



FIRST TREET MANUFACTURING MODARABA

**3rd Quarterly Financial Statement**

**JULY - MARCH  
2014 - 2015**

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## Corporate Information

<b>BOARD OF DIRECTORS:</b>	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Shah 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
<b>AUDIT COMMITTEE:</b>	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
<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 MODARABA:</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>	Kreston Hyder Bhimji & Co.	Chartered Accountants
<b>LEGAL ADVISORS:</b>	Saleem & Baig	Advocates
<b>CORPORATE ADVISORS:</b>	Cornelius Lane & Mufti - Advocates	
<b>SHARIAH ADVISOR:</b>	Mufti Iftikhar Baig	
<b>BANKERS:</b>	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
<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 Wing Arcade, 1-K Commercial, Model Town, Lahore. Ph: 042-35916714 Fax: 042-35839182	
<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	

## 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 financial statements for the third quarter and nine months ending on March 31, 2015.

### Financial Results

Rs. in 000'	2014-2015	2013-2014
Net Sales	1,970,633	1,437,422
Gross Profit / (Loss)	257,837	122,383
Net Profit / (Loss) – Continued Operation	166,532	45,150
Net Profit / (Loss)	130,763	74,968
Profit/(Loss) per Certificate	1.01	0.57
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	12.69	11.95

### Segment Wise Sales

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

2013-2014				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	611,151	1,181,196	54,330	1,846,677
Inter-Segment Sales	-	44,643	354,925	399,568
	611,151	1,225,839	409,255	2,246,245
Sales Growth %	-2.11%	13.49%	-76.61%	-7.17%

- 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 drastic increase due to improved margins despite onetime loss on disposal of fixed assets pertaining to Paper & Board Segment.

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

**Future Outlook**

Your modaraba is planning to build, construct, commission, procure, erect and run/manage “lead acid battery” plant of the state of the art technology being capable of producing various sizes of batteries and amperes for motor vehicles/ UPS.

**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 Shah**  
Chief Executive Officer

Lahore  
Dated: April 24, 2015

## Condensed Interim Balance Sheet

As at March 31, 2015 (Un-audited)

Note	March 31, 2015 Un-audited (Rupees in thousand)	June 30, 2014 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	299,047	461,566
Long term deposits	34,110	38,489
	333,157	500,055
<b>CURRENT ASSETS</b>		
Stores and spares	53,930	89,109
Stock-in-trade	543,953	418,308
Trade debts - unsecured considered good	359,920	387,515
Loans, advances, deposits, prepayments and other receivables	97,168	153,299
Cash and bank balances	425,207	181,037
	1,480,178	1,229,268
<b>CURRENT LIABILITIES</b>		
Trade and other payables	124,637	128,220
<b>NET CURRENT ASSETS</b>	1,355,541	1,101,048
<b>NET ASSETS</b>	1,688,698	1,601,103
<b>FINANCED BY:</b>		
Issued, subscribed and paid-up capital	1,304,000	1,304,000
Statutory Reserve	252,091	252,091
Unappropriated profit	99,304	1,060
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>	1,655,395	1,557,151
Surplus on revaluation of fixed assets	31,480	43,952
Long term deposits	1,823	-
Contingencies and commitments	5	-
	1,688,698	1,601,103

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

LAHORE:  
April 24, 2015

  
**Syed Shahid Ali Shah**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

## Condensed Interim Profit and Loss Account

For the period ended March 31, 2015 (Un-audited)

	Note	Quarter ended		9 Months ended	
		January to March 2015	January to March 2014	July to March 2015	July to March 2014
(Rupees in thousand)					
Net sales	6	656,874	582,498	1,970,633	1,792,347
Cost of Goods Sold	7	(558,102)	(525,749)	(1,712,796)	(1,636,451)
<b>Gross Profit</b>		98,772	56,749	257,837	155,896
Operating expenses :					
- Administrative expenses		(4,331)	(3,403)	(17,105)	(11,217)
- Selling & distribution expenses		(27,276)	(23,028)	(87,705)	(70,285)
		(31,607)	(26,431)	(104,810)	(81,502)
<b>Operating Profit</b>		67,165	30,318	153,027	74,394
Other income		4,803	2,851	13,571	4,489
		71,968	33,169	166,598	78,883
Financial expenses	4	(23)	(66)	(66)	(220)
		71,972	33,146	166,532	78,663
Taxation		-	-	-	-
<b>Profit / (Loss) from continuing operation</b>		71,972	33,146	166,532	78,663
<b>Profit / (Loss) from discontinued operation</b>		-	(1,742)	(35,769)	(3,695)
Profit after taxation		71,972	31,404	130,763	74,968
<b>Earnings per certificate continuing operations</b>		0.55	0.25	1.28	0.60
<b>Earnings per certificate discontinued operations</b>		-	(0.01)	(0.27)	(0.03)

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

LAHORE:  
April 24, 2015

  
Syed Shahid Ali Shah  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Statement of Comprehensive Income

