



1st Quarterly Report | 2022



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COMPANY INFORMATION

BOARD OF DIRECTORS:	Mr. Imran Azim Syed Shahid Ali Syed Sheharyar Ali Dr. Haroon Latif Khan Dr. Salman Faridi Ms. Sidra Fatima Sheikh Mr. Munir K. Bana	Non-Executive Director/Chairman Chief Executive Officer Executive Director Independent 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 Management Company Modaraba
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:	Al-Baraka Bank Pakistan Limited Allied Bank Limited Bank Al Habib Limited BankIslami Pakistan Limited Faysal Bank Limited Habib Metropolitan Bank Limited MCB Islamic Bank Ltd. Bank Alfalah Limited The Soneri Bank Limited	Habib Bank Limited Meezan Bank Limited Askari Bank Limited MCB Bank Limited National Bank of Pakistan The Bank of Punjab Dubai Islamic Bank Pakistan Limited JS 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 Home Page: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore	
PACKAGING SOLUTIONS CORRUGATION: SOAP PLANT:	Kacha Tiba Rohi Nala, 22-KM Ferozpur Road, Lahore 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 the un-audited Financial Statements for the 1st Quarter ending on September 30, 2022.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

Description	(Rupees in million)		
	2022-23 (1)	2021-22 (2)	% Change (1) over (2)
Sales (net)	3,171	1,964	61.46%
Gross Profit/(Loss)	276	79	249.37%
Net Profit/(Loss)	(112)	151	-174.17%
Profit/(Loss) per Certificate	(0.13)	0.59	-122.03%
Transfer to Statutory Reserve	Nil	Nil	Nil
Book Value per Certificate	4.82	5.73	-15.88%

BUSINESS REVIEW

For the three months' period, the turnover was Rs. 3,171 million, registering an increase of Rs. 1,207 million 61.46% over the same period of previous year. The increase in turnover is mainly attributable to increase in battery, corrugation and soap sales. For the three months' period under consideration, gross profit of the company has increase by 249.37% to Rs 276 million compared to last year same period. (2021-22: Rs.79 million). However, due to exorbitant increase in the mark up rates the financing cost has increase by 88.93 %. This has led to a net Loss of Rs. 112 million in comparison to net profit of Rs 151 million last year corresponding period (which includes gain on disposal of land of Rs 346 million). This level of loss has delivered a Loss per Certificate of Rs. 0.13 compared to a profit of Rs. 0.59 per Certificate last year same period.

Segment wise sales is as follows:

Description	(Rupees in million)		
	Sales		
	Quarter Ended		% Change
	September 30, 2022 (1)	September 30, 2021 (2)	(1) over (2)
Battery	2,233	1,248	78.93%
Corrugation	747	561	33.16%
Soap	191	155	23.22%
Total	3,171	1,964	61.46%

SEGMENT-WISE ANALYSIS

a) BATTERY

The battery segment has shown healthy increase in the volume which is approximately 21.54% higher compared to last year same period. Furthermore, the estimated market share of our battery has reached over 13% during the current period. This is mainly due to increase in level of customer satisfaction. Furthermore, increase in sales prices has positively impacted the margins.

The net revenue for the period is Rs. 2,233 million, which is 78.93% higher compared to last period. The business has posted gross profit of Rs. 182 million which has improved drastically approx by 200 times more compared to last year same period. (2021-22: Rs. 7.5 million). During the first quarter under review, the battery segment has posted an operating profit of Rs. 28 million compared to last year same period a loss of Rs. 134 million. This has been the first time since the inception of battery business that it has posted an operating profit.

DIRECTORS' REVIEW

b) CORRUGATION

The net revenue for the period is Rs. 747 million which has increase by 33.16% as compared to last comparable period. The business has posted a gross profit of Rs. 60 million compared to a gross profit of Rs. 52 million last year same period.

Efforts are being made to broaden the customer base through market diversification. Moreover, prices are also being rationalized in tandem with the increased costs (raw material, salaries etc.) however, with time lagged impact.

c) SOAPS

The net revenue for the period is Rs. 191 million, which is 23.22% higher compared to last period. The business has posted gross profit of Rs. 34 million which has increased by 71% compared to last period.

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 Stock Exchange 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
October 27, 2022


CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)


As At September 30, 2022

	Note	September 2022 Un-audited (Rupees in thousand)	June 2022 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		8,345,722	8,393,917
Long term loans and deposits		59,573	59,013
		8,405,295	8,452,930
Current assets			
Stores and spares		123,032	117,501
Stock-in-trade		1,182,111	1,164,970
Trade debts - unsecured considered good		825,002	765,525
Loans, advances, deposits, prepayments and other receivables		862,642	841,186
Cash and bank balances		343,196	237,036
		3,335,983	3,126,218
Current liabilities			
Current portion of long term liabilities		5,604	5,604
Short term borrowings		5,547,495	5,569,103
Trade and other payables		1,460,064	1,203,491
Provision for taxation		135,624	95,980
		7,148,787	6,874,178
Net current assets		(3,812,804)	(3,747,960)
Non-current liabilities			
Liability against right of use asset		18,964	18,962
Deferred liabilities		314,347	314,347
Contingencies and commitments	5	-	-
Net assets		4,259,180	4,371,661
FINANCED BY:			
Issued, subscribed and paid-up capital		8,835,904	8,835,904
Capital reserve		2,464,811	2,464,811
Unappropriated loss		(8,208,087)	(8,141,947)
Surplus on revaluation of fixed assets		1,166,552	1,212,893
		4,259,180	4,371,661

