

3RD QUARTERLY REPORT

2022



OUR
DIVERSIFIED
BUSINESS
PORTFOLIO

OUR BRANDS



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COMPANY INFORMATION

BOARD OF DIRECTORS:	Mr. Imran Azim Syed Shahid Ali Syed Sheharyar Ali Muhammad Shafique Anjum Dr. Salman Faridi Ms. Sidra Fatima Sheikh Mr. Munir K. Bana	Non-Executive Director/Chairman Chief Executive Officer Non-Executive Director Non-Executive Director Independent Director Independent Director Non-Executive Director
AUDIT COMMITTEE:	Dr. Salman Faridi Mr. Imran Azim Mr. Munir K. Bana	Chairman/Member Member Member
CHIEF ACCOUNTANTS:	Mr. Moazzam Hussain Hashmi Mr. Muhammad Zubair	Modaraba Modaraba Company
COMPANY SECRETARY:	Ms. Zunaira Dar	
EXTERNAL AUDITORS:	M/s Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA MANAGEMENT COMPANY:	M/s Yousuf Adil	Chartered Accountants
LEGAL ADVISORS:	Chima & Ibrahim	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti	Advocates
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Habib Metropolitan Bank Ltd Askari Bank Limited MCB Bank Limited National Bank of Pakistan Bank Al Habib Limited Dubai Islamic Bank Pakistan Limited Bank Alfalah Limited	Habib Bank Limited Meezan Bank Limited MCB Islamic Bank Limited Soneri Bank Limited Al Baraka Bank Pakistan Limited Bank Islami Pakistan Limited Faysal 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.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Winges 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 nine months and third quarter ending March 31, 2022.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

	Nine Months Ended		% Change	Quarter Ended		% Change
	31-Mar-22	31-Mar-21		31-Mar-22	31-Mar-21	
	(1)	(2)	(1) over (2)	(3)	(4)	(3) over (4)
Sales (net)	5,164	4,319	19.56%	1,615	1,357	19.01%
Gross Profit/(Loss)	178	(106)	267.92%	(25)	(44)	43.18%
Net Profit/(Loss)	(326)	(959)	66%	(261)	(235)	(11.06)%
Profit/(Loss) per Certificate	(0.37)	(4.90)	92.45%	(0.30)	(1.20)	75.00%
Transfer to Statutory Reserve	Nil	Nil		Nil	Nil	
Book Value per Certificate	5.19	(10.10)	151.39%	5.19	(10.10)	151.39%

BUSINESS REVIEW – GROUP RESULTS

For the nine months period, the turnover was Rs. 5,164 million, registering an increase of Rs. 845 million (19.56%) over the same period of previous year. The increase in turnover is mainly attributable to increase in corrugation and battery sales, partially offset by lesser sales in soap segment

Segment wise sales is as follows:

(Rupees in million)

Segment	Sales					
	Nine Months Ended		% Change	Quarter Ended		% Change
	31-Mar-22	31-Mar-21		31-Mar-22	31-Mar-21	
	(1)	(2)	(1) over (2)	(3)	(4)	(3) over (4)
Corrugation	1,664	1,261	31.96%	582	492	18.29%
Soap	380	603	(36.98)%	125	104	20.19%
Battery	3,122	2,467	26.55%	909	763	19.13%
Inter-segment sales	(2)	(12)	(83.33)%	(1)	(2)	(50.00)%
Total	5,164	4,319	19.56%	1,615	1,357	19.01%

For the nine months period under consideration, Net Loss is Rs. 326 million which shows an improvement by 66% over last year corresponding period (March 2021: Net loss of Rs. 959 million). The improvement is attributable to increased sales volumes which resulted in better absorption of fixed overheads resulted in gross profit of Rs. 178 million (March 2021: Gross loss of Rs. 106 million), improvement in battery plant efficiency and rationalization of costs through rigorous cost controlling measures. This level of loss has delivered a Loss per Certificate of Rs. 0.37 compared to a loss of Rs. 4.90 per Certificate last year same period. However, the increase in the price of lead has adversely affected the margins, in the battery segment.

FINANCIAL PLAN

As already communicated, spin off the Battery segment from its subsidiary (First Treet Manufacturing Modaraba) to separate Company (Treet Battery Limited) is in progress. Currently demerging process is underway which is subject to the applicable statutory and regulatory approvals. During the period scheme of arrangement for merger/ amalgamation was approved in extra ordinary general meeting that was held on 02 March 2022. Accordingly, chairman's report related to such meeting was submitted to the Court.

