit / (Loss)	313,840	257,837
Net Profit / (Loss) – Continued Operation	189,682	166,535
Net Profit / (Loss)	219,046	130,763
Profit/(Loss) per Certificate	1.41	1.01
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	22.54	12.69

### Segment Wise Sales

2015-2016				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	643,730	1,389,963	-	2,033,693
Inter-Segment Sales	-	14,133	-	14,133
	643,730	1,404,096	-	2,047,826

2014-2015				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	598,260	1,372,373	17,347	1,987,980
Inter-Segment Sales	-	18,874	78,375	97,249
	598,260	1,391,247	95,722	2,085,229
Sales Growth %	7.60%	0.92%	-100.00%	-1.79%

### Margins are generally increased due to the following reasons:

- Corrugation Segment maintained its volumes and margins are improved;
- Soap segment showed excellent growth and margins are improved;
- 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 years. This trend is likely to continue. Your Modaraba will build, construct, and 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 your Modaraba for the purpose. Your Modaraba has already raised Rs. 2.608 billion through right issue [first tranche out of Rs. 4.00 billion] @Rs. 40/- per certificate (including premium of Rs. 30/- per certificate). Land has been procured and letter of credits for the plant & machinery have been established. Civil work is underway. It is expected that production will be started at end of May 2017;
- Paper & Board operations showed decline due to discontinuation of operation in September 2014;

### 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 Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

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

For and on behalf of the Board



**Syed Shahid Ali**  
Chief Executive Officer

Lahore  
Dated: April 26, 2016


## Condensed Interim Balance Sheet

As at March 31, 2016 (Un-audited)

	March 31, 2016 Un-audited (Rupees in thousand)	June 30, 2015 Audited
<b>Property, plant and equipment</b>	2,288,000	665,119
<b>Long term loans and deposits</b>	26,842	30,178
	2,314,842	695,297
<b>CURRENT ASSETS</b>		
Stores and spares	58,599	49,542
Stock-in-trade	422,737	474,478
Trade debts - unsecured considered good	397,481	365,012
Short term investments	-	200,000
Loans, advances, deposits, prepayments and other receivables	330,064	125,062
Cash and bank balances	1,341,350	143,381
	2,550,231	1,357,475
<b>CURRENT LIABILITIES</b>		
Trade and other payables	246,186	191,242
<b>NET CURRENT ASSETS</b>	2,304,045	1,166,233
<b>NET ASSETS</b>	4,618,887	1,861,530
<b>FINANCED BY:</b>		
Issued, subscribed and paid-up capital	1,956,000	1,304,000
Capital reserve	2,266,306	313,436
Unappropriated profit	183,107	43,866
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>	4,405,413	1,661,302
Surplus on revaluation of fixed assets	30,096	31,135
Long term deposits	183,378	169,093
Contingencies and commitments	5	-
	4,618,887	1,861,530

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:  
 April 26, 2016

  
**Syed Shahid Ali**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director


## Condensed Interim Profit and Loss Account

For the period ended March 31, 2016 (Un-audited)

	Note	Quarter ended		9 Months ended	
		January to March 31, 2016	January to March 31, 2015	July to March 31, 2016	July to March 31, 2015
(Rupees in thousand)					
Net sales	6	600,103	656,874	2,033,693	1,970,633
Cost of Goods Sold	7	(504,123)	(558,102)	(1,719,853)	(1,712,796)
<b>Gross Profit</b>		95,980	98,772	313,840	257,837
Operating expenses:					
- Administrative expenses		(21,329)	(4,331)	(37,790)	(17,105)
- Selling & distribution expenses		(32,409)	(27,276)	(86,368)	(87,705)
		(53,738)	(31,607)	(124,158)	(104,810)
<b>Operating Profit</b>		42,242	67,165	189,682	153,027
Other income		13,463	4,806	29,487	13,574
		55,705	71,971	219,169	166,601
Financial expenses	8	8	4	(123)	(66)
<b>Profit before taxation</b>		55,713	71,975	219,046	166,535
Taxation		-	-	-	-
<b>Profit / (Loss) from continuing operation</b>		55,713	71,975	219,046	166,535
<b>Profit / (Loss) from discontinued operation</b>		-	-	-	(35,772)
<b>Profit after taxation</b>		55,713	71,975	219,046	130,763
<b>Earnings per certificate continuing operations</b>		0.28	0.55	1.41	1.28
<b>Earnings per certificate discontinued operations</b>		-	-	-	(0.27)

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:  
April 26, 2016

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director


## Condensed Interim Statement of Comprehensive Income For the period ended March 31, 2016 (Un-audited)

	Quarter ended		9 Months ended	
	January to March 31, 2016	January to March 31, 2015	July to March 31, 2016	July to March 31, 2015
	----- (Rupees in thousand) -----			
<b>Profit after taxation</b>	55,713	71,975	219,046	130,763
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	55,713	71,975	219,046	130,763

