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3rd Quarterly Financial Statement

JULY - MARCH
2016 - 2017



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FIRST TREET MANUFACTURING MODARABA

Contents

Corporate Information	2
Directors' Review	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9

Corporate Information

BOARD OF DIRECTORS:	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 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 Mr. Imran Azim Mr. Munir Karim Bana Rana Shakeel Shaukat	Chairman/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 & Company	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Saleem & Baig	Advocates
CORPORATE ADVISORS:	Cornelius Lane & Mufti - Advocates	
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Allied Bank Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Ltd Dubai Islamic Bank Pakistan Ltd. Faysal Bank Limited Habib Bank Limited JS Bank Limited MCB Bank Limited MCB Islamic Bank Meezan 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:	Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Email: corplink786@gmail.com	
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) (formerly Global Econo Trade Limited), 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, 2017.

Financial Results

Rs. in 000'	2016-2017	2015-2016
Net Sales	1,935,957	2,033,693
Gross Profit / (Loss)	244,915	313,840
Net Profit / (Loss)	145,699	219,046
Profit/(Loss) per Certificate	0.74	1.41
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	22.78	22.54

Segment Wise Sales

Rs. in 000'	2016-2017	2015-2016	% Increase
Corrugation	1,287,237	1,389,963	-7.39%
Soaps	648,720	643,730	0.78%
	1,935,957	2,033,693	-4.81%

Margins are generally increased due to the following reasons:

- Soaps sales maintained its volumes during the period. However, margins are reduced due to increase in cost of palm oil;
- Corrugation maintained its margins despite reduction in sales volume during the period;
- Your Modaraba is building, constructing, erecting and managing "lead acid battery" plant of the state of the art technology being capable of producing 2.00 million batteries per annum of various sizes and amperes for motor vehicles/ UPS. Plant & Machinery has been procured. Construction work is underway. It is expected that production will commence in July ~ August 2017. Your Modaraba has revised its initial business plan and added specialized deep cycle batteries for UPS. Moreover, building structure is being made large enough to meet future expansion requirements. Extra costs is incurred due to high levels of water levels in Faisalabad Industrial Estate on piling, earth filling, overload works etc. Funds requirements are met by the parent Company. Your Modaraba may consider different financing options in the future.

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 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
Dated: April 27, 2017


Condensed Interim Balance Sheet

As at March 31, 2017 (Un-audited)

	March 31, 2017 Un-audited (Rupees in thousand)	June 30, 2016 Audited
Note		
Property, plant and equipment	5,154,162	3,779,775
Long term loans and deposits	35,743	27,683
	5,189,905	3,807,458
CURRENT ASSETS		
Stock-in-trade	647,396	425,736
Trade debts - unsecured considered good	390,488	378,708
Loans, advances, deposits, prepayments and other receivables	819,450	378,889
Cash and bank balances	249,522	199,931
	2,106,856	1,383,264
CURRENT LIABILITIES		
Current portion of non-current liabilities	-	-
Finance under mark-up-arrangements - secured	1,471	-
Trade and other payables	2,786,553	617,235
	2,788,024	617,235
NET CURRENT ASSETS	(681,168)	766,029
NET ASSETS	4,508,737	4,573,487
FINANCED BY:		
Issued, subscribed and paid-up capital	1,956,000	1,956,000
Capital reserve	2,383,598	2,383,598
Unappropriated profit	115,531	91,466
MODARABA CERTIFICATE HOLDERS' EQUITY	4,455,129	4,431,064
Surplus on revaluation of fixed assets	28,744	29,753
Long term deposits	24,864	112,670
Contingencies and commitments	5	-
	4,508,737	4,573,487

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

LAHORE:
April 27, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director


Condensed Interim Profit and Loss Account

For the period ended March 31, 2017 (Un-audited)

