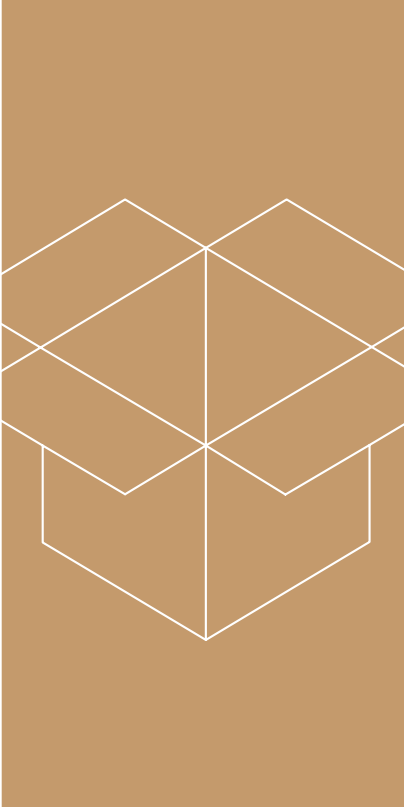
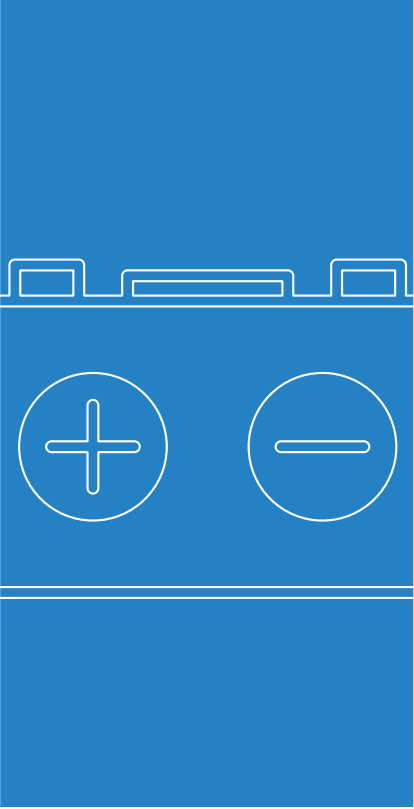


3rd QUARTERLY REPORT  
FOR THE PERIOD ENDED March 31, 2020



First Treet  
Manufacturing Modaraba



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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS:</b>	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
<b>AUDIT COMMITTEE:</b>	Dr. Salman Faridi Syed Sheharyar Ali Mr. Imran Azim Mr. Munir K. Bana	Chairman/Member Member Member Member
<b>CHIEF ACCOUNTANTS:</b>	Mr. Sajjad Haider Khan Mr. Muhammad Zubair	Modaraba Modaraba Company
<b>COMPANY SECRETARY:</b>	Zunaira Dar	
<b>EXTERNAL AUDITORS:</b>	Kreston Hyder Bhimji & Co	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>LEGAL ADVISORS:</b>	Salim & Baig	Advocates
<b>CORPORATE ADVISORS:</b>	Cornelius, Lane & Mufti - Advocates	
<b>SHARIAH ADVISOR:</b>	Mufti Muhammad Javed Hassan	
<b>BANKERS:</b>	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 Limited Faysal Bank Limited	JS Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited United Bank Limited
<b>REGISTERED OFFICE/ PLACE OF BUSINESS:</b>	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	
<b>SHARES REGISTRAR:</b>	Corplink (Private ) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore	
<b>PACKAGING SOLUTIONS - CORRUGATION:</b>	Kacha Tiba Rohi Nala, 22-KM Ferozepur Road, Lahore	
<b>SOAP PLANT:</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	
<b>BATTERY PROJECT:</b>	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 nine months and third quarter ending March 31, 2020.

### SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in millions)	Nine Months Ended			Quarter Ended		
	31-Mar-20 (1)	31-Mar-19 (2)	% Change (1) over (2)	31-Mar-20 (3)	31-Mar-19 (4)	% Change (3) over (4)
Sales (net)	3,594	3,200	12.31%	896	1,189	-24.64%
Gross Profit/(Loss)	(539)	(636)	-15.25%	(166)	(178)	-6.74%
Net Profit/(Loss)	(2,230)	(1,585)	40.69%	(753)	(564)	33.51%
Profit/(Loss) per Certificate	(11.40)	(8.10)		(3.85)	(2.89)	
Transfer to Statutory Reserve	Nil	Nil		Nil	Nil	
Book Value per Certificate	(0.96)	12.70		(0.96)	12.70	

### BUSINESS REVIEW

For the nine months period, the turnover was Rs. 3,594 million, registering an increase of Rs. 394 million (12.31%) over the same period of previous year. The increase in turnover is mainly attributable to increase in battery sales partially offset by lesser sales in other segments.

