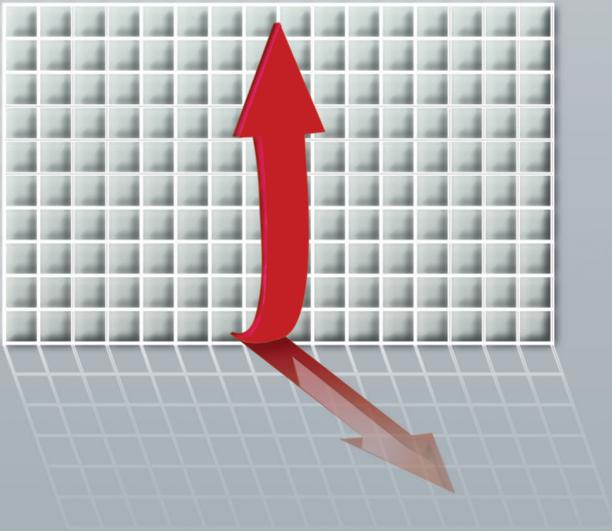




FIRST TREET MANUFACTURING MODARABA



# THIRD QUARTERLY FINANCIAL STATEMENTS

JANUARY- MARCH  
**2011-12**

# Contents

Corporate Information	2
Directors' Review	3
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	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

<b>Principal Place of Business</b>	72-B, Kot Lakhpat, Industrial Area, Lahore Ph: 042- 25830881, 35156567 Fax: 042-35114127, 35215825 E-mail: info@treetonline.com Homepage: www.packsol.com.pk
<b>Modaraba Company and Registered Office</b>	Global Econo Trade (Private) Limited 72-B, Kot Lakhpat, Industrial Area, Lahore
<b>Packaging Solutions - Plant Location</b>	Kacha Tiba Rohi Nala, 22-KM, Ferozepur Road, Lahore
<b>Paper &amp; Board Mill - Plant Location</b>	31-KM Lahore Sheikhpura Road
<b>Soap – Plant Location</b>	Ghakkar [under Toll Manufacturing Arrangement]
<b>Chief Executive Officer</b>	Syed Shahid Ali
<b>Directors</b>	Syed Sheharyar Ali Muhammad Shafique Anjum Shahid Zia
<b>Auditors of the Modaraba</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Auditors of the Modaraba Company</b>	Hyder Bhimji & Company Chartered Accountants
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>● Muhammad Shafique Anjum - Chairman</li> <li>● Syed Shahid Ali - Member</li> <li>● Shahid Zia - Member</li> </ul>
<b>Share Registrar</b>	Scarlet I.T. Systems (Private) Limited 24-Ferozepur Road, Lahore Phone: (042) 37087113, 37570202 Fax: (042) 37570303 E-mail: treet@scarletsystem.com
<b>Legal Advisors</b>	Saleem & Baig - Advocates
<b>Bankers to the Modaraba</b>	<ol style="list-style-type: none"> <li>1. Allied Bank Limited</li> <li>2. BankIslami Pakistan Limited</li> <li>3. Bank Alfalah Limited</li> <li>4. Barclays Bank PLC, Pakistan</li> <li>5. Dubai Islamic Bank Pakistan Limited</li> <li>6. Faisal Bank Limited</li> <li>7. Habib Bank Limited</li> <li>8. MCB Bank Limited</li> <li>9. NIB Bank Limited</li> <li>10. United Bank Limited</li> </ol>
<b>Chief Accountant – Modaraba Company</b>	Sohail Habib
<b>Chief Accountant – Modaraba</b>	Sajjad Haider Khan
<b>Company Secretary</b>	Ayaz Ahmed

## 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, 2012.**

### Financial Results

Rs. in 000'	2012-2011	2010-2011
Sales - Net	1,685,922	1,266,238
Gross Profit	202,524	139,743
Net Profit	152,762	87,560
Profit per Certificate	1.91	1.09
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	12.18	10.52

### Segment Wise Sales:

Rs. in 000'	2011-2012		
	Soap	Corrugation	Paper & Board
Sales	585,552	935,506	164,864
Inter Segment Sales	-	48,655	255,957
	585,552	984,161	420,821

Rs. in 000'	2010- 2011		
	Soap	Corrugation	Paper & Board
Sales	504,340	688,168	73,730
Inter Segment Sales	-	42,842	268,353
	504,340	731,010	342,083
Sales Growth %	16.10%	34.63%	23.02%

**Margins are generally improved due to various price rationalizations and increase in volumes measures taken by the Modaraba but still following negative factors exist that may hamper the profitability and growth of your Modaraba in the coming months:**

- Increase in raw material prices;
- Increase in power tariffs and in-house power generations;
- General inflationary pressure in the economy;
- General political environment of the Country;

But management of your Modaraba is committed to deploy the best marketing mix and cost strategies to maintain the margins.

