

Third Quarter Report
for the period ended
March 31,

2019



*"Our greatest weakness lies
in giving up. The most certain
way to succeed is always to try
just one more time"*



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COMPANY INFORMATION

BOARD OF DIRECTORS:	Dr. Mrs. Niloufer Qasim Mahdi Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said Muhammad Shafique Anjum Dr. Salman Faridi	Chairperson/Non-Executive Director 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 Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana Rana Shakeel Shaukat	Chairman/Member 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 & Co	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA COMPANY:	KPMG Taseer Hadi & Co.	Chartered Accountants
LEGAL ADVISORS:	Salim & 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 Limited Bank Al Habib Limited Dubai Islamic Bank Limited Habib Bank Limited Habib Metropolitan Bank Faysal Bank Limited	JS Bank Limited MCB Bank Limited MCB Islamic Bank Ltd Meezan Bank Limited National Bank Limited Soneri Bank Limited United 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 Website: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Wingez Arcade, 1-K, Commercial Model Town, Lahore	
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, (FIEDMC) 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 **third Quarter** and nine months ending on March 31, 2019.

Financial Results

Rs. in 000'	2018-2019	2017-2018
Net Sales	3,200,497	1,839,135
Gross Profit /(Loss)	(636,189)	244,162
Net Profit /(Loss)	(1,584,676)	41,607
Profit/(Loss) per Certificate	(8.10)	0.21
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	12.70	20.80

Rs. in 000'	Corrugation	Soap	Battery	Total
2018-2019				
Sales	1,433,827	718,352	1,063,220	3,215,399
Inter-segment sale	14,902	-	-	14,902
Sales Excluding (intra segment)	1,418,925	718,352	1,063,220	3,200,497

2017-2018				
Sales	1,317,863	519,481	12,386	1,849,730
Inter-segment sale	10,595	-	-	10,595
Sales Excluding (intra segment)	1,307,268	519,481	12,386	1,839,135

- Soaps sales volumes are increased but margins are declined due to price rationalization;
- Corrugation sales volumes are increased but margins are decreased due to escalation of material costs during the period;
- Battery business started picking up and sales volumes are taking momentum. Efforts are being made to develop export markets through new product development and market development;
- Other factors that has resulted in decline of net profits are financial charges on borrowings and transportation costs;

Financial Plan

The Board has approved the Scheme of Arrangements for separation of the Batteries Business alongwith Assets, Liabilities and Operations subject to the approval of Certificate Holders, relevant authorities and sanctioned by the Honorable Lahore High Court, Lahore. Once the scheme approved, all assets, rights, liabilities and obligations of the Batteries business would be transferred to and vested in Treet Battery Limited, a public limited company formed for the purpose.

Swap ratio determined by the Board is 0.9984:1.00 i.e. 0.9984 shares of Treet Battery Limited against every One Certificate of First Treet Manufacturing Modaraba.

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. Securities and Exchange Commission of Pakistan, the Pakistan Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance. Securities and Exchange Commission of Pakistan, the Pakistan Stock 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 Shah
Chief Executive Officer

LAHORE
April 30, 2019

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At March 31, 2019

	Note	(Un-audited) March 2019	(Audited) June 2018
		Rupees in '000'	
Property, plant and equipment		8,243,182	8,436,604
Long term loans and deposits		11,696	15,473
		8,254,878	8,452,077
Current assets			
Stores and spares		107,225	77,657
Stock-in-trade		1,699,224	1,258,783
Trade debts - unsecured considered good		1,068,097	572,366
Loans, advances, deposits, prepayments and other receivables		1,451,564	1,268,584
Cash and bank balances		135,782	589,898
		4,461,892	3,767,288
Current liabilities			
Current portion of non-current liabilities		-	56,426
Finance under mark-up-arrangements - secured		3,504,718	7,742,526
Trade and other payables		6,727,998	351,822
		10,232,716	8,150,774
Net current assets		(5,770,824)	(4,383,486)
Non-Current Liabilities			
Long term deposits		139	-
Contingencies and commitments	5	-	-
Net Assets		2,483,915	4,068,591
FINANCED BY:			
Issued, subscribed and paid-up capital		1,956,000	1,956,000
Capital reserve		2,464,811	2,464,811
Unappropriated profit		(1,958,322)	(379,209)
Surplus on revaluation of fixed assets		21,426	26,989
		2,483,915	4,068,591

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

LAHORE
April 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended March 31, 2019

	Note	9 Months ended		Quarter ended	
		July to March 2019	July to March 2018	January to March 2019	January to March 2018
		Rupees in '000'		Rupees in '000'	
Net sales	6	3,200,497	1,839,135	1,189,051	556,837
Cost of Goods Sold	7	(3,836,686)	(1,594,973)	(1,367,444)	(507,570)
Gross Profit		(636,189)	244,162	(178,393)	49,267
Operating expenses :					
- Administrative expenses		(403,359)	(37,808)	(132,161)	(26,287)
- Selling & distribution expenses		(396,175)	(129,295)	(171,484)	(42,711)
		(799,534)	(167,103)	(303,645)	(68,998)
Operating Profit		(1,435,723)	77,059	(482,038)	(19,731)
Other income		80,797	9,978	38,078	5,147
		(1,354,926)	87,037	(443,960)	(14,584)
Financial expenses		(229,750)	(45,430)	(120,711)	(21,017)
		(1,584,676)	41,607	(564,671)	(35,601)
Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		-	-	-	-
Profit before taxation		(1,584,676)	41,607	(564,671)	(35,601)
Taxation		-	-	-	-
Profit after taxation		(1,584,676)	41,607	(564,671)	(35,601)
Earnings per share from continued operation		(8.10)	0.21	(2.89)	(0.18)