	Note	Quarter ended		9 Months ended	
		January to March 2017	January to March 2016	July to March 2017	July to March 2016
(Rupees in thousand)					
Net sales	6	603,328	600,103	1,935,957	2,033,693
Cost of Goods Sold	7	(545,561)	(504,123)	(1,691,042)	(1,719,853)
Gross Profit		57,767	95,980	244,915	313,840
Operating expenses :					
- Administrative expenses		(9,138)	(21,329)	(22,336)	(37,790)
- Selling & distribution expenses		(20,508)	(32,409)	(78,064)	(86,368)
		(29,646)	(53,738)	(100,400)	(124,158)
Operating Profit		28,121	42,242	144,515	189,682
Other income		199	13,463	4,822	29,487
		28,320	55,705	149,337	219,169
Financial expenses		(3,749)	8	(3,638)	(123)
		24,571	55,713	145,699	219,046
Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		-	-	-	-
Profit before taxation		24,571	55,713	145,699	219,046
Taxation		-	-	-	-
Profit after taxation		24,571	55,713	145,699	219,046
Earnings per certificate continuing operations		0.13	0.28	0.74	1.41

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

LAHORE:
April 27, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Statement of Comprehensive Income


For the period ended March 31, 2017 (Un-audited)

	Quarter ended		9 Months ended	
	January to March 2017	January to March 2016	July to March 2017	July to March 2016
----- (Rupees in thousand) -----				
Profit after taxation	24,571	55,713	145,699	219,046
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	24,571	55,713	145,699	219,046

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, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director


Condensed Interim Cash Flow Statement

For the period ended March 31, 2017 (Un-audited)

	July to March 2017 (Rupees in thousand)	July to March 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	145,699	219,046
Adjustments for non cash items :		
Financial charges for the period	3,638	123
Depreciation on property, plant and equipment	16,346	23,684
Profit on bank deposits	(4,769)	(27,685)
(Gain)/Loss on sale of fixed assets	(7)	-
	15,208	(3,878)
Operating profit before working capital changes	160,907	215,168
(Increase) / decrease in operating assets :		
Stock-in-trade	(221,660)	42,682
Trade debts	(11,780)	(32,419)
Short term investments	-	200,000
Loans, advances, deposits, prepayments and other receivables	(451,700)	(186,469)
	(685,140)	23,794
Increase / (decrease) in operating liabilities		
Trade and other payables	2,169,312	99,296
Cash generated from operations	1,645,079	338,258
Financial charges paid	(3,638)	(123)
Taxes paid	11,137	(6,327)
	7,499	(6,450)
Net cash from operating activities	1,652,578	331,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(1,390,740)	(1,646,564)
Proceeds from sale of fixed assets	14	-
Long term deposits	(8,060)	3,335
Profit received on bank deposits	4,769	27,685
Net cash outflow from investing activities	(1,394,017)	(1,615,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Modaraba Certificates	-	652,000
Premium on Modaraba Certificates	-	1,952,870
Deferred income	-	(42,317)
Long Term Deposits	(87,806)	-
Dividend paid	(122,635)	(80,848)
Net cash from financing activities	(210,441)	2,481,705
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,120	1,197,969
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	199,931	143,381
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	248,051	1,341,350
CASH AND CASH EQUIVALENTS		
Cash and bank balances	249,522	1,341,350
Finance under mark-up arrangements	(1,471)	-
	248,051	1,341,350

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

LAHORE:
April 27, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

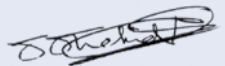
Condensed Interim Statement of Changes in Equity

For the half year ended March 31, 2017 (Un-audited)

	Certificate capital	Certificate premium	Statutory reserve	Unappropriated profit/(Loss)	Total
..... (Rupees in thousand)					
Balance as at June 30, 2015	1,304,000	-	313,436	43,866	1,661,302
Total comprehensive income for the period	-	-	-	219,046	219,046
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	1,043	1,043
Modaraba Certificates	652,000	1,952,870	-	-	2,604,870
Final profit distribution @ 6.20% for the year ended June 30, 2015	-	-	-	(80,848)	(80,848)
Balance as on March 31, 2016	1,956,000	1,952,870	313,436	183,107	4,405,413
Balance as at June 30, 2016	1,956,000	1,952,870	430,728	91,466	4,431,064
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	1,009	1,009
Total comprehensive income for the period	-	-	-	145,699	145,699
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

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

LAHORE:
April 27, 2017


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes to the Condensed Interim Financial Information

For the half year ended March 31, 2017 (Un-audited)

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 the Pakistan Stock Exchange 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, 2016.