### **Increase of Authorized Fund and Issue of Right Modaraba**

The Directors of your Modaraba proposed to increase Authorized Modaraba Fund from Rs.1.00 Billion to Rs. 1.50 Billion in their Meeting held on February 27, 2012 since current authorized fund have been 80% utilized and just 20% cushion was available to increase paid-up capital if required. Subsequently an application was filed with the Registrar Modaraba for approval of the said proposal. The Joint Registrar of Modaraba, Securities & Exchange Commission of Pakistan gave his approval to increase the Authorized Modaraba Fund from Rs.1.00 Billion to Rs.1.50 Billion vide letter No.SC/M/RW/Treet/2012/141 dated April 02, 2012.

Management Company of your Modaraba has announced 63.00% right issue of Modaraba to be offered at par to the existing Modaraba Certificate holders. Book closure date for the entitlement of Right Issue will be announced after necessary approvals.

The overall objective of the issue is to:-

- diversify into new products and markets.
- pay back the existing debts and reduction in financial costs.
- finance the working capital / increased production capacity.

### **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:**  
April 26, 2012

## Condensed Interim Balance Sheet

As at March 31, 2012 (Un-audited)

Note	March 31, 2012 Un-audited (Rupees in thousand)	June 30, 2011 Audited
	330,571	341,557
<b>Property, plant and equipment</b>	28,338	11,492
<b>Long term deposits</b>	358,909	353,049
<b>CURRENT ASSETS</b>		
Stores and spares	69,140	57,155
Stock-in-trade	437,711	386,669
Trade debts - unsecured considered good	401,987	262,662
Loans, advances, deposits, prepayments and other receivables	215,399	310,345
Cash and bank balances	33,893	58,762
	1,158,130	1,075,593
<b>CURRENT LIABILITIES</b>		
Trade and other payables	95,980	93,342
<b>NET CURRENT ASSETS</b>	1,062,150	982,251
<b>NET ASSETS</b>	1,421,059	1,335,300
<b>FINANCED BY:</b>		
Issued, subscribed and paid-up capital	800,000	800,000
Statutory Reserve	85,872	85,872
Unappropriated profit/(Accumulated loss)	89,559	(7,683)
<b>MODARABA CERTIFICATE HOLDERS' EQUITY</b>	975,431	878,189
<b>Long term loans</b>	445,628	457,111
<b>Contingencies and commitments</b>	5	-
	1,421,059	1,335,300

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

LAHORE:  
April 26, 2012

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

## Condensed Interim Profit and Loss Account

For the period ended March 31, 2012 (Un-audited)

	Note	Quarter ended		9 Months ended	
		January to March 2012	January to March 2011	July to March 2012	July to March 2011
(Rupees in thousand)					
Net sales	6	528,825	493,717	1,685,922	1,266,238
Cost of Goods Sold	7	(469,167)	(429,280)	(1,483,398)	(1,126,495)
<b>Gross Profit</b>		59,658	64,437	202,524	139,743
Operating expenses:					
- Administrative expenses		(2,382)	(4,108)	(7,901)	(13,156)
- Selling & distribution expenses		(15,092)	(12,675)	(43,221)	(36,497)
		(17,474)	(16,783)	(51,122)	(49,653)
<b>Operating Profit</b>		42,184	47,654	151,402	90,090
Other income		558	1,538	2,080	4,705
		42,742	49,192	153,482	94,795
Financial expenses		(158)	(219)	(720)	(7,235)
<b>Profit before taxation</b>		42,584	48,973	152,762	87,560
Taxation		-	-	-	-
<b>Profit after taxation</b>		42,584	48,973	152,762	87,560
<b>Earnings per certificate</b>		0.53	0.61	1.91	1.09

