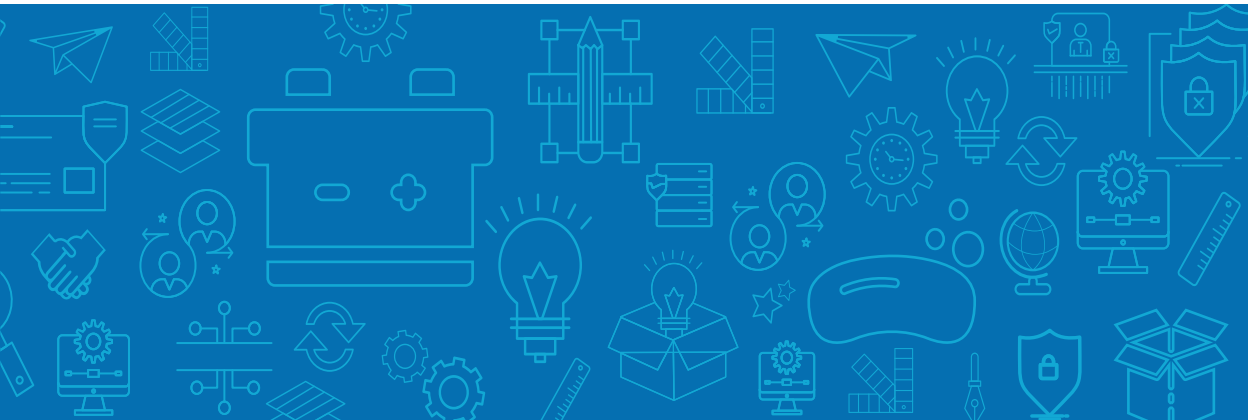




# 3rd Quarterly Report | 2023

FOR THE PERIOD ENDED MARCH 31,





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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS:</b>	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 Non-Executive Director Independent Director Independent Director Independent Director Non-Executive Director
<b>AUDIT COMMITTEE:</b>	Dr. Salman Faridi Mr. Imran Azim Mr. Munir K. Bana	Chairman/Member Member Member
<b>CHIEF ACCOUNTANTS:</b>	Mr. Muhammad Zubair Mr. Moazzam Hussain Hashmi	Modaraba Modaraba Management Company
<b>COMPANY SECRETARY:</b>	Ms. Zunaira Dar	
<b>EXTERNAL AUDITORS:</b>	M/s Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA MANAGEMENT COMPANY:</b>	M/s Yousuf Adil	Chartered Accountants
<b>LEGAL ADVISORS:</b>	Chima & Ibrahim	Advocates
<b>CORPORATE ADVISORS:</b>	Cornelius, Lane & Mufti	Advocates
<b>SHARIAH ADVISOR:</b>	Mufti Muhammad Javed Hassan	
<b>BANKERS:</b>	Allied Bank Limited Habib Metropolitan Bank Limited Askari Bank Limited MCB Bank Limited National Bank Limited Faysal Bank Limited Al-Baraka Bank Limited United Bank Limited	Habib Bank Limited Meezan Bank Limited Bankislami Pakistan Limited Bank-Al Habib Limited MCB Islamic Bank Limited Dubai Islamic Bank Limited Bank Al-Falah Limited Soneri 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@treecorp.com Home Page: 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 Ferozpur Road, Lahore	
<b>SOAP PLANT:</b>	80 KM, G.T. Road, Ghakkhar Mandi, Gujranwala	
<b>BATTERY PROJECT:</b>	Faisalabad Industrial City, M-3, Motorway Faisalabad	

## DIRECTORS' REVIEW

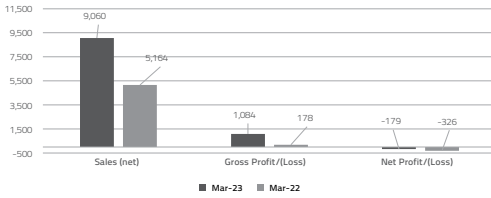
Board of Directors of Treet Holdings Limited (THL), the Management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present financial statements for the nine months and third quarter ending March 31, 2023.