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

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:  
 April 26, 2016

  
**Syed Shahid Ali**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director




## Condensed Interim Cash Flow Statement

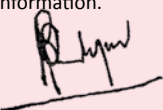
For the period ended March 31, 2016 (Un-audited)

	July to March 2016 (Rupees in thousand)	July to March 2015 (Rupees in thousand)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	219,046	130,763
Adjustments for non-cash items :		
Financial charges for the period	123	66
Depreciation on property, plant and equipment	23,684	24,657
Profit on bank deposits	(27,685)	(13,380)
(Gain)/Loss on sale of fixed assets	-	33,625
	(3,878)	44,968
<b>Operating profit before working capital changes</b>	215,168	175,731
(Increase) / decrease in operating assets :		
Stores and spares	(9,056)	35,179
Stock-in-trade	51,738	(125,645)
Trade debts	(32,419)	27,595
Short term investments	200,000	-
Loans, advances, deposits, prepayments and other receivables	(186,469)	32,756
	23,794	(30,115)
Increase / (decrease) in operating liabilities		
Trade and other payables	99,296	(3,583)
<b>Cash generated from operations</b>	338,258	142,033
Financial charges paid	(123)	(66)
Taxes paid	(6,327)	23,375
	(6,450)	23,309
<b>Net cash from operating activities</b>	331,808	165,342
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(1,646,564)	(26,533)
Proceeds from sale of fixed assets	-	130,771
Long term deposits	3,335	4,379
Profit received on bank deposits	27,685	13,380
<b>Net cash outflow from investing activities</b>	(1,615,544)	121,997
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Modaraba Certificates	652,000	-
Premium on Modaraba Certificate	1,952,870	-
Long Term Deposits	(42,317)	1,823
Dividend paid	(80,848)	(44,992)
<b>Net cash from financing activities</b>	2,481,705	(43,169)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,197,969	244,170
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	143,381	181,037
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	1,341,350	425,207
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,341,350	425,207
Finance under mark-up arrangements	-	-
	1,341,350	425,207

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:  
April 26, 2016

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director


## Condensed Interim Statement of Changes in Equity

For the period ended March 31, 2016 (Un-audited)

	Certificate Capital	Capital Reserve	Statutory Reserve	Unappro- priated Profit/(Loss)	Total
..... (Rupees in thousand) .....					
<b>Balance as at June 30, 2014</b>	1,304,000	-	252,091	1,060	1,557,151
Total comprehensive income for the period	-	-	-	130,763	130,763
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	12,469	12,469
Final profit distribution @ 3.45% for the year ended June 30, 2014	-	-	-	(44,988)	(44,988)
<b>Balance as on March 31, 2015</b>	1,304,000	-	252,091	99,304	1,655,395
<b>Balance as at June 30, 2015</b>	1,304,000	-	313,436	43,866	1,661,302
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	1,043	1,043
Modaraba Certificates	652,000	1,952,870	-	-	2,604,870
Total comprehensive income for the period	-	-	-	219,046	219,046
Final profit distribution @ 6.20% for the year ended June 30, 2015	-	-	-	(80,848)	(80,848)
<b>Balance as on March 31, 2016</b>	1,956,000	1,952,870	313,436	183,107	4,405,413

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE:  
 April 26, 2016

  
**Syed Shahid Ali**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director

## Notes to the Condensed Interim Financial Information

### For the period ended March 31, 2016 (Un-audited)

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba (“the Modaraba”) is a multipurpose, perpetual and multi dimensional Modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there-under and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes and soaps.

#### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). The disclosures in the condensed interim financial information do not include all the information reported in the annual financial statements and should therefore be read in conjunction with financial statements of the Modaraba for the year ended June 30, 2015.

#### 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, 2015.

#### 4. SIGNIFICANT ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Modaraba’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited and published financial statements for the year ended June 30, 2015.

#### 5. CONTINGENCIES AND COMMITMENTS

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

	Quarter ended		9 Months ended	
	January to March 2016	January to March 2015	July to March 2016	July to March 2015
----- (Rupees in thousand) -----				
<b>6. SALES</b>				
Packaging products	439,579	471,201	1,389,963	1,372,373
Soaps	160,524	185,673	643,730	598,260
	600,103	656,874	2,033,693	1,970,633
<b>7. COST OF SALES</b>				
Packaging products	382,014	407,226	1,220,888	1,140,267
Paper and board	-	-	-	67,786
Soaps	122,109	150,876	498,965	504,743
	504,123	558,102	1,719,853	1,712,796

	9 Months ended	
	July to March 2016	July to March 2015
(Rupees in thousand)		
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>		
Purchases and services received	70,234	162,390
Goods sold and services rendered	15,143	15,248

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

9. This condensed interim financial information was authorized for issue by the board of directors of the Modaraba Company on April 26, 2016.