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

LAHORE:  
April 26, 2012

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

# Condensed Interim Cash Flow Statement

For the period ended March 31, 2012 (Un-audited)

	July to March 2012	July to March 2011
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	152,762	87,560
Adjustments for non cash items :		
Financial charges for the period	720	7,235
Depreciation on property, plant and equipment	21,146	19,623
Profit on bank deposits	(2,264)	(2,839)
	19,602	24,019
Operating profit before working capital changes	172,364	111,579
(Increase) / decrease in operating assets:		
Stores and spares	(11,985)	11,110
Stock-in-trade	(51,042)	(95,345)
Trade debts	(139,325)	(9,598)
Loans, advances, deposits, prepayments and other receivables	100,853	(156,783)
	(101,499)	(250,616)
Increase / (decrease) in operating liabilities		
Trade and other payables	2,637	128,438
<b>Cash generated from operations</b>	73,502	(10,599)
Financial charges paid	(720)	(7,235)
Taxes paid	(5,907)	(10,339)
	(6,627)	(17,574)
<b>Net cash from operating activities</b>	66,875	(28,173)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(10,159)	(40,187)
Long term deposits	(16,846)	(5,186)
Profit received on bank deposits	2,264	2,839
<b>Net cash outflow from investing activities</b>	(24,741)	(42,534)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Modaraba Certificates	-	300,000
Long Term Loan	(11,483)	-
Dividend paid	(55,520)	(21,840)
<b>Net cash from financing activities</b>	(67,003)	278,160
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(24,869)	207,453
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	58,762	(161,373)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	33,893	46,080
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	33,893	46,080
Finance under mark-up arrangements	-	-
	33,893	46,080

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

LAHORE:  
April 26, 2012

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

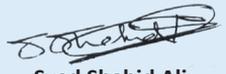
## Condensed Interim Statement of Changes in Equity

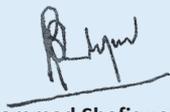
For the period ended March 31, 2012 (Un-audited)

	Certificate Capital	Statutory Reserve	Accumulated Profit / (Loss)	Total
..... (Rupees in thousand) .....				
<b>Balance as at June 30, 2010</b>	500,000	24,258	(47,457)	476,801
Modaraba Certificates	300,000	-	-	300,000
Net Profit for the period	-	-	87,560	87,560
Profit distribution for the year @ 90% of profit	-	-	(21,840)	(21,840)
	800,000	24,258	18,263	842,521
<b>Balance as at June 30, 2011</b>	800,000	85,872	(7,683)	878,189
Net Profit for the period	-	-	152,762	152,762
Profit distribution for the year @ 90% of profit	-	-	(55,520)	(55,520)
<b>Balance as on March 31, 2012</b>	<b>800,000</b>	<b>85,872</b>	<b>89,559</b>	<b>975,431</b>

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

LAHORE:  
April 26, 2012

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

# Notes to the Condensed Interim Financial Information

## For the period ended March 31, 2012 (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.

A paper and board plant under the name of "Packaging Solutions - Paper and Board Mill" has also been setup under the Modaraba.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standards "34-Interim Financial Reporting" as applicable in Pakistan 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). These should be read in conjunction with financial statements of the Modaraba for the year ended June 30, 2011.

### 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, 2011, except for adoption of revised IAS 1 as noted below:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 01, 2009), was issued in September 2007. The revised standard prohibits the preparation of items of income and expenses (that is, 'non - owner changes in equity') in the statement of changes in equity, requiring ' non-owner equity ' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Modaraba has chosen to present all non-owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account). The modaraba does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have significant impact on the presentation of the Modaraba's financial statements and does not require the restatement or reclassification of comparative information.