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

LAHORE
October 27, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Syed Sheharyar Ali
Director



Imran Azim
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
For the period ended September 30, 2022

	Note	3 months ended	
		July to September 2022	July to September 2021
		(Rupees in thousand)	
Net sales	6	3,170,523	1,963,577
Cost of revenue	7	(2,894,605)	(1,884,514)
Gross Profit / (Loss)		275,918	79,063
- Administrative expenses		(24,313)	(30,952)
- Distribution cost		(153,712)	(123,897)
		(178,025)	(154,849)
Operating profit / (loss)		97,893	(75,786)
Other income		2,471	348,410
		100,364	272,624
Financial expenses		(173,193)	(91,670)
		(72,829)	180,954
Profit / (Loss) before taxation		(72,829)	180,954
Taxation		(39,652)	(29,474)
Profit / (Loss) after taxation		(112,481)	151,480
Earnings / (loss) per certificate continuing operations		(0.13)	0.59

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

LAHORE
October 27, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Syed Sheharyar Ali
Director


Imran Azim
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the period ended September 30, 2022

	3 months ended	
	July to September 2022	July to September 2021
	(Rupees in thousand)	
Loss after taxation	(112,481)	151,480
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	(112,481)	151,480

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

LAHORE
October 27, 2022


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Chief Executive Officer


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Group Chief Financial Officer


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

For the period ended September 30, 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, 2021	1,956,000	1,952,870	511,941	387,476	(2,765,445)	2,042,842
Conversion of borrowing from TCL into certificate capital	1,835,903	-	-	-	-	1,835,903
Total comprehensive income / (loss) for the period	-	-	-	-	151,480	151,480
Revaluation surplus transferred due to sale	-	-	-	(144,951)	144,951	-
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(696)	696	-
Balance as on September 30, 2021	3,791,903	1,952,870	511,941	241,829	(2,468,318)	4,030,225
Balance as at June 30, 2022	8,835,904	1,952,870	511,941	1,212,893	(8,141,947)	4,371,661
Revaluation surplus transferred of non-current assets held for sale	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(46,341)	46,341	-
Total comprehensive income / (loss) for the period	-	-	-	-	(112,481)	(112,481)
Balance as on September 30, 2022	8,835,904	1,952,870	511,941	1,166,552	(8,208,087)	4,259,180

The attached notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE
October 27, 2022


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Chief Executive Officer


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Group Chief Financial Officer


Syed Sheharyar Ali
Director


Imran Azim
Director


CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)


For the period ended September 30, 2022

	July to September 2022	July to September 2021
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(72,829)	180,954
Adjustments for non-cash items:		
Financial charges for the period	173,193	91,670
Depreciation on property, plant and equipment	73,738	77,396
Profit on bank deposits	(6,109)	(2,443)
Realization of revaluation surplus	-	(144,951)
(Gain)/Loss on sale of fixed assets	-	(346,676)
	240,822	(325,004)
Operating profit / (loss) before working capital changes	167,993	(144,050)
(Increase) / decrease in operating assets :		
Stores and spares	(5,531)	(4,385)
Stock-in-trade	(17,138)	212,363
Trade debts	(60,098)	122,044
Short term investments	-	60,000
Loans, advances, deposits, prepayments and other receivables	19,818	(19,837)
	(62,949)	370,185
Increase / (decrease) in operating liabilities		
Trade and other payables	342,901	(237,179)
Cash generated from /(used in) from operations	447,945	(11,044)
Financial charges paid	(219,693)	(81,358)
Taxes paid	(81,976)	(29,002)
	(301,669)	(110,360)
Net cash inflow/(outflow) from operating activities	146,276	(121,404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(25,540)	50,409
Proceeds from sale of fixed assets	-	674,536
Long term deposits	(560)	280
Profit received on bank deposits	6,109	2,443
Net cash inflow/(outflow) from investing activities	(19,991)	727,668
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligation	-	-
Modaraba Certificates	-	-
Net cash inflow/(outflow) from financing activities	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	126,285	606,264
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(5,330,584)	(5,082,394)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(5,204,299)	(4,476,130)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	343,196	444,367
Finance under mark-up arrangements	(5,547,495)	(4,920,497)
	(5,204,299)	(4,476,130)

The attached notes 1 to 10 form an integral part of these condensed interim financial statements.

LAHORE
October 27, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Syed Sheharyar Ali
Director


Imran Azim
Director

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

For the period ended September 30, 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, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2022.

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, 2022.

5. CONTINGENCIES AND COMMITMENTS

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

	3 Months ended	
	July to September 2022	July to September 2021
	(Rupees in thousand)	
6. SALES		
Packaging products	746,658	561,196
Soaps	191,095	155,050
Batteries	2,232,770	1,247,331
	3,170,523	1,963,577

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

For the period ended September 30, 2022

	3 Months ended	
	July to September 2022	July to September 2021
	(Rupees in thousand)	
7. COST OF SALES		
Packaging products	687,294	510,878
Soaps	156,190	133,834
Batteries	2,051,121	1,239,802
	2,894,605	1,884,514
8. TRANSACTIONS WITH RELATED PARTIES		
Purchases and services received	49,833	52,544
Goods sold and services rendered	27,594	169

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 October 27, 2022.

10. GENERAL

Amounts have been rounded off to thousand rupees.

LAHORE
October 27, 2022


Syed Shahid Ali
Chief Executive Officer


Mohtashim Aftab
Group Chief Financial Officer


Syed Sheharyar Ali
Director


Imran Azim
Director



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