

Treet Corporation Limited

Interim Financial Statements for the 1st Quarter ended September 30, 2014.



TREET GROUP OF COMPANIES



we are Treet...



inspiring change...

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TREET GROUP OF COMPANIES

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Company Information

BOARD OF DIRECTORS

Dr. Mrs. Niloufer Mahdi	Chairperson
Syed Shahid Ali	Chief Executive Officer
Syed Sheharyar Ali	
Mr. Imran Azim	(Nominee National Investment Trust)
Mr. Munir K. Bana	(Nominee Loads Limited)
Mr. Saulat Said	(Nominee Loads Limited)
Mr. Muhammad Shafique Anjum	
Mr. Khurram Raza Bakhtayari	(Nominee IGI Insurance Limited)

BOARD AUDIT COMMITTEE

Mr. Imran Azim	Chairman
Syed Sheharyar Ali	Member
Mr. Munir K. Bana	Member
Mr. Khurram Raza Bakhtayari	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Syed Sheharyar Ali	Chairman
Mr. Munir K. Bana	Member
Mr. Imran Azim	Member
Mr. Saulat Said	Member
Mr. Muhammad Shafique Anjum	Member
Mr. Amir Zia	Member
Mr. Jahangir Bashir	Member

CHIEF FINANCIAL OFFICER

Mr. Amir Zia

COMPANY SECRETARY

Rana Shakeel Shaukat

HEAD OF INTERNAL AUDIT

Muhammad Ali

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore.

INCOME TAX CONSULTANTS

Kreston Hyder Bhimji & Co.
Chartered Accountants
Lahore.

LEGAL ADVISORS

Salim & Baig, Advocates - Lahore.

CORPORATE ADVISORS

Cornelius, Lane & Mufti Legal Advisors & Solicitors - Lahore.

SHARIAH ADVISOR

Mufti Iftikhar Baig (Only for First Treet Manufacturing Modaraba)

BANKERS

Al Baraka Bank (Pakistan) Limited
 Allied Bank Limited
 Askari Bank Limited
 Bank Alfalah Limited
 Bank Al-Habib Limited
 BankIslami Pakistan Limited
 Barclays Bank PLC, Pakistan
 Faysal Bank Limited
 Habib Bank Limited
 HSBC Bank Middle East Limited
 Habib Metropolitan Bank Limited
 IGI Investment Bank Limited
 JS Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 NIB Bank Limited
 SAMBA Bank Limited
 Soneri Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 SilkBank Limited
 United Bank Limited

REGISTERED OFFICE

72-B, Kot Lakhpat Industrial Area, Lahore.
 Phones: 042-35830881, 35156567
 Fax: 042-35114127, 35215825
 E-mail: info@treetonline.com
 Home Page: www.treetonline.com

SHARE REGISTRAR

Scarlet I.T. Systems (Private) Limited
 24-Ferozepur Road, Lahore.
 Tel: 042-37426144
 Fax: 042-37570303
 E.mail: treet@scarletsystem.com

TREET GROUP FACTORIES

72-B, Kot Lakhpat Industrial Area, Lahore.
 Phones: 042-35830881, 35156567 & 35122296
 Fax: 042-35114127, 35215825

Hali Road: P.O. Box No. 308, Hyderabad.
 Phones : 0223-880846, 883058 & 883174
 Fax: 0223-880172

First Treet Manufacturing Modaraba
 (Managed by Global Econo Trade (Private) Limited)

Packaging Solution - Corrugation
 22- K.M. Ferozepur Road, Kachha Tiba, Rohi Nala,
 Lahore. Tel: (042) 8555848

GROUP COMPANIES / OFFICES

Global Econo Trade (Private) Limited

(A wholly owned subsidiary of Treet Corporation Limited)

72-B, Kot Lakhpat Industrial Area, Lahore.

Phones: 042-35830881, 35156567

Fax: 042-35114127, 35215825

First Treet Manufacturing Modaraba

(Managed by Global Econo Trade (Private) Limited)

Principal Place of Business:

72-B, Kot Lakhpat Industrial Area, Lahore.

Phones: 042-35830881, 35156567

Fax: 042-35114127, 35215825

TCL Labor - Hire Company (Private) Limited

(A wholly owned subsidiary of Global Econo Trade (Private) Limited)

72-B, Kot Lakhpat Industrial Area, Lahore.