### SUMMARY OF COMPARATIVE FINANCIAL RESULTS

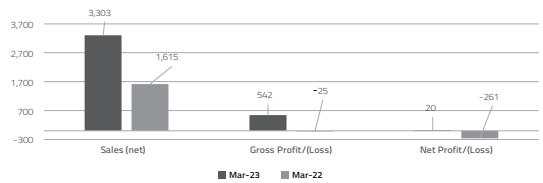
(Rupees in millions)

	Nine Months Ended		% Change	Quarter Ended		% Change
	31-Mar-23	31-Mar-22		31-Mar-23	31-Mar-22	
	(1)	(2)	(1) over (2)	(3)	(4)	(3) over (4)
Sales (net)	9,060	5,164	75%	3,303	1,615	104%
Gross Profit/(Loss)	1,084	178	510%	542	(25)	2079%
Net Profit/(Loss)	(179)	(326)	45%	20	(261)	108%
Profit/(Loss) per Certificate	(0.20)	(0.37)	(46)%	0.02	(0.30)	108%

FTMM FINANCIAL RESULTS  
Nine Months (Rs in millions)



FTMM FINANCIAL RESULTS  
3rd Quarter (Rs in millions)



### BUSINESS REVIEW

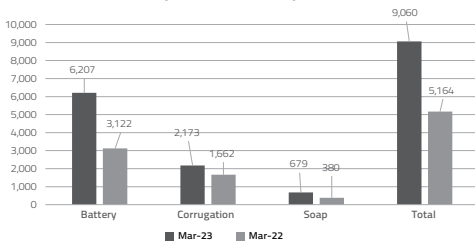
For the nine months period, the turnover was Rs. 9,060 million, registering an increase of Rs. 3,896 million (75.44%) over the same period of previous year. The increase in turnover is mainly attributable to increase in sales; both in terms of value and volume in all segment.

Segment wise sales is as follows:

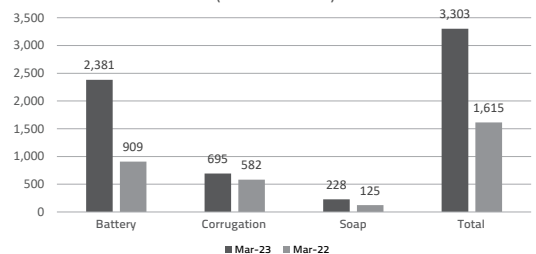
(Rupees in millions)

	Sales					
	Nine Months Ended		% Change	Quarter Ended		% Change
	31-Mar-23	31-Mar-22		31-Mar-23	31-Mar-22	
	(1)	(2)	(1) over (2)	(3)	(4)	(3) over (4)
Corrugation	2,173	1,662	31%	695	582	19%
Soap	679	380	79%	228	125	83%
Battery	6,207	3,122	99%	2,381	909	162%
Total	9,060	5,164	75%	3,303	1,615	104%

FTMM Sales - Nine Months  
(Rs. in millions)



FTMM Sales - 3rd Quarter  
(Rs. in millions)



## DIRECTORS' REVIEW

For the nine months' period under review, cost of sales at Rs. 7,976 million is 60% higher compared to same period last year (March 2022: Rs. 4,986 million). The Gross profit at Rs. 1,083 million shows significant increase over the same period last year (March 2022: Gross Profit Rs. 178 million). The improvement is primarily due to increased sales volumes and price rationalization especially in Battery Segment and more focus on high margin customers in Corrugation Segment. In battery segment, local sourcing of Lead and rationalization of costs through rigorous cost controlling measures and higher volumes have played key role in generating an operating profit of Rs. 542 million compared to an operating loss of Rs. 193 million in the corresponding period. However, due to increase in mark up rate in monetary policies which has resulted in a Net Loss of Rs. 179 million (March 2022: Net Loss is Rs. 326 million). This level of loss has delivered a Loss per Certificate of Rs. 0.20 compared to loss of Rs. 0.37 per Certificate last year same period.

### DEMERGER OF BATTERY SEGMENT

The Modaraba is in the process of demerging, transferring and vesting of the battery segment and business into Treet Battery Limited (TBL). During the period the Honorable Lahore High Court (LHC) has approved the scheme of arrangement for demerger of battery segment and consequent all assets and liabilities of the battery segment are held for transfer to TBL.