Segment wise sales is as follows:

(Rupees in millions)	Sales					
	Nine Months Ended			Quarter Ended		
	31-Mar-20 (1)	31-Mar-19 (2)	% Change (1) over (2)	31-Mar-20 (3)	31-Mar-19 (4)	% Change (3) over (4)
Corrugation	1,263	1,404	-10.04%	352	491	-28.31%
Soap	564	718	-21.45%	110	229	-51.97%
Battery	1,758	1,063	65.38%	432	465	-7.10%
Inter-segment sales	9	15	-40.00%	2	4	-50.00%
<b>Total</b>	<b>3,594</b>	<b>3,200</b>	<b>12.31%</b>	<b>896</b>	<b>1,189</b>	<b>-24.64%</b>

For the nine months period under consideration, Net Loss is Rs. 2,230 million which shows increase in loss by 40.69% over last year corresponding period. The increase in loss is primarily due to depreciation of PKR against USD that resulted in higher input cost and increase in financial charges attributable to higher policy rate along with increased level of borrowing, partially offset by reduction in various elements of fixed costs. This level of loss has delivered a Loss per Certificate of Rs. 11.40 compared to a loss of Rs. 8.10 per Certificate last year same period.

The impact of lockdown due to COVID-19 has resulted in closure of Battery plant alongwith a drop in sales for the last 10 days of March 2020 of all business segments. This has directly impacted our sales which has dropped approx. by Rs. 110 million.

### FINANCIAL PLAN

As already communicated, spin off the Battery segment from its subsidiary (First Treet Manufacturing Modaraba) to separate Company (Treet Battery Limited) is in progress. Execution of demerger plan is underway. Currently, regulatory and legal approvals are being sought from Financial Institutions and Regulators. Efforts are being made to improve the cost structure of the Battery project for better absorption of fixed cost along with plans to reduce the leveraging of the project.

### 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 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  
April 27, 2020

# FINANCIAL STATEMENTS

For the period ended March 31, 2020

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
As At March 31, 2020

	Note	(Un-audited) March 2020 (Rupees in thousand)	(Audited) June 2019
Property, plant and equipment		8,415,613	8,682,886
Long term loans and deposits		41,806	10,932
		8,457,419	8,693,818
<b>Current assets</b>			
Stores and spares		105,035	93,321
Stock-in-trade		1,689,801	1,858,077
Trade debts - unsecured considered good		682,447	754,829
Loans, advances, deposits, prepayments and other receivables		1,329,544	1,676,053
Cash and bank balance		104,663	99,596
		3,911,490	4,481,876
<b>Current liabilities</b>			
Current portion of non-current liabilities		-	-
Finance under mark-up-arrangements - secured		11,859,017	10,387,254
Trade and other payables		688,133	736,326
		12,547,150	11,123,580
<b>Net current assets</b>		(8,635,660)	(6,641,704)
<b>Non-current liabilities</b>			
Deffered liabilities		9,272	9,272
Contingencies and commitments	5	-	-
<b>Net assets</b>		(187,513)	2,042,842
<b>FINANCED BY:</b>			
Issued, subscribed and paid-up capital		1,956,000	1,956,000
Capital reserve		2,464,811	2,464,811
Unappropriated profit/(loss)		(4,994,116)	(2,765,445)
Surplus on revaluation of fixed assets		385,792	387,476
		(187,513)	2,042,842

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

LAHORE  
April 27, 2020

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended March 31, 2020

	Note	9 Months ended		Quarter ended	
		July to March 2020 (Rupees in thousand)	July to March 2019 (Rupees in thousand)	January to March 2020 (Rupees in thousand)	January to March 2019 (Rupees in thousand)
Net sales	6	3,594,312	3,200,497	896,348	1,189,051
Cost of goods sold	7	(4,132,945)	(3,836,686)	(1,061,948)	(1,367,444)
<b>Gross profit/(loss)</b>		(538,633)	(636,189)	(165,600)	(178,393)
<b>Operating expenses :</b>					
- Administrative expenses		(729,562)	(403,359)	(317,985)	(132,161)
- Selling & distribution expenses		(557,812)	(396,175)	(128,692)	(171,484)
		(1,287,374)	(799,534)	(446,677)	(303,645)
<b>Operating profit/(loss)</b>		(1,826,007)	(1,435,723)	(612,277)	(482,038)
Other income		15,886	80,797	4,566	38,078
		(1,810,121)	(1,354,926)	(607,711)	(443,960)
Financial expenses		(420,234)	(229,750)	(145,973)	(120,711)
		(2,230,355)	(1,584,676)	(753,684)	(564,671)
Workers' Profit Participation Fund		-	-	-	-
Workers' Welfare Fund		-	-	-	-
		-	-	-	-
<b>Loss before taxation</b>		(2,230,355)	(1,584,676)	(753,684)	(564,671)
Taxation		-	-	361	-
<b>Loss after taxation</b>		(2,230,355)	(1,584,676)	(753,323)	(564,671)
<b>Loss per certificate from continuing operation</b>		(11.40)	(8.10)	(3.85)	(2.89)