Phones: 042-35830881, 35156567

Fax: 042-35114127, 35215825

Treet Power Limited

(A wholly owned subsidiary of Global Econo Trade (Private) Limited)

72-B, Kot Lakhpat Industrial Area, Lahore.

Phones: 042-35830881, 35156567

Fax: 042-35114127, 35215825

Global Arts Limited (Formerly Treet Services Limited)

(A wholly owned subsidiary of Global Econo Trade (Private) Limited)

72-B, Kot Lakhpat Industrial Area, Lahore.

Phones: 042-35830881, 35156567

Fax: 042-35114127, 35215825

KARACHI OFFICE

17-Abdullah Haroon Road, Karachi.

Phones: 021-35681576

Fax: 021-35681575

Directors' Review

The directors of your company are pleased to present un-audited consolidated financial statements for the 1st Quarter ending on September 30, 2014.

Financial Performance

Following is the summary of comparative financial results*

*More fruitful comparison is between consolidated results of this year with corresponding period last year due to following reasons:

- Global Econo Trade (Private) Limited (GET) is wholly owned subsidiary of your Company.
- Your Company and GET virtually holds 100% certificates of FTMM.
- Intra- company sales within Treet Group are Inter- Stock Transfer from Treet Group's perspective.
- Likewise Intra- company services within Treet Group are set-off in consolidation.

Three Month Ended-						
(Rupees in thousand)	September 30, 2014		September 30, 2013		% Change	
	Treet	Consolidated	Treet	Consolidated	(1) over (3)	(2) over (4)
	(1)	(2)	(3)	(4)		
Sales (net)	1,021,186	1,774,506	1,012,894	1,712,240	0.82%	3.64%
Gross Profit	300,495	385,377	260,603	296,716	15.31%	29.88%
Operating Profit	110,976	152,495	104,327	104,060	6.37%	46.55%
Profit before taxation	69,176	78,668	197,187	193,695	-64.92%	-59.39%
Provision for taxation	(10,062)	(11,032)	(8,624)	(9,418)	16.67%	17.14%
Profit after taxation	59,114	67,636	188,563	184,277	-68.65%	-63.30%
EPS (in Rupees)	1.16	1.33	4.32	4.22		

The Company's posted profit after tax (consolidated) at Rs. 67.636 million is decreased by 63.30% against Rs. 184.277 million in the corresponding period of the last year. Sales performance is described below:

SEGMENT WISE SALES

Rs. in 000	2014-2015					
	D/E+ Bonded	Soap	Corrugation	Paper & Board	Motorbike	Total
Sales	1,021,309	211,349	446,604	17,347	77,897	1,774,506
Inter-Company / Segment Sales	-	-	17,285	78,375	-	95,660
	1,021,309	211,349	463,889	95,722	77,897	1,870,166
Rs. in 000	2013-2014					
	D/E+ Bonded	Soap	Corrugation	Paper & Board	Motorbike	Total
Sales	1,012,894	227,828	397,910	10,191	63,417	1,712,240
Inter-Company / Segment Sales	-	-	14,874	107,498	-	122,372
	1,012,894	227,828	412,784	117,689	63,417	1,834,612
Sales Growth %	0.83%	-7.23%	12.38%	-18.67%	22.83%	1.94%

- Blade/disposable business maintained its volumes in local and export markets;
- Soaps sales volumes will be restored in the coming months;
- Corrugation showed good sales growth during the period;
- Paper & Board operations discontinued its operation in September 2014;
- Motor Cycle operations are revamped and will take momentum in the coming months.

Overall reason for decrease in net profitability is due to the following factors:

- Healthy gains on investment in shares in the last period;
- Loss on disposal of Paper & Board Plant (including plant, machinery, land, building and allied).

Production

The production of razor/ blades from Lahore and Hyderabad comes to **426.89** million blades as compared to **428.12** million blades produced in the same period of the last year, registering a decrease of 0.29%.