The battery segment and its business shall be separated from the Modaraba and shall be transferred to and vested in TBL subsequent to the period end on 1st April 2023. The transfer and vesting of the battery segment and its business shall be free from all mortgages, charges or other encumbrances.

### 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.

On behalf of Board of Directors



**Imran Azim**  
Chairman



**Syed Shahid Ali**  
Chief Executive Officer

**LAHORE**  
April 26, 2023


## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at March 31, 2023

	Note	March 2023 Un-audited (Rupees in thousand)	June 2022 Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		750,848	8,393,920
Long term loans and deposits		23,045	59,013
		773,893	8,452,933
<b>Current assets</b>			
Stores and spares		82,845	117,501
Stock in trade		306,292	1,164,970
Trade debts - unsecured considered good		760,160	765,525
Loans, advances, deposits, prepayments and other receivables		1,312,836	841,186
Cash and bank balances		112,932	237,036
		2,575,065	3,126,218
Battery Segment- held for transfer	8.1	1,251,422	-
<b>Current liabilities</b>			
Current portion of long term liabilities		-	5,604
Short term borrowings		-	2,941,492
Payable to related parties		-	2,627,611
Trade and other payables		273,615	1,203,492
Provision for taxation		35,769	95,980
		309,384	6,874,179
<b>Net current assets</b>		3,517,103	(3,747,961)
<b>Non-current liabilities</b>			
Liability against right of use asset		-	18,964
Deferred liabilities		98,339	314,347
Contingencies and commitments	5	-	-
<b>Net assets</b>		4,192,657	4,371,661
<b>FINANCED BY:</b>			
Issued, subscribed and paid-up capital		8,835,904	8,835,904
Capital reserve		511,941	511,941
Certificate premium		1,952,870	1,952,870
Unappropriated loss		(8,218,678)	(8,141,947)
Surplus on revaluation of fixed assets		1,110,620	1,212,893
		4,192,657	4,371,661

The attached notes 1 to 11 form an integral part of these condensed interim financial statements.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director


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

For the period ended March 31, 2023

	Note	9 Months ended		Quarter ended	
		July to March 2023 (Rupees in thousand)	July to March 2022 (Rupees in thousand)	January to March 2023 (Rupees in thousand)	January to March 2022 (Rupees in thousand)
Net sales	6	2,852,726	2,042,549	922,752	706,642
Cost of revenue	7	(2,633,773)	(1,916,317)	(858,562)	(678,769)
<b>Gross profit</b>		<b>218,953</b>	<b>126,232</b>	<b>64,190</b>	<b>27,873</b>
- Administrative expenses		(29,919)	(21,052)	(11,681)	(5,757)
- Distribution cost		(49,440)	(43,505)	(14,885)	(17,015)
		(79,359)	(64,557)	(26,566)	(22,772)
<b>Operating profit/ (loss)</b>		<b>139,594</b>	<b>61,675</b>	<b>37,624</b>	<b>5,101</b>
Other income		9,439	220,365	2,896	10,520
Financial expenses		149,033	282,040	40,520	15,621
		(2,454)	(2,987)	(656)	(823)
		146,579	279,053	39,864	14,798
<b>Profit / (Loss) before taxation from continuing operation</b>		<b>146,579</b>	<b>279,053</b>	<b>39,864</b>	<b>14,798</b>
Taxation		(34,021)	(19,611)	(11,602)	448
<b>Profit / (Loss) after taxation from continuing operation</b>		<b>112,558</b>	<b>259,442</b>	<b>28,262</b>	<b>15,246</b>
<b>Profit / (Loss) after taxation from discontinuing operation</b>	8.2	<b>(291,562)</b>	<b>(585,840)</b>	<b>(8,017)</b>	<b>(276,303)</b>
<b>Profit / (Loss) after taxation</b>		<b>(179,004)</b>	<b>(326,398)</b>	<b>20,245</b>	<b>(261,057)</b>
<b>Earnings / (loss) per certificate</b>		<b>(0.20)</b>	<b>(0.37)</b>	<b>0.02</b>	<b>(0.30)</b>

The attached notes 1 to 11 form an integral part of these condensed interim financial statements.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director



