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20
24

1st Quarter Report
For the period ended
September 30, 2024
First Tree Manufacturing Modaraba

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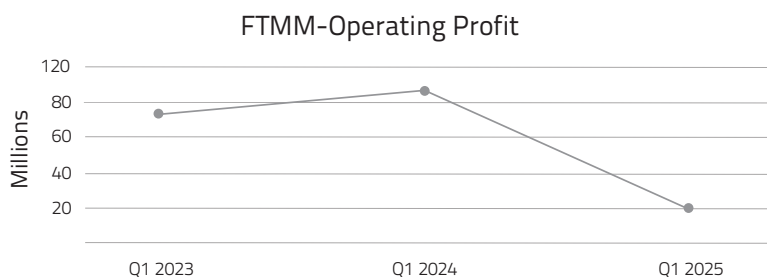
Company information

BOARD OF DIRECTORS:	Syed Shahid Ali Syed Sheharyar Ali Mr. Imran Azim Dr. Salman Faridi Mr. Munir Karim Bana Dr. Haroon Latif Khan Ms. Sidra Fatima Sheikh Mr. Ahmad Shahid Hussain	Chairman/ Non-Executive Director Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Female/Independent Director Independent Director
AUDIT COMMITTEE	Ms. Sidra Fatima Sheikh Mr. Imran Azim Dr. Salman Faridi Mr. Munir Karim Bana Mr. Ahmad Shahid Hussain	Chairperson/ Member Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Muhammad Zubair Mr. Mansoor Murad	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	Chartered Accountants
LEGAL ADVISORS:	Asad & Asad Attorney at Law	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti	Advocates
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
SHARES REGISTRAR:	Corplink (Private) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore Tel: 042-35916714 Fax: 042-35839182	
BANKERS:	Al-Baraka Bank Pakistan Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Askari Bank Limited MCB Bank Limited Habib Bank Limited United Bank Limited JS Bank Limited	Habib Metropolitan Bank Limited Bank Islami Pakistan Limited Allied Bank Limited Bank Alfalah Limited MCB Islamic Bank Limited Bank Al Habib Limited Faysal Bank Limited Dubai Islamic Bank Pakistan Limited
REGISTERED OFFICE	72-B, Industrial Area, Kot Lakhpat, Lahore. Fax: 042-35114127 & 35215825 Tel: 042-35830881, 35156567 & 35122296 E-mail: corporate@treetcorp.com Home Page: www.ftmm.com.pk	
PACKAGING SOLUTIONS	Kacha Tiba Rohi Nala, 22-KM	
CORRUGATION:	Ferozpur Road, Lahore	
SOAP PLANT	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

Directors' review

We are pleased to present the Directors' review together with the unaudited Financial Statements for the quarter ended September 30, 2024.

The first quarter of 2024–2025 has been tough for the packaging industry, as the extremely competitive environment impacts all major industry players. As a result, the Modaraba has witnessed a mild decline across various indicators, due to a general shrinkage in revenues, due to increasing competitive pressures. Despite the challenging competitive environment, the Modaraba has managed to achieve positive bottom line, which was also positive in the corresponding period last year.



FINANCIAL HIGHLIGHTS

The Modaraba is engaged in two business segments: Corrugated Boxes and Soaps. The financial results of Q1 2025 demonstrated slight decline in financial performance for the Modaraba, due to tough market condition modaraba witnessed decreases in revenue, gross profit, and operating profit compared to the corresponding period last year.

The Soaps segment, which delivered consistently strong performance last year, had a challenging start to the year, achieving revenue of Rs. 276 million, a 35% decrease from Rs. 422 million in the corresponding period last year. Despite this, the Modaraba achieved a gross profit of Rs. 95.5 million, compared to Rs. 107.3 million in the corresponding period last year.

