

Third Quarterly Report

for the period ended March 31,

2018



First Treet
Manufacturing Modaraba

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Jamapunji

Company Information

BOARD OF DIRECTORS:	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
AUDIT COMMITTEE:	Dr. Salman Faridi Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana Rana Shakeel Shaukat	Chairman/Member Member Member Member Secretary
CHIEF ACCOUNTANTS:	Mr. Sajjad Haider Khan Mr. Muhammad Zubair	Modaraba Modaraba Company
COMPANY SECRETARY:	Rana Shakeel Shaukat	
EXTERNAL AUDITORS:	Kreston Hyder Bhimji & Co	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & Baig	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti – Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Askari Bank Limited Bank Al Habib Limited BankIslami Pakistan Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited	JS Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Punjab United Bank Limited
REGISTERED OFFICE/ PLACE OF BUSINESS:	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	
SHARES REGISTRAR:	Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore	
PACKAGING SOLUTIONS - CORRUGATION:	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore	
SOAP PLANT:	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
BATTERY PROJECT:	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 financial statements for the third quarter and nine months ending on March 31, 2018.

Financial Results

	Rs. in 000'	2017-2018	2016-2017
Net Sales		1,839,135	1,935,957
Gross Profit / (Loss)		244,162	244,915
Net Profit / (Loss)		41,607	145,699
Profit/(Loss) per Certificate		0.21	0.74
Transfer to Statutory Reserve		Nil	Nil
Book Value per Certificate		22.73	22.78

- Soaps sales volumes are declined but margins are maintained due to price rationalization;
- Corrugation maintained its sales and margins during the period;
- Your Modaraba has started commercial production of batteries since February 2018. One of the major decision is the pricing strategy of the local production and to get the volumes of local production pricing has to be competitive. However, cost of production will be reduced as soon volumes are gained and learning curve is matured. Your Modaraba is devising stratagem to get the desired results;
- Other factors that has resulted in decline of net profits are financial charges on borrowings and transportation costs;

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

April 27, 2018
 LAHORE

Financial Statements

For the period ended March 31, 2018



Condensed Interim Balance Sheet (Un-Audited)

As at March 31, 2018

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
Note	Rupees in '000'	
Property, plant and equipment	8,004,601	6,871,790
Long term loans and deposits	22,852	24,242
	8,027,453	6,896,032
CURRENT ASSETS		
Stock-in-trade	991,033	520,660
Trade debts - unsecured considered good	561,492	615,611
Loans, advances, deposits, prepayments and other receivables	827,433	687,373
Cash and bank balances	141,220	147,628
	2,521,178	1,971,272
CURRENT LIABILITIES		
Current portion of non-current liabilities	57,245	56,423
Finance under mark-up-arrangements - secured	1,100,000	244,189
Trade and other payables	4,936,743	3,967,513
	6,093,988	4,268,125
NET CURRENT ASSETS	(3,572,810)	(2,296,853)
NET ASSETS	4,454,643	4,599,179
FINANCED BY:		
Issued, subscribed and paid-up capital	1,956,000	1,956,000
Capital reserve	2,444,711	2,464,811
Unappropriated profit	19,124	93,571
MODARABA CERTIFICATE HOLDERS' EQUITY	4,419,835	4,514,382
Surplus on revaluation of fixed assets	27,383	28,371
Long term deposits	7,425	56,426
Contingencies and commitments	5	-
	4,454,643	4,599,179

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

LAHORE
 April 27, 2018


 Syed Shahid Ali
 Chief Executive Officer


 Muhammad Shafique Anjum
 Director

Condensed Interim Profit And Loss Account (Un-Audited)

For the period ended March 31, 2018

	Note	Quarter ended		9 Months ended	
		January to March 2018	January to March 2017	July to March 2018	July to March 2017
		Rupees in '000'		Rupees in '000'	
Sales - net	6	556,837	603,328	1,839,135	1,935,957
Cost of goods sold	7	(507,570)	(545,561)	(1,594,973)	(1,691,042)
Gross profit		49,267	57,767	244,162	244,915
Operating expenses					
- Administrative expenses		(26,287)	(9,138)	(37,808)	(22,336)
- Selling & distribution expenses		(42,711)	(20,508)	(129,295)	(78,064)
		(68,998)	(29,646)	(167,103)	(100,400)
Operating Profit		(19,731)	28,121	77,059	144,515
Other income		5,147	199	9,978	4,822
		(14,584)	28,320	87,037	149,337
Financial expenses		(21,017)	(3,749)	(45,430)	(3,638)
		(35,601)	24,571	41,607	145,699
Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		-	-	-	-
Profit before taxation		(35,601)	24,571	41,607	145,699
Taxation		-	-	-	-
Profit after taxation		(35,601)	24,571	41,607	145,699
Earnings per certificate		(0.18)	0.13	0.21	0.74