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

For the period ended March 31, 2023

	9 Months ended		Quarter ended	
	July to March 2023 (Rupees in thousand)	July to March 2022 (Rupees in thousand)	January to March 2023 (Rupees in thousand)	January to March 2022 (Rupees in thousand)
Profit/(Loss) after taxation	(179,004)	(326,398)	20,245	(261,057)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>(179,004)</b>	<b>(326,398)</b>	<b>20,245</b>	<b>(261,057)</b>

The attached notes 1 to 11 form an integral part of these condensed interim financial statements.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director

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

For the period ended March 31, 2023

	Certificate Capital	Certificate premium	Statutory Reserve	Surplus on revaluation of fixed assets	Unappropriated Profit / (Loss)	Total
----- (Rupees in thousand) -----						
<b>Balance as at June 30, 2021</b>	8,835,904	1,952,870	511,941	1,423,472	(7,810,787)	4,913,400
Total comprehensive income / (loss) for the period	-	-	-	-	(326,398)	(326,398)
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(176,328)	176,328	-
<b>Balance as on March 31, 2022</b>	8,835,904	1,952,870	511,941	1,247,144	(7,960,857)	4,587,002
<b>Balance as at June 30, 2022</b>	8,835,904	1,952,870	511,941	1,212,893	(8,141,947)	4,371,661
Transfer from surplus on revaluation of property, plant and equipment	-	-	-	(102,273)	102,273	-
Total comprehensive income / (loss) for the period	-	-	-	-	(179,004)	(179,004)
<b>Balance as on March 31, 2023</b>	8,835,904	1,952,870	511,941	1,110,620	(8,218,678)	4,192,657

The attached notes 1 to 11 form an integral part of these condensed interim financial statements.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director


## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the period ended March 31, 2023

	July to March 2023	July to March 2022
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(127,165)	(267,458)
Adjustment for non-cash items:		
Financial charges for the period	533,183	288,122
Depreciation on property, plant and equipment	238,784	238,142
Profit on bank deposits	(9,857)	(4,264)
(Gain)/Loss on sale of fixed assets	(33)	(201,776)
	762,077	320,224
<b>Operating profit / (loss) before working capital changes</b>	634,912	52,766
(Increase) / decrease in operating assets :		
Stores and spares	(21,366)	(32,968)
Stock-in-trade	(641,799)	155,839
Trade debts	(277,450)	(448,940)
Short term investments	-	60,000
Loans, advances, deposits, prepayments and other receivables	(22,359)	(20,845)
	(962,974)	(286,914)
<b>Increase / (decrease) in operating liabilities</b>		
Trade and other payables	636,079	(230,034)
<b>Cash generated from /(used in) from operations</b>	308,017	(464,182)
Financial charges paid	(537,341)	(271,228)
Taxes paid	(96,017)	(63,507)
	(633,358)	(334,735)
<b>Net cash inflow/(outflow) from operating activities</b>	(325,341)	(798,917)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(135,064)	(25,017)
Proceeds from sale of fixed assets	254	600,051
Long term deposits	(560)	(2,095)
Profit received on bank deposits	9,857	4,264
<b>Net cash inflow/(outflow) from investing activities</b>	(125,513)	577,203
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligation	(4,088)	(37,050)
Short term borrowing	437,052	469,753
Modaraba Certificates	(1)	-
<b>Net cash inflow/(outflow) from financing activities</b>	432,963	432,703
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(17,891)	210,989
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	153,801	72,574
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	135,910	283,563
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	135,910	283,563
Finance under mark-up arrangements	-	-
	135,910	283,563

The attached notes 1 to 11 form an integral part of these condensed interim financial statements.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director

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

For the period ended March 31, 2023

### 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.

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

For the period ended March 31, 2023

	9 Months ended		Quarter year ended	
	July to March 2023 (Rupees in thousand)	July to March 2022	January to March 2023 (Rupees in thousand)	January to March 2022
<b>6. SALES</b>				
Packaging products	2,173,241	1,662,295	694,916	582,008
Soaps	679,485	380,254	227,836	124,634
	<b>2,852,726</b>	<b>2,042,549</b>	<b>922,752</b>	<b>706,642</b>
<b>7. COST OF REVENUE</b>				
Packaging products	2,048,713	1,568,764	656,369	562,849
Soaps	585,060	347,553	202,193	115,920
	<b>2,633,773</b>	<b>1,916,317</b>	<b>858,562</b>	<b>678,769</b>

### 8. DISCONTINUE OPERATION - HELD FOR TRANSFER

The Modaraba is in the process of demerging, transferring and vesting of the battery segment and business into Treet Battery Limited (TBL). During the period the Honorable Lahore High Court (LHC) has approved the scheme of arrangement for demerger of battery segment and consequent all assets and liabilities of the battery segment are held for transfer to TBL.

