



FIRST TREET MANUFACTURING MODARABA

1st Quarterly Financial Statement

JULY - SEPTEMBER
2015 - 2016

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Corporate Information

BOARD OF DIRECTORS:	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
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	
HEAD OF INTERNAL AUDIT:	Mr. Muhammad Ali	
EXTERNAL AUDITORS:	KPMG Taseer Hadi & Co.	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	Kreston Hyder Bhimji & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Iftikhar Baig	
BANKERS:	Allied 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 National Bank of Pakistan 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:	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' 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 unaudited financial statements for the 1st Quarter ending on September 30, 2015.

Financial Results

Rs. in 000'	2015-2016	2014-2015
Net Sales	729,238	663,084
Gross Profit	110,138	92,467
Net Profit	88,685	20,103
Profit/(Loss) per Certificate	0.68	0.15
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	13.41	12.42

Sales performance (in % change) is described below:

2015-2016				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	257,455	471,783	-	729,238
Inter-Segment Sales	-	5,825	-	5,825
	257,455	477,608	-	735,063

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
Sales Growth %	21.82%	2.96%	-100.00%	-4.66%

Margins are generally increased due to the following reasons:

- Corrugation Segment maintained its sales volumes and margins are improved;
- Sale of Soap showed excellent growth and improved margins. Moreover, prices of tallow/ palm oil is calming down and margins of Soap segment will be improved further in the coming months;

Moreover, Paper & Board discontinued its operations in September 2014 last year.

RIGHT ISSUE

Your Modaraba has announced 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 will be utilized for the battery project. Total project size is Rs. 4.00 billion and funds will be raised in two tranches as follows;

Total number of Certificate Outstanding as on August 12, 2015		130,399,996.00
Proposed Right Price (including Premium of Rs. 30/- each)		40.00 per Certificate
Proposed Right Issue	50% i.e. One Certificate for Every Two Certificates Held	
Proposed Right Proceeds	Rs.	2,607,999,920
Project Size (to be completed within 18months) in	Rs.	4,046,302,550
Remaining Balance *	Rs.	1,438,302,630

*2nd Right will be Issued after One Year as and when remaining proceeds will be required.

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, 2015

Condensed Interim Balance Sheet

As at September 30, 2015 (Un-audited)

	September 30, 2015	June 30, 2015
Note	Un-audited (Rupees in thousand)	Audited
Property, plant and equipment	947,102	665,119
Long term deposits	30,178	30,177
	977,280	695,296
CURRENT ASSETS		
Stores and spares	45,930	49,543
Stock-in-trade	380,799	474,475
Trade debts - unsecured considered good	406,060	365,062
Short term investments	-	200,000
Loans, advances, deposits, prepayments and other receivables	180,955	137,264
Cash and bank balances	224,662	143,380
	1,238,406	1,369,724
CURRENT LIABILITIES		
Trade and other payables	222,970	146,888
NET CURRENT ASSETS	1,015,436	1,222,836
NET ASSETS	1,992,716	1,918,132
FINANCED BY:		
Issued, subscribed and paid-up capital	1,304,000	1,304,000
Statutory Reserve	313,436	313,436
Unappropriated profit	132,904	43,866
MODARABA CERTIFICATE HOLDERS' EQUITY	1,750,340	1,661,302
Surplus on revaluation of fixed assets	30,787	31,135
Long term deposits	211,589	225,695
Contingencies and commitments	5	-
	1,992,716	1,918,132

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

LAHORE:
 October 28, 2015


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Condensed Interim Profit and Loss Account

For the period ended September 30, 2015 (Un-audited)

	Note	3 Months ended	
		July to Sept. 2015	July to Sept. 2014
		(Rupees in thousand)	
Net sales	6	729,238	663,084
Cost of Goods Sold	7	(619,100)	(570,617)
Gross Profit		110,138	92,467
Operating expenses :			
- Administrative expenses		(3,023)	(6,385)
- Selling & distribution expenses		(23,745)	(31,820)
		(26,768)	(38,205)
Operating Profit		83,370	54,262
Other income		5,332	1,595
		88,702	55,857
Financial expenses		(17)	15
Profit before taxation		88,685	55,872
Taxation		-	-
Profit from continuing operation		88,685	55,872
Profit / (Loss) from discontinued operation		-	(35,769)
Profit after taxation		88,685	20,103
Earnings per certificate continuing operations		0.68	0.42
Earnings per certificate discontinued operations		-	(0.27)

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

LAHORE:
October 28, 2015


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Comprehensive Income

For the period ended September 30, 2015 (Un-audited)