Furthermore, the Modaraba's operating profit dropped to Rs. 18.9 million from Rs. 86.6 million reported in the corresponding period last year. Despite these challenges, the Modaraba still managed a positive return for the quarter. with a net profit of Rs. 12 million in first quarter of FY 2025

(Rupees in Million)

Description	Quarter Ended		Change	% Change
	30-Sep-24	30-Sep-23		
Sales (net)	1,004	1,228	(224)	-18%
Gross Profit/(Loss)	96	107	(11)	10%
Operating Profit/(Loss)	19	87	(68)	-78%
Net Profit/(Loss) after Taxation	12	73	(61)	-83%
EPS (in Rupees)	0.014	0.083	(0.07)	-83%

CORRUGATED PACKAGING

The corrugated packaging segments continues to become more and more competitive, with some of the leading industry players investing significantly in their plant capacity, thus driving down prices for the entire segment. The net revenue of the corrugation segment for the first quarter of 2024-25 was Rs. 728 million, which has decreased by 10% as compared to the corresponding period previous year. The business has posted a gross profit of Rs. 26.4 million compared to a gross profit of Rs. 25.7 million corresponding period last year. The decline is primarily due to tough market conditions and overall country's challenging economic conditions during 2024-25.

Directors' review

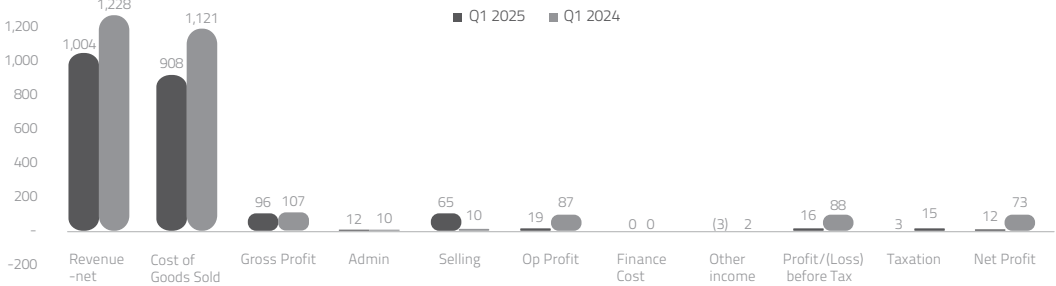
As shared earlier, the Management has put in place various low cost and high impact measures to ensure that the Company keeps pace with the competition in terms of product quality, as well as to increase operating efficiencies, without major capital investments. The aim is to return the business to profitability on a standalone basis in the coming quarters. Focus will be on retaining key accounts and adding new large customers to the Company portfolio, as well as improving share of wallet from existing customers as overall economic activity recovers.

SOAPS

The gross profit for the first quarter of 2024-25 is Rs.69.1 million, which has decreased by 12.4 million as compared to the corresponding period last year. Soaps sales, volumes, and margins have decreased due to greater market competition in the key markets of the business.

FTMM PROFITABILITY ANALYSIS

RUPEES IN MILLIONS



COUNTRY'S ECONOMIC OUTLOOK

Pakistan's economy is just starting to emerge from the effects of the austerity measures employed by the Government in order to fend off one of the worst exchange crises experienced in the history of the country. Going forward, with the interest rate and inflation both coming down, and global commodity prices also showing signs of softening, the consensus is that Pakistan will return to a growth path in the coming months. With the support of our certificate holders, the Modaraba is well positioned to benefit from this recovery, and deliver strong performance in 2024-25.

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 Stock Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks are due to our certificate holders for the trust and confidence shown in us.