For the period ended March 31, 2015 (Un-audited)

	Quarter ended		9 Months ended	
	January to March 2015	January to March 2014	July to March 2015	July to March 2014
----- (Rupees in thousand) -----				
<b>Profit after taxation</b>	71,972	31,404	130,763	74,968
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	71,972	31,404	130,763	74,968

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 24, 2015

  
**Syed Shahid Ali Shah**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director

# Condensed Interim Cash Flow Statement

For the period ended March 31, 2015 (Un-audited)

	July to March 2015 (Rupees in thousand)	July to March 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	130,763	74,968
Adjustments for non-cash items:		
Financial charges for the period	66	250
Depreciation on property, plant and equipment	24,657	29,368
Profit on bank deposits	(13,380)	(4,489)
(Gain)/Loss on sale of fixed assets	33,625	-
	44,968	25,129
<b>Operating profit before working capital changes</b>	175,731	100,097
(Increase) / decrease in operating assets:		
Stores and spares	35,179	(43,115)
Stock-in-trade	(125,645)	(172,507)
Trade debts	27,595	(44,761)
Loans, advances, deposits, prepayments and other receivables	32,756	7,227
	(30,115)	(253,156)
Increase / (decrease) in operating liabilities		
Trade and other payables	(3,583)	137,179
<b>Cash generated from operations</b>	142,033	(15,880)
Financial charges paid	(66)	(250)
Taxes paid	23,375	(14,910)
	23,309	(15,160)
<b>Net cash from operating activities</b>	165,342	(31,040)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(26,533)	(12,990)
Proceeds from sale of fixed assets	130,771	-
Long term deposits	4,379	(2,473)
Profit received on bank deposits	13,380	4,489
<b>Net cash outflow from investing activities</b>	121,997	(10,974)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long Term Deposits	1,823	(71)
Dividend paid	(44,992)	(48,237)
<b>Net cash from financing activities</b>	(43,169)	(48,308)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	244,170	(90,322)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	181,037	240,288
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	425,207	149,966
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	425,207	149,966
Finance under mark-up arrangements	-	-
	425,207	149,966

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

LAHORE:  
April 24, 2015
  
**Syed Shahid Ali Shah**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director

## Condensed Interim Statement of Changes in Equity

For the period ended March 31, 2015 (Un-audited)

	Certificate Capital	Statutory Reserve	Unappropriated Profit / (loss)	Total
..... (Rupees in thousand) .....				
<b>Balance as at June 30, 2013</b>	1,304,000	212,091	3,397	1,519,488
Total comprehensive income for the period	-	-	74,968	74,968
Final profit distribution @ 6.5% for the year ended June 30, 2014	-	-	(48,247)	(48,247)
<b>Balance as on March 31, 2014</b>	1,304,000	212,091	30,118	1,546,209
<b>Balance as at June 30, 2014</b>	1,304,000	252,091	1,060	1,557,151
Transfer from surplus on revaluation of property, plant and equipment	-	-	12,469	12,469
Total comprehensive income for the period	-	-	130,763	130,763
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

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

LAHORE:  
 April 24, 2015

  
**Syed Shahid Ali Shah**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director

# Notes to the Condensed Interim Financial Information

## For the period ended March 31, 2015 (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 of 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 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, 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.

	Quarter ended		9 Months ended	
	January to March 2015	January to March 2014	July to March 2015	July to March 2014
----- (Rupees in thousand) -----				
<b>6. SALES</b>				
Packaging products	471,201	401,811	1,372,373	1,181,196
Soaps	185,673	180,687	598,260	611,151
	656,874	582,498	1,970,633	1,792,347
<b>7. COST OF SALES</b>				
Packaging products	407,226	241,424	1,140,267	742,316
Paper and board	-	103,515	67,786	310,483
Soaps	150,876	180,810	504,743	583,652
	558,102	525,749	1,712,796	1,636,451
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>				
Purchases and services received			162,390	174,223
Goods sold and services rendered			15,248	2,718

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 24, 2015.

**10. DISCONTINUED OPERATIONS**

The profit and loss account of the discounted paper business is as follows;

	9 Months ended	
	July to March 2015	July to March 2014
	(Rupees in thousand)	
Revenue and Sales - Net	17,347	54,330
Cost of Goods Sold	(23,081)	(55,709)
Gross Profit	(5,734)	(1,379)
Operating expenses :		
- Administrative expenses	521	(767)
- Selling & distribution expenses	3,507	(2,066)
	4,028	(2,833)
Operating Profit	(1,706)	(4,212)
Other operating expenses	(34,063)	517
Loss before taxation	(35,769)	(3,695)
Taxation	-	-
Loss after taxation	(35,769)	(3,695)

**11. GENERAL**

Amounts have been rounded off to thousand rupees.

LAHORE:  
April 24, 2015



**Syed Shahid Ali Shah**  
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)*