DIRECTORS' REVIEW

ACKNOWLEDGEMENTS

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
April 26, 2022

FINANCIAL STATEMENTS

For the period ended March 31, 2022

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
As At March 31, 2022

	Note	March 2022 Un-audited (Rupees in thousand)	June 2021 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		8,432,085	8,663,210
Long term loans and deposits		47,050	44,955
		8,479,135	8,708,165
Current assets			
Stores and spares		119,920	86,952
Stock-in-trade		980,537	1,136,376
Trade debts - unsecured considered good		1,151,860	702,920
Short term investments		-	60,000
Loans, advances, deposits, prepayments and other receivables		793,610	813,933
Cash and bank balances		283,563	111,200
		3,329,490	2,911,381
Asset held for sale		-	380,275
Current liabilities			
Current portion of non-current liabilities		-	-
Current portion of long term liabilities		4,876	14,385
Short term borrowings		5,434,061	5,193,594
Trade and other payables		1,337,388	1,359,863
Provision for taxation		64,875	92,175
		6,841,200	6,660,017
Net current assets		(3,511,710)	(3,368,361)
Non-current liabilities			
Liability against right of use asset		12,585	40,126
Deferred liabilities		367,838	386,278
Contingencies and commitments	5	-	-
Net assets		4,587,002	4,913,400
FINANCED BY:			
Issued, subscribed and paid-up capital		8,835,904	8,835,904
Capital reserve		2,464,811	2,464,811
Unappropriated loss		(7,960,857)	(7,810,787)
Surplus on revaluation of fixed assets		1,247,144	1,423,472
		4,587,002	4,913,400

The attached notes 1 to 12 form an integral part of this condensed interim financial statements.

LAHORE
April 26, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Syed Sheharyar Ali
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended March 31, 2022

	Note	9 months ended		Quarter ended	
		July to March 2022	July to March 2021	January to March 2022	January to March 2021
		(Rupees in thousand)		(Rupees in thousand)	
Net sales	6	5,164,167	4,318,870	1,615,388	1,357,458
Cost of sales	7	(4,986,490)	(4,424,542)	(1,640,257)	(1,401,794)
Gross Profit / (Loss)		177,677	(105,672)	(24,869)	(44,336)
- Administrative expenses		(59,300)	(237,549)	(11,778)	(43,353)
- Distribution cost		(311,026)	(302,734)	(113,543)	(75,433)
		(370,326)	(540,283)	(125,321)	(118,786)
Operating profit / (loss)		(192,649)	(645,955)	(150,190)	(163,122)
Other income		213,313	16,396	7,817	9,918
		20,664	(629,559)	(142,373)	(153,204)
Financial expenses		(288,122)	(264,833)	(94,555)	(61,235)
		(267,458)	(894,392)	(236,928)	(214,439)
Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		-	-	-	-
Profit / (Loss) before taxation		(267,458)	(894,392)	(236,928)	(214,439)
Taxation		(58,940)	(64,731)	(24,129)	(20,405)
Profit / (Loss) after taxation		(326,398)	(959,123)	(261,057)	(234,844)
Earnings / (Loss) per certificate continuing operations		(0.37)	(4.90)	(0.30)	(1.20)

The attached notes 1 to 12 form an integral part of this condensed interim financial statements.

LAHORE
April 26, 2022


Syed Shahid Ali
 Chief Executive Officer


Mohtashim Aftab
 Group Chief Financial Officer


Muhammad Shafique Anjum
 Director


Syed Sheharyar Ali
 Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the period ended March 31, 2022

	9 months ended		Quarter ended	
	July to March 2022 (Rupees in thousand)	July to March 2021	January to March 2022 (Rupees in thousand)	January to March 2021
Loss after taxations	(326,398)	(959,123)	(261,057)	(234,844)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	(326,398)	(959,123)	(261,057)	(234,844)

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

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

LAHORE
April 26, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Syed Sheharyar Ali
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the period ended March 31, 2022

	Certificate Capital	Certificate premium	Statutory Reserve	Surplus on revaluation of fixed assets	Unappropriated Profit / (Loss)	Total
(Rupees in thousand)						
Balance as at June 30, 2020	1,956,000	1,952,870	511,941	385,359	(5,812,547)	(1,006,377)
Total comprehensive income / (loss) for the period	-	-	-	-	(959,123)	(959,123)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(1,671)	1,671	-
Balance as on March 31, 2021	1,956,000	1,952,870	511,941	383,688	(6,769,999)	(1,965,500)
Balance as at June 30, 2021	8,835,904	1,952,870	511,941	1,423,472	(7,810,787)	4,913,400
Revaluation surplus transferred of non-current assets held for sale	-	-	-	(144,951)	144,951	-
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(31,377)	31,377	-
Total comprehensive income / (loss) for the period	-	-	-	-	(326,398)	(326,398)
Balance as on March 31, 2022	8,835,904	1,952,870	511,941	1,247,144	(7,960,857)	4,587,002

The attached notes 1 to 12 form an integral part of these condensed interim financial statements.