For and on behalf of the Board

Syed Shehryar Ali
Chief Executive Officer

Syed Shahid Ali
Chairman

Date: 28th October 2024
Lahore

Condensed interim balance sheet (un-audited)
As At September 30, 2024


		September 2024 Un-audited	June 2024 Audited
	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	823,332	831,432
Long term loans and deposits		9,654	9,654
		832,986	841,086
CURRENT ASSETS			
Stores and spares		82,883	81,819
Stock-in-trade	6	382,748	387,415
Trade debts - unsecured considered good		871,845	898,752
Loans, advances, deposits, prepayments and other receivables		480,243	498,575
Advance income tax		1,185,470	1,044,679
Cash and bank balances	7	308,280	195,837
		3,311,469	3,107,077
		4,144,455	3,948,163
EQUITY AND LIABILITIES			
Certificate capital		8,835,903	8,835,903
Deposit for purchase of certificates		1	1
Capital reserve		565,219	565,219
Demerger reserve		(6,879,903)	(6,879,903)
Unappropriated loss		235,423	201,399
Surplus on revaluation of fixed assets		597,137	619,116
		3,353,780	3,341,735
NON-CURRENT LIABILITIES			
Deferred taxation		61,975	70,952
		61,975	70,952
CURRENT LIABILITIES			
Retention money payable		12,433	11,942
Trade and other payables		651,908	471,622
Provision for taxation		64,359	51,912
		728,700	535,476
Contingencies and commitments	8	-	-
		4,144,455	3,948,163

The attached notes 1 to 14 form an integral part of these condensed interim financial statements.

LAHORE
October 28, 2024


Syed Shehryar Ali
Chief Executive Officer


Mansoor Murad
Group Chief Financial Officer


Syed Shahid Ali
Director



Ms. Sidra Fatima Sheikh
Director

Condensed interim statement of profit or loss (un-audited)
As At September 30, 2024

	Note	3 months ended	
		July to September 2024	July to September 2023
(Rupees in thousand)			
Revenue -Net	9	1,003,618	1,228,341
Cost of revenue	10	(908,071)	(1,121,013)
Gross Profit		95,547	107,328
- Administrative expenses		(12,054)	(10,343)
- Distribution cost		(64,580)	(10,330)
		(76,634)	(20,673)
Operating Profit		18,913	86,655
Other income		(3,269)	2,037
		15,644	88,692
Financial expenses		(129)	(266)
Profit before levies and income tax		15,515	88,426
Levies		(12,447)	(15,447)
Profit before income tax		3,068	72,979
Taxation - Income tax		8,977	-
Profit from continuing operation		12,045	72,979
Earnings per share		0.014	0.083

The attached notes 1 to 14 form an integral part of these condensed interim financial statements.

LAHORE
October 28, 2024


Syed Shehryar Ali
Chief Executive Officer


Mansoor Murad
Group Chief Financial Officer


Syed Shahid Ali
Director


Ms. Sidra Fatima Sheikh
Director

Condensed interim statement of comprehensive income (un-audited)
As At September 30, 2024

	3 months ended	
	July to September 2024	July to September 2023
Profit after taxation	12,045	72,979
Other comprehensive income	-	-
Total comprehensive income for the period	12,045	72,979

Appropriations have been reflected in the statement of changes in equity.

The attached notes 1 to 14 form an integral part of these condensed interim financial statements.

LAHORE
October 28, 2024


Syed Shehryar Ali
Chief Executive Officer


Mansoor Murad
Group Chief Financial Officer


Syed Shahid Ali
Director


Ms. Sidra Fatima Sheikh
Director

Condensed interim statement of changes in equity (un-audited)
As At September 30, 2024

	Certificate Capital	Deposit for purchase of Certificate	Certificate premium	Statutory Reserve	Surplus on revaluation of fixed assets	Demerger Reserve	Unappropriated Profit / (Loss)	Total
	(Rupees in thousand)							
Balance as at June 30, 2023	8,835,903	1	-	511,941	553,025	(6,879,903)	(27,118)	2,993,849
Total comprehensive income for the period	-	-	-	-	-	-	72,979	72,979
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	(4,426)	-	4,426	-
Balance as on September 30, 2023	8,835,903	1	-	511,941	548,599	(6,879,903)	50,287	3,066,828
Balance as at June 30, 2024	8,835,903	1	-	565,219	619,116	(6,879,903)	201,399	3,341,735
Total comprehensive income for the period	-	-	-	-	-	-	12,045	12,045
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	-	(21,979)	-	21,979	-
Balance as on September 30, 2024	8,835,903	1	-	565,219	597,137	(6,879,903)	235,423	3,353,780

The attached notes 1 to 14 form an integral part of these condensed interim financial statements.