Accrual of Profit on Participation Term Certificates (TCLTC) based on 1st quarterly consolidated results:

The following accrual of profit is being made on TCLTC on the basis of half yearly results:

PAY-OFF MATRIX :		Calculation of Category "B" Payment	
Profit * from	Profit* to	Payoff % on Excess Amount of profit	
-	179,500,000	NIL	
179,500,001	250,000,000	72% of amount exceeding Rs. 179,500,000.00	
250,000,001	350,000,000	Rs.50,760,000.00 and 25% of amount exceeding Rs. 250,000,000.00	
350,000,001	450,000,000	Rs.75,760,000.00 and 20% of amount exceeding Rs. 350,000,000.00	
450,000,001	550,000,000	Rs.95,760,000.00 and 15% of amount exceeding Rs. 450,000,000.00	
550,000,001	650,000,000	Rs.110,760,000.00 and 10% amount exceeding Rs. 550,000,000.00	
650,000,001	and above	Rs.120,760,000.00 and 5 % of amount exceeding Rs. 650,000,000.00	

	Rs.in 000		Rs.in 000
Consolidate Profit*	156,700	Extrapolated Profit for the full Year	626,800

*Profit means Consolidate Profit before Tax, WPPF/ WWF and Financial Charges on account of any payment or accrual made for TCLTCs

	Rs. In 000	Rs. Per TCLTC
Category "B" Payment (Additional Profit in Cash)	118,440	2.83
Minimum Profit Payment in Cash	173,144	4.14
Financial Charges i.e. Total Profit in Cash	291,584	6.97
Financial Charges accrued for the period i.e. 3 months	72,896	1.74

PAY-OFF MATRIX (PER TCLTC):		Based on Extrapolated Profit for the full year			
Principal Redemption in Cash	Minimum Profit Payment in Cash	Minimum Payment in Cash	Category "B" Payment (Additional Profit in Cash)	Total Profit in Cash	Total Payment in Cash
(1)	(2)	(3) = (1) + (2)	(4)	(5) = (2) + (4)	(6) = (1) + (5)
0.15	4.14	4.29	2.83	6.97	7.12

However, this is accrual based on quarterly consolidated results *extrapolated* for full year, actual payment will be made on following dates according to *actual* full year results ending on June 30, 2015.

Respective Date(s) of Entitlements and Date(s) of Payment under Category "A" and Category "B" Payment for the first year* will be as follows:

Year	Book Closure Dates (both days inclusive)		Entitlement Date	Minimum Payment in Cash Date	Allotment Date for Conversion	Category "B" Payment (in Cash) Date
	From	To		under Category "A" Payment		
2015	11-10-2015	17-10-2015	09-10-2015	02-11-2015	02-11-2015	02-11-2015

*[as mentioned in the Prospectus of Participation Term Certificate (TCLTC) and extract from it [pertaining to third year] is reproduced here]

Apart from the "Total Payment in Cash", TCLTC holders [who will be entitled on October 09, 2015] will also get Ordinary Shares of the Company on the following basis:

PRINCIPAL REDEMPTION THROUGH CONVERSION			
Principal Redemption Through Conversion	No. of Share Through Conversion	Conversion Price Per Share	The Conversion price per share is for information/ accounting / taxation purpose. No further amount will be paid by the PTC holders. <i>This is the opportunity cost of the principal value of PTC forgone to get One additional Ordinary Share of the Company</i>
4.14	0.07	59.14	

Example: Thus holder of 1,000 TCLTCs will get 70 Ordinary Shares of the Company on or before November 02, 2015 vis-à-vis principal value of Rs. 4,140/- forgone.

Acknowledgements

We place on record our gratitude to our valued customers for their confidence in our products and pledge to provide them the best quality in continually improving our products. We would also like to thank all our colleagues, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Consolidated Financial Statements


For the Period ended September 30, 2014

Condensed Interim Consolidated Balance Sheet (Un-Audited)