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



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended March 31, 2020

	9 Months ended		Quarter ended	
	July to March 2020	July to March 2019	January to March 2020	January to March 2019
	(Rupees in thousand)		(Rupees in thousand)	
Loss after taxation	(2,230,355)	(1,584,676)	(753,323)	(564,671)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(2,230,355)</b>	<b>(1,584,676)</b>	<b>(753,323)</b>	<b>(564,671)</b>

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, 2020

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the period ended March 31, 2020

	July to March 2020	July to March 2019
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,230,355)	(1,584,676)
Adjustments for non-cash items:		
Financial charges for the period	420,234	229,750
Depreciation on property, plant and equipment	399,580	339,755
Profit on bank deposits	(3,249)	(3,089)
(Gain)/Loss on sale of fixed assets	-	(18,865)
	816,565	547,551
<b>Operating loss before working capital changes</b>	<b>(1,413,790)</b>	<b>(1,037,125)</b>
(Increase)/decrease in operating assets:		
Stores and spares	(11,714)	(29,568)
Stock-in-trade	168,276	(440,441)
Trade debts	72,382	(495,731)
Loans, advances, deposits, prepayments and other receivables	371,657	(144,551)
	600,601	(1,110,291)
<b>Increase / (decrease) in operating liabilities</b>		
Trade and other payables	(135,285)	6,269,661
<b>Cash generated from operations</b>	<b>(948,474)</b>	<b>4,122,245</b>
Financial charges paid	(333,144)	(123,215)
Taxes paid	(25,147)	(38,429)
	(358,291)	(161,644)
<b>Net cash from operating activities</b>	<b>(1,306,765)</b>	<b>3,960,601</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(132,306)	(146,331)
Proceeds from sale of fixed assets	-	18,863
Long term deposits	(30,874)	3,777
Profit received on bank deposits	3,249	3,089
<b>Net cash outflow from investing activities</b>	<b>(159,931)</b>	<b>(120,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long Term Deposits	-	(56,287)
Dividend paid	-	(20)
<b>Net cash from financing activities</b>	<b>-</b>	<b>(56,307)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,466,696)</b>	<b>3,783,692</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(10,287,658)</b>	<b>(7,152,628)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(11,754,354)</b>	<b>(3,368,936)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	104,663	135,782
Finance under mark-up arrangements	(11,859,017)	(3,504,718)
	(11,754,354)	(3,368,936)

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



Syed Shahid Ali  
Chief Executive Officer



Muhammad Shafique Anjum  
Director

LAHORE  
April 27, 2020

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
For the period ended March 31, 2020

	Certificate Capital	Certificate premium	Statutory Reserve	Surplus on revaluation of fixed assets	Un- appropriated Profit/(Loss)	Total
	(Rupees in thousand)					
<b>Balance as on June 30, 2018</b>	1,956,000	1,952,870	511,941	26,989	(379,209)	4,068,591
Total comprehensive loss for the period	-	-	-	-	(1,584,676)	(1,584,676)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(5,563)	5,563	-
<b>Balance as on March 31, 2019</b>	1,956,000	1,952,870	511,941	21,426	(1,958,322)	2,483,915
<b>Balance as on June 30, 2019</b>	1,956,000	1,952,870	511,941	387,476	(2,765,445)	2,042,842
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(1,684)	1,684	-
Total comprehensive loss for the period	-	-	-	-	(2,230,355)	(2,230,355)
<b>Balance as on March 31, 2020</b>	1,956,000	1,952,870	511,941	385,792	(4,994,116)	(187,513)

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

LAHORE  
April 27, 2020

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

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

For the period ended March 31, 2020

### 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, 2019.

### 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, 2019.

### 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, 2019.

### 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 ended	
	July to March 2020	July to March 2019	January to March 2020	January to March 2019
	(Rupees in thousand)		(Rupees in thousand)	
<b>6. SALES</b>				
Packaging products	1,271,858	1,418,925	354,202	495,113
Soaps	564,213	718,352	109,884	228,990
Batteries	1,758,241	1,063,220	432,262	464,948
	3,594,312	3,200,497	896,348	1,189,051
<b>7. COST OF SALES</b>				
Packaging products	1,257,802	1,328,674	319,832	475,561
Soaps	502,376	635,358	107,456	198,810
Batteries	2,372,767	1,872,654	634,660	693,073
	4,132,945	3,836,686	1,061,948	1,367,444
<b>8. TRANSACTIONS WITH RELATED PARTIES</b>				
Purchases and services received	91,541	26,943		
Goods sold and services rendered	65,270	10,220		

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, 2020

10. GENERAL

Amounts have been rounded off to thousand rupees.

LAHORE  
April 27, 2020

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director





TREET GROUP  
OF COMPANIES