



FIRST TREET MANUFACTURING MODARABA

1st Quarterly Financial Statement

**JULY - SEPTEMBER
2014 - 2015**

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Corporate Information

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Mahdi Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Mr. Muhammad Shafique Anjum Mr. Khurram Raza Bakhtayari	Chairperson Chief Executive Officer Director Director Director Director Director Director
AUDIT COMMITTEE:	Mr. Imran Azim Syed Sheharyar Ali Mr. Munir Karim Bana Mr. Khurram Raza Bakhtayari Mr. Amir Zia	Chairman/Member Member Member Member Group Chief Financial Officer
CHIEF ACCOUNTANTS:	Mr. Sohail Habib Mr. Sajjad Haider Khan	Modaraba Company Modaraba
COMPANY SECRETARY:	Rana Shakeel Shaukat	
HEAD OF INTERNAL AUDIT:	Mr. Muhammad Ali	
EXTERNAL AUDITORS MODARABA:	KPMG Taseer Hadi & Co.	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	Kreston Hyder Bhimji & Co.	Chartered Accountants
LEGAL ADVISORS:	Saleem & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Iftikhar Baig	
BANKERS:	Allied Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Barclays Bank PLC Pakistan Dubai Islamic Bank Pakistan Limited Faysal Bank Limited	Habib Bank Limited MCB Bank Limited National Bank Limited NIB Bank Limited Soneri 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:	Scarlet IT Systems (Pvt.) Limited 24-Ferozpur Road, Lahore Ph: 042-37426144 Email: treet@scarletsystem.com	
PACKAGING SOLUTIONS - CORRUGATION	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore	
SOAP PLANT	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

Directors' Review

Board of Directors of Global Econo Trade (Private) Limited (GET), 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, 2014.

Financial Results

Rs. in 000'	2014-2015	2013-2014
Net Sales	680,431	636,309
Gross Profit	86,733	51,865
Net Profit	20,103	25,563
Profit/(Loss) per Certificate	0.15	0.20
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	12.42	11.85

Sales performance (in % change) is described below:

2014-2015				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	211,349	451,735	17,347	680,431
Inter-Segment Sales	-	12,154	78,375	90,529
	211,349	463,889	95,722	770,960

2013-2014				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	227,902	398,216	10,191	636,309
Inter-Segment Sales	-	14,568	107,499	122,067
	227,902	412,784	117,690	758,376
Sales Growth %	-7.26%	12.38%	-18.67%	1.66%

Margins are generally decreased due to the following reasons:

- Paper & Board operations showed decline due to discontinuation of operation in September 2014;
- Corrugation Segment showed excellent growth and margins are improved;
- Prices of tallow is calming down and margins of Soap segment will be improved further in the coming months;
- Net profitability has shown decline due to one time loss on disposal of fixed assets pertaining to Paper & Board Segment.

Management of your Modaraba is confident to restore sales & margins in the coming months because of better sales stratagem, price rationalization and raw material sourcing.

Acknowledgement

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

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

For and on behalf of the Board



Syed Shahid Ali
Chief Executive Officer

Lahore
Dated: October 28, 2014

Condensed Interim Balance Sheet

As at September 30, 2014 (Un-audited)

	September 30, 2014	June 30, 2014
	Un-audited	Audited
Note	(Rupees in thousand)	
Property, plant and equipment	301,629	461,566
Long term deposits	29,099	38,489
	330,728	500,055
CURRENT ASSETS		
Stores and spares	49,330	89,109
Stock-in-trade	478,728	418,308
Trade debts - unsecured considered good	337,214	387,515
Loans, advances, deposits, prepayments and other receivables	134,104	153,299
Cash and bank balances	467,943	181,037
	1,467,319	1,229,268
CURRENT LIABILITIES		
Trade and other payables	176,843	128,220
NET CURRENT ASSETS	1,290,476	1,101,048
NET ASSETS	1,621,204	1,601,103
FINANCED BY:		
Issued, subscribed and paid-up capital	1,304,000	1,304,000
Statutory Reserve	252,091	252,091
Unappropriated profit	32,943	1,060
MODARABA CERTIFICATE HOLDERS' EQUITY	1,589,034	1,557,151
Surplus on revaluation of fixed assets	32,170	43,952
Contingencies and commitments	5	-
	1,621,204	1,601,103

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

LAHORE:
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Profit and Loss Account

For the period ended September 30, 2014 (Un-audited)