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

LAHORE
April 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended March 31, 2019

	9 Months ended		Quarter ended	
	July to March 2019	July to March 2018	January to March 2019	January to March 2018
	Rupees in '000'		Rupees in '000'	
Profit after taxation	(1,584,676)	41,607	(564,671)	(35,601)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(1,584,676)	41,607	(564,671)	(35,601)

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 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the period ended March 31, 2019

	July to March 2019	July to March 2018
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(1,584,676)	41,607
Adjustments for non-cash items:		
Financial charges for the period	229,750	45,430
Depreciation on property, plant and equipment	339,755	18,293
Profit on bank deposits	(3,089)	(2,853)
(Gain)/Loss on sale of fixed assets	(18,865)	-
	547,551	60,870
Operating profit before working capital changes	(1,037,125)	102,477
(Increase)/decrease in operating assets:		
Stores and spares	(29,568)	-
Stock-in-trade	(440,441)	(470,373)
Trade debts	(495,731)	54,119
Loans, advances, deposits, prepayments and other receivables	(144,551)	(143,792)
	(1,110,291)	(560,046)
Increase / (decrease) in operating liabilities		
Trade and other payables	6,269,661	953,720
Cash generated from operations	4,122,245	496,151
Financial charges paid	(123,215)	(29,920)
Taxes paid	(38,429)	3,735
	(161,644)	(26,185)
Net cash from operating activities	3,960,601	469,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(146,331)	(1,173,702)
Proceeds from sale of fixed assets	18,863	22,595
Long term deposits	3,777	1,390
Profit received on bank deposits	3,089	2,853
Net cash outflow from investing activities	(120,602)	(1,146,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share premium	-	(20,100)
Long Term Deposits	(56,287)	(48,179)
Dividend paid	(20)	(117,042)
Net cash from financing activities	(56,307)	(185,321)
Net increase in cash and cash equivalents	3,783,692	(862,219)
Cash and cash equivalents at beginning of the period	(7,152,628)	(96,561)
Cash and cash equivalents at end of the period	(3,368,936)	(958,780)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	135,782	141,220
Finance under mark-up arrangements	(3,504,718)	(1,100,000)
	(3,368,936)	(958,780)

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

LAHORE
April 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director

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

For the period ended March 31, 2019

	Certificate Capital	Certificate premium	Statutory Reserve	Surplus on revaluation of fixed assets	Un-appropriated Profit/(Loss)	Total
(Rupees in thousand)						
Balance as at June 30, 2017	1,956,000	1,952,870	511,941	28,371	93,571	4,542,753
Total comprehensive income for the period	-	-	-	-	41,607	41,607
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(988)	988	-
Cost incurred on account of issuance of modaraba certificates	-	(20,100)	-	-	-	(20,100)
Final profit distribution @ 6.20% for the year ended June 30, 2017	-	-	-	-	(117,042)	(117,042)
Balance as on March 31, 2018	1,956,000	1,932,770	511,941	27,383	19,124	4,447,218
Balance as on June 30, 2018	1,956,000	1,952,870	511,941	26,989	(379,209)	4,068,591
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(5,563)	5,563	-
Total comprehensive income for the period	-	-	-	-	(1,584,676)	(1,584,676)
Balance as on March 31, 2019	1,956,000	1,952,870	511,941	21,426	(1,958,322)	2,483,915

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

LAHORE
April 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director

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

For the period ended March 31, 2019

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

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 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 information 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, 2018.

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, 2018.

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, 2018.

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 2019	July to March 2018	January to March 2019	January to March 2018
	Rupees in '000		Rupees in '000	
6. SALES				
Packaging products	1,418,925	1,307,268	495,113	425,804
Soaps	718,352	519,481	228,990	118,647
Batteries	1,063,220	12,386	464,948	12,386
	3,200,497	1,839,135	1,189,051	556,837
7. COST OF SALES				
Packaging products	1,328,674	1,152,390	475,561	374,090
Soaps	635,358	408,190	198,810	99,087
Batteries	1,872,654	34,393	693,073	34,393
	3,836,686	1,594,973	1,367,444	507,570
8. TRANSACTIONS WITH RELATED PARTIES				
Purchases and services received	26,943	30,227		
Goods sold and services rendered	10,220	8,441		

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 30, 2019.

10. GENERAL

Amounts have been rounded off to thousand rupees.

LAHORE
April 30, 2019


Syed Shahid Ali
Chief Executive Officer


Amir Zia
Group Chief financial officer


Muhammad Shafique Anjum
Director



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OF COMPANIES