LAHORE
October 28, 2024


Syed Shehryar Ali
Chief Executive Officer


Mansoor Murad
Group Chief Financial Officer


Syed Shahid Ali
Director


Ms. Sidra Fatima Sheikh
Director

Condensed interim statement of cash flows (un-audited)
As At September 30, 2024

	July to September 2024	July to September 2023
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,515	88,426
Adjustments for non-cash items:		
Financial charges for the period	129	266
Depreciation on property, plant and equipment	52,789	9,452
Profit on bank deposits	(635)	(4,495)
Provision for expected credit loss	4,500	-
	56,783	5,223
Operating profit before working capital changes	72,298	93,649
(Increase) / decrease in operating assets :		
Stores and spares	(1,064)	4,205
Stock-in-trade	4,667	(118,581)
Trade debts	22,407	(55,987)
Loans, advances, deposits, prepayments and other receivables	(122,459)	36,241
	(96,449)	(134,122)
Increase / (decrease) in operating liabilities		
Trade and other payables	180,286	93,001
Retention money payable	491	-
Cash generated from operations	156,626	52,528
Financial charges paid	(129)	(266)
Taxes paid	-	(115,339)
	(129)	(115,605)
Net cash inflow / (outflow) from operating activities	156,497	(63,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(44,689)	(5,380)
Long term deposits	-	12,942
Profit received on bank deposits	635	4,495
Net cash (outflow) / inflow from investing activities	(44,054)	12,057
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Loan	-	-
Net cash inflow / (outflow) from financing activities	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	112,443	(51,020)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	195,837	65,313
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	308,280	14,293

The attached notes 1 to 14 form an integral part of these condensed interim financial statements.



LAHORE
October 28, 2024

Syed Shehryar Ali
Chief Executive Officer



Mansoor Murad
Group Chief Financial Officer



Syed Shahid Ali
Director



Ms. Sidra Fatima Sheikh
Director

Notes to the condensed interim financial statement (un-audited) As At September 30, 2024

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 and soaps

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, 2024.

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, 2024.

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, 2024.

	Un-audited September 2024	Audited June 2024
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating Fixed Assets	759,605	771,085
Capital Work in Process	63,727	60,347
	823,332	831,432

Notes to the condensed interim financial statement (un-audited)
As At September 30, 2024

	Un-audited September 2024	Audited June 2024
	(Rupees in thousand)	
6. STOCK-IN-TRADE		
Raw material	243,498	279,273
Work in process	12,497	11,702
Finished goods	126,753	96,440
	382,748	387,415
7. CASH AND BANK BALANCES		
Cash in hand	1,908	1,932
Cash at banks	306,372	193,905
	308,280	195,837

8. 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 2024	July to September 2023
	(Rupees in thousand)	
9. SALES		
Packaging products	727,689	806,592
Soaps	275,929	421,749
	1,003,618	1,228,341
10. COST OF SALES		
Packaging products	701,282	780,881
Soaps	206,789	340,132
	908,071	1,121,013
11. TRANSACTIONS WITH RELATED PARTIES		
Purchases and services received	2,070	51,324
Goods sold and services rendered	23,516	18,354

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.

Notes to the condensed interim financial statement (un-audited)
As At September 30, 2024

12. These condensed interim financial statements were authorized for issue by the board of directors of the Modaraba Company on October 28, 2024.

13. CORRESPONDING FIGURES


Corresponding figures have been reclassified or rearranged, wherever necessary, for the better and fair presentation. Following rearrangement has been made during the period.

Nature	Reclassified from	Reclassified to	Sep-23 (Rs in 000's)
Taxation	Taxation - Income tax	Levies	15,447

14. GENERAL

14.1 Amounts have been rounded off to thousand rupees.

LAHORE
October 28, 2024


Syed Shehryar Ali
Chief Executive Officer


Mansoor Murad
Group Chief Financial Officer


Syed Shahid Ali
Director


Ms. Sidra Fatima Sheikh
Director



PACKAGING SOLUTIONS

**FIRST TREET
MANUFACTURING
MODARABA**

First Treet Manufacturing Modaraba

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