	3 Months ended	
	July to Sept. 2015	July to Sept. 2014
	(Rupees in thousand)	
Profit after taxation	88,685	20,103
Other comprehensive income	-	-
Total comprehensive income for the period	88,685	20,103

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, 2015



Syed Shahid Ali
 Chief Executive Officer



Muhammad Shafique Anjum
 Director

Condensed Interim Cash Flow Statement

For the period ended September 30, 2015 (Un-audited)

	July to September 2015 (Rupees in thousand)	July to September 2014 (Rupees in thousand)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	88,685	20,103
Adjustments for non cash items :		
Financial charges for the period	17	(13)
Depreciation on property, plant and equipment	7,833	10,318
Profit on bank deposits	(4,239)	(1,822)
(Gain)/Loss on sale of fixed assets	-	33,625
	3,611	42,108
Operating profit before working capital changes	92,296	62,211
(Increase) / decrease in operating assets :		
Stores and spares	3,613	39,779
Stock-in-trade	93,676	(60,420)
Trade debts	(40,998)	50,301
Short term investments	200,000	-
Loans, advances, deposits, prepayments and other receivables	(39,104)	1,438
	217,187	31,098
Increase / (decrease) in operating liabilities		
Trade and other payables	76,082	48,623
Cash generated from operations	385,565	141,932
Financial charges paid	(17)	13
Taxes paid	(4,583)	17,754
	(4,600)	17,767
Net cash from operating activities	380,965	159,699
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(289,815)	(15,738)
Proceeds from sale of fixed assets	-	131,733
Long term deposits	(1)	9,390
Profit received on bank deposits	4,239	1,822
Net cash outflow from investing activities	(285,577)	127,207
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Deposits	(14,106)	-
Dividend paid	-	-
Net cash from financing activities	(14,106)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	81,282	286,906
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	143,380	181,037
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	224,662	467,943
CASH AND CASH EQUIVALENTS		
Cash and bank balances	224,662	467,943
Finance under mark-up arrangements	-	-
	224,662	467,943

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

LAHORE:
October 28, 2015


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2015 (Un-audited)

	Certificate Capital	Statutory Reserve	Unappropriated Profit	Total
..... (Rupees in thousand)				
Balance as at June 30, 2014	1,304,000	252,091	1,060	1,557,151
Total comprehensive income for the period	-	-	20,103	20,103
Transfer from surplus on revaluation of property, plant and equipment	-	-	11,780	11,780
Balance as on September 30, 2014	1,304,000	252,091	32,943	1,589,034
Balance as at June 30, 2015	1,304,000	313,436	43,866	1,661,302
Transfer from surplus on revaluation of property, plant and equipment	-	-	353	353
Total comprehensive income for the period	-	-	88,685	88,685
Balance as on September 30, 2015	1,304,000	313,436	132,904	1,750,340

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

LAHORE:
 October 28, 2015


Syed Shahid Ali
 Chief Executive Officer


Muhammad Shafique Anjum
 Director

Notes to the Condensed Interim Financial Information

For the period ended September 30, 2015 (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba (“the Modaraba”) is a multipurpose, perpetual and multidimensional 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 (formerly Global Econo Trade 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 Lahore Stock Exchange (Guarantee) 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 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.

		3 Months ended	
		July to Sept. 2015	July to Sept. 2014
		(Rupees in thousand)	
6.	SALES		
	Packaging products	471,783	451,735
	Paper and board	-	-
	Soaps	257,455	211,349
		729,238	663,084
7.	COST OF SALES		
	Packaging products	418,838	324,492
	Paper and board	-	67,241
	Soaps	200,262	178,884
		619,100	570,617
8.	TRANSACTIONS WITH RELATED PARTIES		
	Purchases and services received	21,419	59,801
	Goods sold and services rendered	3,617	5,131

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, 2015.

		3 Months ended	
		July to Sept. 2015	July to Sept. 2014
		(Rupees in thousand)	
10.	DISCONTINUED OPERATIONS		
	The profit and loss account of the discontinued paper business is as follows:		
	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	-	(34,063)
	Loss before taxation	-	(35,769)
	Taxation	-	-
	Loss after taxation	-	(35,769)

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 06 October 2015 has approved final cash dividend @ 6.20% i.e. Re. 0.62 per certificate for the year ended 30 June 2015 (2014: 3.45% i.e. Re. 0.345 per certificate) amounting to Rs. 80.848 million (2014: Rs. 44.988 million). These financial statements do not reflect this proposed dividend.

LAHORE:
October 28, 2015



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



Treet HR Management (Private) Limited
(formerly TCL Labor-Hire Company (Private) Limited)