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

LAHORE
April 27, 2018


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2018

	January to March 2018	January to March 2017	July to March 2018	July to March 2017
	Rupees in '000'		Rupees in '000'	
Profit after taxation	(35,601)	24,571	41,607	145,699
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(35,601)	24,571	41,607	145,699

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
 April 27, 2018



Syed Shahid Ali
 Chief Executive Officer



Muhammad Shafique Anjum
 Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the period ended March 31, 2018

	July to March 2018	July to March 2017
Rupees in '000'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	41,607	145,699
Adjustments for non-cash items:		
Financial charges for the period	45,430	3,638
Depreciation on property, plant and equipment	18,293	16,346
Profit on bank deposits	(2,853)	(4,769)
(Gain)/Loss on sale of fixed assets	-	(7)
	60,870	15,208
Operating profit before working capital changes	102,477	160,907
(Increase)/decrease in operating assets:		
Stock-in-trade	(470,373)	(221,660)
Trade debts	54,119	(11,780)
Loans, advances, deposits, prepayments and other receivables	(143,792)	(451,700)
	(560,046)	(685,140)
Increase / (decrease) in operating liabilities		
Trade and other payables	953,720	2,169,312
Cash generated from operations	496,151	1,645,079
Financial charges paid	(29,920)	(3,638)
Taxes paid	3,735	11,137
	(26,185)	7,499
Net cash from operating activities	469,966	1,652,578
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(1,173,702)	(1,390,740)
Proceeds from sale of fixed assets	22,595	14
Long term deposits	1,390	(8,060)
Profit received on bank deposits	2,853	4,769
Net cash outflow from investing activities	(1,146,864)	(1,394,017)
CASH FLOW FROM FINANCING ACTIVITIES		
Share premium	(20,100)	-
Long Term Deposits	(48,179)	(87,806)
Dividend paid	(117,042)	(122,635)
Net cash from financing activities	(185,321)	(210,441)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(86,219)	48,120
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(96,561)	199,931
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(958,780)	248,051
CASH AND CASH EQUIVALENTS		
Cash and bank balances	141,220	249,522
Finance under mark-up arrangements	(1,100,000)	(1,471)
	(958,780)	248,051

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
April 27, 2018

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

For the period ended March 31, 2018

	Certificate Capital	Certificate premium	Statutory Reserve	Un- appropriated Profit / loss	Total
	Rupees in '000'				
Balance as at June 30, 2016	1,956,000	1,952,870	430,728	91,466	4,431,064
Total comprehensive income for the period	-	-	-	145,699	145,699
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	1,009	1,009
Final profit distribution @ 6.26% for the year ended June 30, 2016	-	-	-	(122,643)	(122,643)
Balance as on March 31, 2017	1,956,000	1,952,870	430,728	115,531	4,455,129
Balance as at June 30, 2017	1,956,000	1,952,870	511,941	93,571	4,514,382
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	988	988
Modaraba Certificates	-	-	-	-	-
Cost incurred on account of issuance of modaraba certificates	-	(20,100)	-	-	(20,100)
Total comprehensive income for the period	-	-	-	41,607	41,607
Final profit distribution @ 6.20% for the year ended June 30, 2017	-	-	-	(117,042)	(117,042)
Balance as at March 31, 2018	1,956,000	1,932,770	511,941	19,124	4,419,835

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

LAHORE
 April 27, 2018


 Syed Shahid Ali
 Chief Executive Officer


 Muhammad Shafique Anjum
 Director

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

For the period ended March 31, 2018

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 manufacturing and sale of corrugated boxes, soaps and batteries.

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 those 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.

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

For the period ended March 31, 2018

	Quarter ended		9 Months ended	
	January to March 2018	January to March 2017	July to March 2018	July to March 2017
	Rupees in '000'		Rupees in '000'	
6. SALES				
Packaging products	425,804	425,083	1,307,268	1,287,237
Soaps	118,647	178,245	519,481	648,720
Batteries	12,386	-	12,386	-
	556,837	603,328	1,839,135	1,935,957
7. COST OF SALES				
Packaging products	374,090	386,057	1,152,390	1,138,533
Soaps	99,087	159,504	408,190	552,509
Batteries	34,393	-	34,393	-
	507,570	545,561	1,594,973	1,691,042
8. TRANSACTIONS WITH RELATED PARTIES				
Purchases and services received			60,644	70,537
Goods sold and services rendered			25,287	30,916

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 27, 2018.

10. GENERAL

Amounts have been rounded off to thousand rupees.

LAHORE
 April 27, 2018


 Syed Shahid Ali
 Chief Executive Officer


 Muhammad Shafique Anjum
 Director



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