	Note	3 Months ended	
		July to Sept. 2014	July to Sept. 2013
(Rupees in thousand)			
Net sales	6	680,431	636,309
Cost of Goods Sold	7	(593,698)	(584,444)
Gross Profit		86,733	51,865
Operating expenses :			
- Administrative expenses		(5,864)	(3,519)
- Selling & distribution expenses		(28,313)	(22,419)
		(34,177)	(25,938)
Operating Profit		52,556	25,927
Other income		(32,466)	(290)
		20,090	25,637
Financial expenses		13	(74)
Profit before taxation		20,103	25,563
Taxation		-	-
Profit after taxation		20,103	25,563
Earnings per certificate		0.15	0.20

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

LAHORE:
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Comprehensive Income

For the period ended September 30, 2014 (Un-audited)

	3 Months ended	
	July to Sept. 2014	July to Sept. 2013
	(Rupees in thousand)	
Profit after taxation	20,103	25,563
Other comprehensive income	-	-
Total comprehensive income for the period	20,103	25,563

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:
October 28, 2014



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Condensed Interim Cash Flow Statement

For the period ended September 30, 2014 (Un-audited)

	July to September 2014 (Rupees in thousand)	July to September 2013 (Rupees in thousand)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,103	25,563
Adjustments for non-cash items:		
Financial charges for the period	(13)	74
Depreciation on property, plant and equipment	10,318	9,784
Profit on bank deposits	(1,822)	(1,641)
(Gain)/Loss on sale of fixed assets	33,625	-
	42,108	8,217
Operating profit before working capital changes	62,211	33,780
(Increase) / decrease in operating assets:		
Stores and spares	39,779	(8,411)
Stock-in-trade	(60,420)	(41,360)
Trade debts	50,301	(13,829)
Loans, advances, deposits, prepayments and other receivables	1,438	(58,342)
	31,098	(121,942)
Increase / (decrease) in operating liabilities:		
Trade and other payables	48,623	11,043
Cash generated from operations	141,932	(77,119)
Financial charges paid	13	(74)
Taxes paid	17,754	(10,059)
	17,767	(10,133)
Net cash from operating activities	159,699	(87,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(15,738)	(5,264)
Proceeds from sale of fixed assets	131,733	-
Long term deposits	9,390	792
Profit received on bank deposits	1,822	1,641
Net cash outflow from investing activities	127,207	(2,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Deposits	-	223
Dividend paid	-	7
Net cash from financing activities	-	230
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,906	(89,853)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	181,037	240,288
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	467,943	150,435
CASH AND CASH EQUIVALENTS		
Cash and bank balances	467,943	150,435
Finance under mark-up arrangements	-	-
	467,943	150,435

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

LAHORE:
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2014 (Un-audited)

	Certificate Capital	Statutory Reserve	Unappropriated Profit	Total
..... (Rupees in thousand)				
Balance as at June 30, 2013	1,304,000	212,091	3,397	1,519,488
Total comprehensive income for the period	-	-	25,564	25,564
Balance as on September 30, 2013	1,304,000	212,091	28,961	1,545,052
Balance as at June 30, 2014	1,304,000	252,091	1,060	1,557,151
Transfer from surplus on revaluation of property, plant and equipment	-	-	11,780	11,780
Total comprehensive income for the period	-	-	20,103	20,103
Balance as on September 30, 2014	1,304,000	252,091	32,943	1,589,034

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

LAHORE:
October 28, 2014



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Notes to the Condensed Interim Financial Information

For the period ended September 30, 2014 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba “the Modaraba” is a multi-purpose, perpetual and multi-dimensional Modaraba formed on July 27, 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there-under and is managed by Global Econo Trade (Pvt) Limited (a wholly owned subsidiary of Treet Corporation Limited), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Industrial Area, Kot Lakhpat, Lahore. The Modaraba is listed on Lahore Stock Exchange (Guarantee) Limited.

A packaging plant under the name of “Packaging Solutions” has been set up by the Modaraba. The principal activity of “Packaging Solutions” is to manufacture and sell, all kinds of corrugated boxes and packaging.

The Modaraba is also engaged in the business of manufacturing and sale of soaps. The soap operation was started from July 01, 2009.

The Modaraba was also engaged in the business of manufacturing and sale of paper under the name of “Packaging Solutions - Paper and Board Mill”. However, the Board of Directors of modaraba management company approved the sale of non-current assets including land, building and plant and machinery of paper and board mill division 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 non-current assets including land, building and plant and machinery of its paper and board mill division against the consideration amounting to Rs. 162 million. The results of discontinued operations has been disclosed in note 10 to this condensed interim financial information.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited 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, 2014.

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, 2014.

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, 2014.