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, 2016.

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, 2016.

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 2017	January to March 2016	July to March 2017	July to March 2016
----- (Rupees in thousand) -----				
6. SALES				
Packaging products	425,083	439,579	1,287,237	1,389,963
Soaps	178,245	160,524	648,720	643,730
	603,328	600,103	1,935,957	2,033,693
7. COST OF SALES				
Packaging products	386,057	382,014	1,138,533	1,220,888
Soaps	159,504	122,109	552,509	498,965
	545,561	504,123	1,691,042	1,719,853
8. TRANSACTIONS WITH RELATED PARTIES				
Purchases and services received			70,537	70,234
Goods sold and services rendered			30,916	15,143

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, 2017

10. GENERAL

Amounts have been rounded off to thousand rupees.

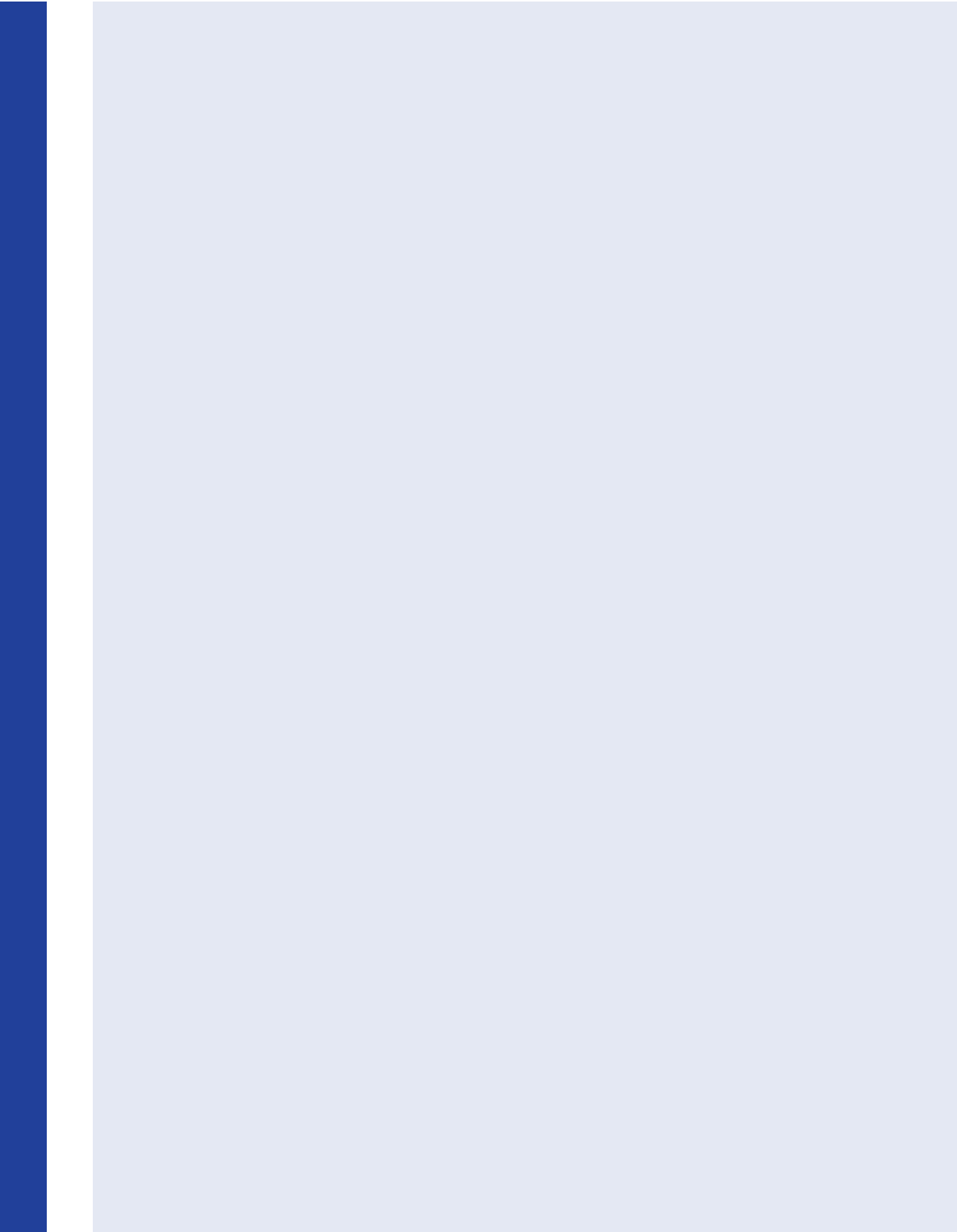
LAHORE:
April 27, 2017

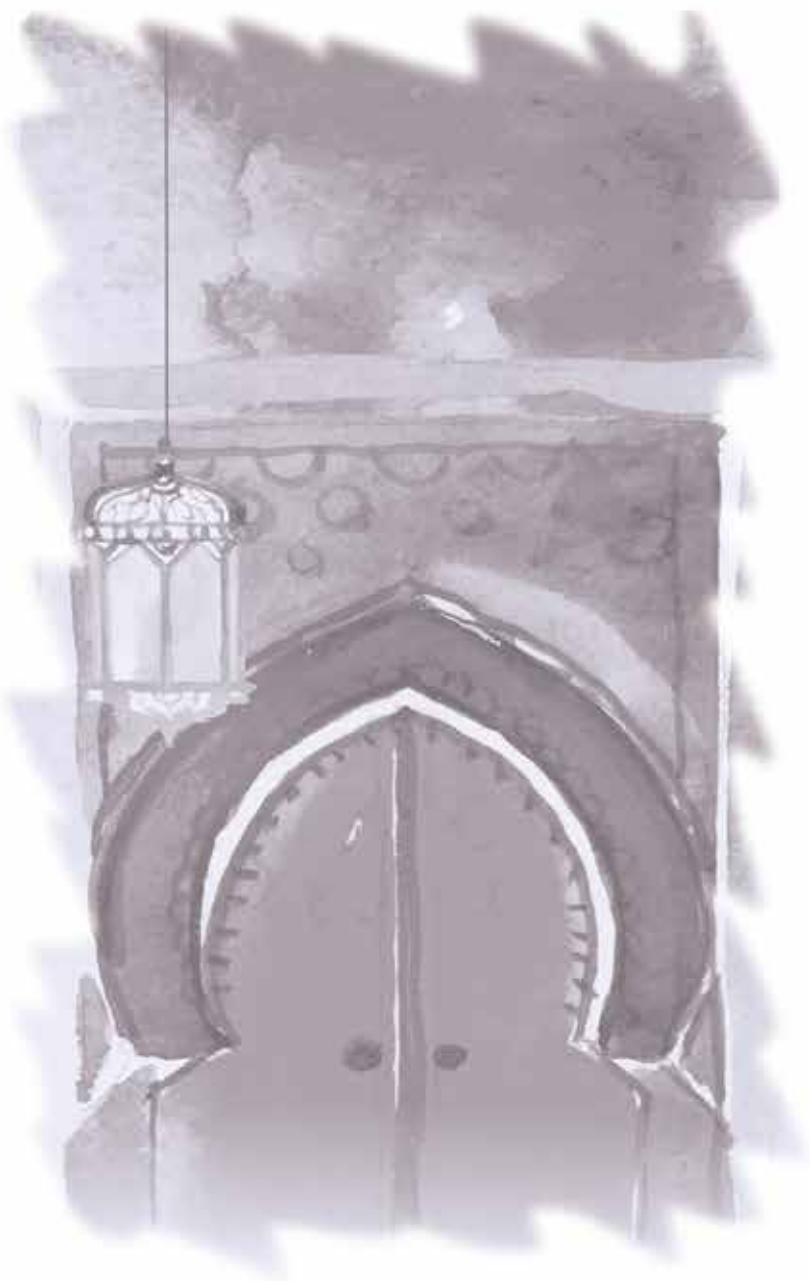


Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director





TREET GROUP OF COMPANIES