**10. DISCONTINUED OPERATIONS**

The profit and loss account of the discontinued paper business is as follows:

	9 Months ended	
	July to March 2016	July to March 2015
	(Rupees in thousand)	
Revenue and Sales -Net	-	17,347
Cost of Goods Sold	-	(23,081)
Gross Profit	-	(5,734)
Operating expenses:		
- Administrative expenses	-	521
- Selling & distribution expenses	-	3,507
	-	4,028
Operating Profit	-	(1,706)
Other operating expenses	-	(34,066)
Loss before taxation	-	(35,772)
Taxation	-	-
Loss after taxation	-	(35,772)

**11. GENERAL**

Amounts have been rounded off to thousand rupees.

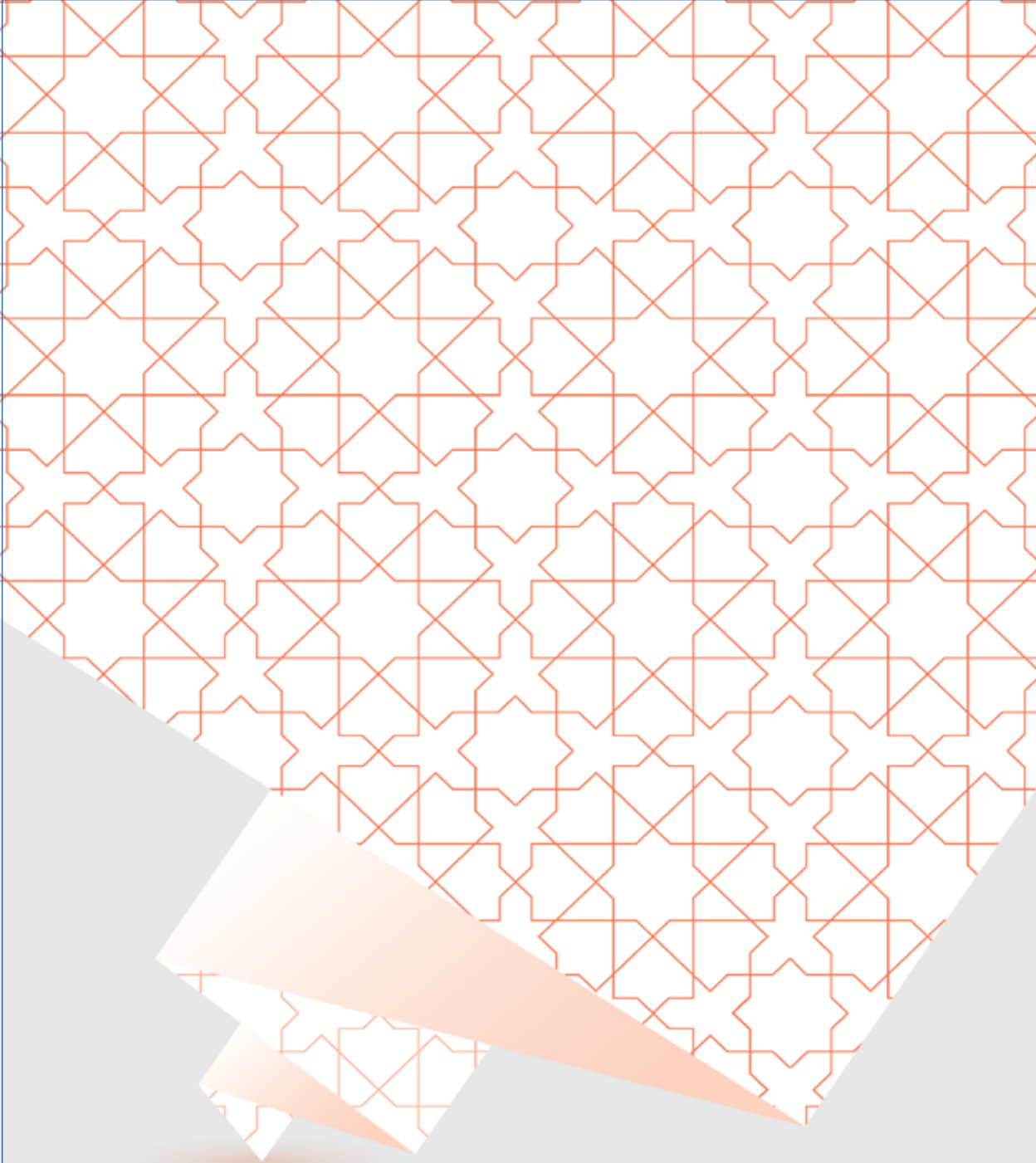
LAHORE:  
April 26, 2016



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director



**TREET GROUP OF COMPANIES**