LAHORE
April 26, 2022



Syed Shahid Ali
Chief Executive Officer



Mohtashim Aftab
Group Chief Financial Officer



Muhammad Shafique Anjum
Director



Syed Sheharyar Ali
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the period ended March 31, 2022

	July to March 2022	July to March 2021
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(267,458)	(894,392)
Adjustments for non-cash items:		
Financial charges for the period	288,122	264,833
Depreciation on property, plant and equipment	238,142	330,449
Profit on bank deposits	(4,264)	(5,731)
(Gain)/Loss on sale of fixed assets	(201,776)	82
	320,224	589,633
Operating profit / (loss) before working capital changes	52,766	(304,759)
(Increase) / decrease in operating assets :		
Stores and spares	(32,968)	18,887
Stock-in-trade	155,839	184,467
Trade debts	(448,940)	(271,475)
Short term investments	60,000	-
Loans, advances, deposits, prepayments and other receivables	(20,845)	59,297
	(286,914)	(8,824)
Increase / (decrease) in operating liabilities		
Trade and other payables	(39,374)	329,244
Cash generated from / (used in) from operations	(273,522)	15,661
Financial charges paid	(271,228)	(425,560)
Taxes paid	(63,507)	6,247
	(334,735)	(419,313)
Net cash inflow/(outflow) from operating activities	(608,257)	(403,652)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(25,017)	11,638
Proceeds from sale of fixed assets	600,051	-
Long term deposits	(2,095)	(1,744)
Profit received on bank deposits	4,264	5,731
Net cash inflow/(outflow) from investing activities	577,203	15,625
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligation	(37,050)	-
Net cash inflow/(outflow) from financing activities	(37,050)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(68,104)	(388,027)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(5,082,394)	(11,433,704)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(5,150,498)	(11,821,731)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	283,563	204,483
Finance under mark-up arrangements	(5,434,061)	(12,026,214)
	(5,150,498)	(11,821,731)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

LAHORE
April 26, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Syed Sheharyar Ali
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended March 31, 2022

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, soaps and batteries.

2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and have 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 for Modarabas issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). In cases where the requirements differ, the provisions of or directives issued under the Ordinance or Regulations shall prevail. The disclosures in the condensed interim financial statements do not include all the information reported in audited annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Modaraba's annual financial statements for the year ended June 30, 2021.

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, 2021.

5. CONTINGENCIES AND COMMITMENTS

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

	9 Months ended		Quarter year ended	
	July to March 2022 (Rupees in thousand)	July to March 2021	January to March 2022 (Rupees in thousand)	January to March 2021
6. SALES				
Packaging products	1,662,295	1,248,903	582,008	491,080
Soaps	380,254	603,292	124,634	103,663
Batteries	3,121,618	2,466,675	908,746	762,715
	5,164,167	4,318,870	1,615,388	1,357,458

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended March 31, 2022

	9 Months ended		Quarter year ended	
	July to March 2022 (Rupees in thousand)	July to March 2021	January to March 2022 (Rupees in thousand)	January to March 2021
7. COST OF SALES				
Packaging products	1,568,764	1,258,108	562,849	480,637
Soaps	347,553	589,207	115,920	111,726
Batteries	3,070,173	2,577,227	961,488	809,431
	4,986,490	4,424,542	1,640,257	1,401,794

	9 Months ended	
	July to March 2022 (Rupees in thousand)	July to March 2021
8. TRANSACTIONS WITH RELATED PARTIES		
- Purchases and services received	56,573	140,598
- Goods sold and services rendered	32,926	38,967

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. These condensed interim financial statements were authorized for issue by the board of directors of the Modaraba Company on April 26, 2022

10. IMPACT OF COVID-19

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Modaraba expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no going concern uncertainty and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

11. DEMERGER OF BATTERY BUSINESS

The Modaraba is in process of demerging, transferring and vesting of the battery undertaking and business into Treet Battery Limited (TBL) which is subject to the applicable statutory and regulatory approvals. Subsequent to the period end The Honorable Lahore High Court has passed an order on scheme of arrangement for merger/ amalgamation (the Scheme) dated 25 January 2022 along with requirements for conducting extra ordinary general meeting which was held on 02 March 2022. The financial effect of such scheme cannot presently be estimated.

12. GENERAL

12.1 Amounts have been rounded off to thousand rupees.

LAHORE
April 26, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Muhammad Shafique Anjum
Director


Syed Sheharyar Ali
Director



HEAD OFFICE

72-B, Industrial Area Kot Lakhpat,
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