### 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, 2011.

### 5. CONTINGENCIES AND COMMITMENTS

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

	Note	Quarter ended		9 Months ended	
		January to March 2012	January to March 2011	January to March 2012	January to March 2011
(Rupees in thousand)					
<b>6. SALES - NET</b>					
Packaging products	6.1	333,942	252,694	935,506	688,168
Paper and board	6.2	36,058	51,890	164,864	73,730
Soaps	6.3	158,825	189,133	585,552	504,340
		528,825	493,717	1,685,922	1,266,238
<b>6.1 Packaging Products</b>					
Local Sales		387,079	294,744	1,079,392	803,797
Less: sales tax		53,137	42,050	143,886	115,629
		333,942	252,694	935,506	688,168
<b>6.2 Paper and Board</b>					
Local Sales		41,293	60,711	189,556	86,264
Less: sales tax		5,235	8,821	24,692	12,534
		36,058	51,890	164,864	73,730
<b>6.3 Soaps</b>					
Local Sales		238,924	230,436	704,811	613,546
Less: sales tax		80,099	41,303	119,259	109,206
		158,825	189,133	585,552	504,340
<b>7. COST OF SALES</b>					
Packaging products	7.1	205,040	144,623	632,335	404,328
Paper and board	7.2	125,643	124,047	355,690	305,016
Soaps	7.3	138,484	160,610	495,373	417,151
		469,167	429,280	1,483,398	1,126,495
<b>7.1 Packing Products</b>					
Raw and packing material consumed		156,176	105,224	484,841	288,032
Stores and spares consumed		9,151	7,374	26,003	22,640
Salaries, wages and other benefits		18,523	14,299	54,388	43,565
Fuel and power		12,298	11,082	37,878	27,191
Depreciation		3,222	2,887	9,706	9,647
Other expenses		9,469	3,109	26,049	13,496
		208,839	143,975	638,865	404,571
Opening stock of work-in-process		3,668	6,771	3,575	5,108
Closing stock of work-in-process		(4,763)	(6,871)	(4,763)	(6,871)
Cost of goods manufactured		207,744	143,875	637,677	402,808
Opening stock of finished goods		10,350	2,777	7,712	3,549
Closing stock of finished goods		(13,054)	(2,029)	(13,054)	(2,029)
		205,040	144,623	632,335	404,328

	Quarter ended		9 Months ended	
	January to March 2012	January to March 2011	January to March 2012	January to March 2011
	----- (Rupees in thousand) -----			
<b>7.2 Paper and board</b>				
Raw and packing material consumed	61,658	68,759	187,995	171,629
Stores and spares consumed	6,974	6,250	15,421	12,573
Salaries, wages and other benefits	11,841	9,977	32,486	27,303
Fuel and power	27,463	28,815	89,148	75,289
Depreciation	3,187	3,141	9,610	9,564
Other expenses	15,403	6,231	25,730	10,192
	126,526	123,173	360,390	306,550
Opening stock of work-in-process	318	101	-	-
Closing stock of work-in-process	(280)	(164)	(280)	(164)
Cost of goods manufactured	126,564	123,110	360,110	306,386
Opening stock of finished goods	10,187	5,204	6,688	2,897
Closing stock of finished goods	(11,108)	(4,267)	(11,108)	(4,267)
	125,643	124,047	355,690	305,016
<b>7.3 Soaps</b>				
Raw material consumed	146,240	143,599	487,570	354,645
Stores and spares consumed	1,332	1,479	4,548	4,094
Salaries, wages and other benefits	7,940	4,872	18,241	13,814
Fuel and power	7,768	12,238	23,571	30,132
Plant rental	1,944	2,340	5,832	5,940
Other expenses	2,401	3,123	9,114	5,840
	167,625	167,651	548,876	414,465
Opening stock of work-in-process	42,487	30,932	14,682	23,868
Closing stock of work-in-process	(27,144)	(30,977)	(27,144)	(30,977)
Cost of goods manufactured	182,968	167,606	536,414	407,356
Opening stock of finished goods	15,384	1,961	18,827	18,752
Closing stock of finished goods	(59,868)	(8,957)	(59,868)	(8,957)
	138,484	160,610	495,373	417,151

**8. TRANSACTIONS WITH RELATED PARTIES**

Purchases and services received	142,102	129,000
Goods sold and services rendered	458,684	496,432

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 26, 2012
10. Amounts have been rounded off to thousand rupees.

**LAHORE:**  
April 26, 2012



**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**



*Paper and Board Mills*

**(PACKAGING SOLUTIONS)**

*A Project Under FTMM*



**TCL LABOR-HIRE COMPANY (Pvt.) LIMITED**  
*(A wholly owned subsidiary of GLOBAL ECONO TRADE (PVT.) LIMITED)*