The battery segment and its business shall be separated from the Modaraba and shall be transferred to and vested in TBL subsequent to the period end on 1st April 2023. The transfer and vesting of the battery segment and its business shall be free from all mortgages, charges or other encumbrances.

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

For the period ended March 31, 2023

		March 2023 UNAUDITED (Rupees in thousand)
<b>8.1</b>	Assets and liabilities of Battery Segment	
	<b>NON-CURRENT ASSETS</b>	
	Property, plant and equipment	7,591,983
	Long term loans and deposits	36,528
		7,628,511
	<b>CURRENT ASSETS</b>	
	Stores and spares	56,022
	Stock-in-trade	1,500,479
	Trade debts - unsecured considered good	282,815
	Loans, advances, deposits, prepayments and other receivables	785,596
	Cash and bank balances	22,978
		2,647,890
	<b>CURRENT LIABILITIES</b>	
	Short term borrowings	2,476,276
	Payable to related parties	4,687,961
	Trade and other payables	1,608,571
	Provision for taxation	77,591
		8,850,399
	<b>NET CURRENT ASSETS</b>	(6,202,509)
	<b>NON-CURRENT LIABILITIES</b>	
	Liability against right of use asset	20,479
	Deferred liabilities	154,103
	<b>NET ASSETS</b>	1,251,422

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

For the period ended March 31, 2023

	9 Months ended		Quarter year ended	
	July to March 2023 (Rupees in thousand)	July to March 2022	January to March 2023 (Rupees in thousand)	January to March 2022
<b>8.2 Profit and loss of Battery Segment</b>				
Net sales	6,207,319	3,121,618	2,380,548	908,746
Cost of revenue	(5,342,623)	(3,070,173)	(1,902,833)	(961,488)
<b>Gross Profit / (Loss)</b>	<b>864,696</b>	<b>51,445</b>	<b>477,715</b>	<b>(52,742)</b>
- Administrative expenses	(39,139)	(38,248)	(17,877)	(6,021)
- Distribution cost	(423,467)	(267,521)	(132,908)	(96,528)
	(462,606)	(305,769)	(150,785)	(102,549)
<b>Operating Profit / (Loss)</b>	<b>402,090</b>	<b>(254,324)</b>	<b>326,930</b>	<b>(155,291)</b>
Other income	(145,105)	(7,052)	(142,927)	(2,703)
	256,985	(261,376)	184,003	(157,994)
Financial expenses	(530,729)	(285,135)	(160,987)	(93,732)
Share of profit / (loss) of associate	-	-	-	-
	(273,744)	(546,511)	23,016	(251,726)
<b>Profit / (Loss) before taxation</b>	<b>(273,744)</b>	<b>(546,511)</b>	<b>23,016</b>	<b>(251,726)</b>
Taxation	(17,818)	(39,329)	(31,033)	(24,577)
<b>Profit / (Loss) after taxation</b>	<b>(291,562)</b>	<b>(585,840)</b>	<b>(8,017)</b>	<b>(276,303)</b>
<b>9. TRANSACTIONS WITH RELATED PARTIES</b>				
Purchases and services received	98,348	56,573		
Goods sold and services rendered	91,916	32,926		


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.

10. These condensed interim financial statements were authorized for issue by the board of directors of the Modaraba Company on April 26, 2023.

### 11. GENERAL

Amounts have been rounded off to thousand rupees.

LAHORE  
April 26, 2023

  
Syed Shahid Ali  
Chief Executive Officer

  
Mohtashim Aftab  
Group Chief Financial Officer

  
Syed Sheharyar Ali  
Director

  
Sidra Fatima Sheikh  
Director



treetonline.com

Treetgroup.com



**HEAD OFFICE**  
72-B, Industrial Area Kot Lakhpat,  
Lahore - 54770, Pakistan  
Phone: (+92-42) 111 187 338