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 Sept.	July to Sept.
		2014	2013
		(Rupees in thousand)	
	Note		
6. SALES			
Packaging products	6.1	451,735	398,216
Paper and board	6.2	17,347	10,191
Soaps	6.3	211,349	227,902
		680,431	636,309
6.1 Packaging Products			
Local sales		524,924	547,554
Less: sales tax		73,137	149,338
Less: trade discount		52	-
		451,735	398,216
6.2 Paper and Board			
Local sales		26,203	28,207
Less: sales tax		8,856	18,016
Less: trade discount		-	-
		17,347	10,191
6.3 Soaps			
Local sales		253,722	329,409
Less: sales tax		42,373	101,507
Less: trade discount		-	-
		211,349	227,902
7. COST OF SALES			
Packaging products	7.1	324,492	268,338
Paper and board	7.2	90,322	105,294
Soaps	7.3	178,884	210,812
		593,698	584,444

	Note	3 Months ended	
		July to Sept. 2014	July to Sept. 2013
		(Rupees in thousand)	
7.1 Packaging Products			
Raw and packing material consumed		251,124	202,662
Stores and spares consumed		7,687	7,539
Salaries, wages and other benefits		33,083	32,348
Fuel and power		15,982	14,140
Depreciation		6,681	5,290
Other expenses		6,714	9,385
		321,271	271,364
Opening stock of work-in-process		4,790	5,198
Closing stock of work-in-process		(2,979)	(7,336)
Cost of goods manufactured		323,082	269,226
Opening stock of finished goods		16,275	18,854
Closing stock of finished goods		(14,865)	(19,742)
		324,492	268,338
7.2 Paper and board			
Raw and packing material consumed		35,913	44,947
Stores and spares consumed		3,520	2,963
Salaries, wages and other benefits		11,544	10,510
Fuel and power		27,378	39,835
Depreciation		2,934	3,816
Other expenses		2,191	1,966
		83,480	104,037
Opening stock of work-in-process		277	223
Closing stock of work-in-process		-	(131)
Cost of goods manufactured		83,757	104,129
Opening stock of finished goods		6,565	2,095
Closing stock of finished goods		-	(930)
		90,322	105,294
7.3 Soaps			
Raw material consumed		139,789	165,113
Stores and spares consumed		3,081	6,071
Salaries, wages and other benefits		8,189	10,268
Fuel and power		10,698	14,558
Plant rental		2,449	2,267
Other expenses		3,206	3,130
		167,412	201,407
Opening stock of work-in-process		28,317	32,102
Closing stock of work-in-process		(30,487)	(27,961)
Cost of goods manufactured		165,242	205,548
Opening stock of finished goods		42,942	52,589
Purchases		-	-
Closing stock of finished goods		(29,300)	(47,325)
		178,884	210,812

	3 Months ended	
	July to Sept. 2014	July to Sept. 2013
	(Rupees in thousand)	
8. TRANSACTIONS WITH RELATED PARTIES		
Purchases and services received	59,801	64,374
Goods sold and services rendered	5,131	305

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 28, 2014.

10. DISCONTINUED OPERATIONS

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

	3 Months ended	
	July to Sept. 2014	July to Sept. 2013
	(Rupees in thousand)	
Revenue and sales - net	95,722	117,690
Cost of goods sold	(97,606)	(118,569)
Gross profit	(1,884)	(879)
Operating expenses:		
- Administrative expenses	(78)	(345)
- Selling & distribution expenses	(348)	(343)
	(426)	(688)
Operating Profit	(2,310)	(1,567)
Other operating expenses	(33,463)	131
Loss before taxation	(35,773)	(1,436)
Taxation	-	-
Loss after taxation	(35,773)	(1,436)

11. GENERAL

11.1 Amounts have been rounded off to thousand rupees.

11.2 The Board of Directors of the Management Company in their meeting held on 28 September 2014 has approved final cash dividend @ 3.45% i.e. Rs. 0.345 per certificate for the year ended 30 June 2014 (2013: 6.7% i.e. Rs. 0.67 per certificate) amounting to Rs. 45.00 million (2013: Rs. 87.37 million). These financial statements do not reflect this proposed dividend.

LAHORE:
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director



TREET GROUP OF COMPANIES



TREET CORPORATION LIMITED



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



**PACKAGING
SOLUTIONS**

(A Project Under FTMM)



MOTOR BIKE PROJECT



TCL LABOR-HIRE COMPANY (Pvt.) LIMITED
(A wholly owned subsidiary of GLOBAL ECONO TRADE (PVT.) LIMITED)