As At September 30, 2014

	September 2014 Un-audited (Rupees in thousand)	June 2014 Audited
Note		
Property, plant and equipment	2,916,547	3,081,461
Investment property	-	-
Long term investments	234,646	234,646
Long term deposits	43,619	50,822
	3,194,812	3,366,929
Current assets		
Stores and spares	246,720	235,011
Stock-in-trade	1,101,075	968,903
Trade debts - unsecured considered good	577,058	613,934
Short term investments	817,288	632,327
Loans, advances, deposits, prepayments and other receivables	839,154	765,519
Cash and bank balances	715,346	662,752
	4,296,641	3,878,446
Current liabilities		
Current portion of non-current liabilities	179,417	179,417
Finance under mark-up-arrangements - secured	976,171	797,357
Trade and other payables	1,008,364	1,019,763
Provision for taxation	54,695	43,656
	2,218,647	2,040,193
Net current assets	2,077,994	1,838,253
Net Assets	5,272,806	5,205,182
FINANCED BY:		
Issued, subscribed and paid-up capital	510,231	510,231
Reserves	1,108,785	1,108,785
Unappropriated profit	1,357,908	1,275,337
SHARE HOLDERS' EQUITY	2,976,924	2,894,353
Minority Interest	2,291	2,262
Participation term finance certificates	895,834	895,834
Surplus on revaluation of fixed assets	1,340,987	1,355,959
Long term deposits	463	467
Deferred liabilities	56,307	56,307
Contingencies and commitments	5	-
	5,272,806	5,205,182

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director


Condensed Interim Consolidated Profit And Loss Account (Un-Audited)

For the period ended September 30, 2014

	Note	3 Months ended	
		July to September 2014	July to September 2013
Rupees in '000			
Revenue and Sales -Net	6	1,774,506	1,712,240
Cost of Goods Sold	7	(1,389,129)	(1,415,524)
Gross Profit		385,377	296,716
Operating expenses :			
- Administrative expenses		(44,131)	(38,975)
- Selling & distribution expenses		(188,751)	(153,681)
		(232,882)	(192,656)
Operating Profit		152,495	104,060
Other income		23,660	200,441
		176,155	304,501
Financial expenses		(19,455)	(16,438)
Financial charges Treet-PTC		(72,896)	(79,754)
Share of profit of associate		-	-
		83,804	208,309
Workers' Profit Participation Fund		(3,724)	(10,590)
Workers' Welfare Fund		(1,412)	(4,024)
		(5,136)	(14,614)
Profit before taxation		78,668	193,695
Taxation			
- Group		(11,032)	(9,418)
- Associated company		-	-
Profit after taxation		67,636	184,277
Earnings per share		1.33	4.22

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2014

	3 Months ended	
	July to September 2014	July to September 2013
Rupees in '000'		
Profit after taxation	67,599	184,232
Other comprehensive income		
Available -for -sale financial assets		
Fair value adjustment	-	(663)
	-	(663)
Total comprehensive income for the period	67,599	183,569

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

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Consolidated Cash Flow Statement (Un-Audited)

For the period ended September 30, 2014

	July to September 2014	July to September 2013
Rupees in '000'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	78,668	193,695
Adjustments for non-cash items :		
Financial charges for the period	19,455	16,438
Financial charges Treet-PTC	72,896	79,754
Depreciation on property, plant and equipment	53,189	37,511
Provision for gratuity	3,705	3,373
Provision for superannuation fund scheme	3,395	3,215
Profit on bank deposits	(5,044)	(2,297)
Realization of fair value reserve	-	(808)
Dividend income	(216)	-
Provision for WPPF and WWF	5,136	14,614
(Gain)/Loss on sale of fixed assets	32,602	(14,229)
	185,118	137,571
Operating profit before working capital changes	263,786	331,266
(Increase) / decrease in operating assets :		
Stores and spares	(11,709)	(40,694)
Stock-in-trade	(132,172)	(7,022)
Trade debts	36,876	(51,239)
Short term investments	(78,806)	(130,378)
Loans, advances, deposits, prepayments and other receivables	(118,903)	(128,716)
	(304,714)	(358,049)
Increase / (decrease) in operating liabilities		
Trade and other payables	(115,674)	8,790
Cash generated from operations	(156,602)	(17,993)
Financial charges paid	(26,190)	(23,525)
Taxes paid	(2,041)	(42,740)
WPPF and WWF	-	2
Payment to gratuity fund	(21,493)	(16,860)
Payment to superannuation fund	(11,239)	(14,816)
	(60,963)	(97,939)
Net cash from operating activities	(217,565)	(115,932)

	July to September 2014	July to September 2013
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(54,662)	(32,430)
Proceeds from sale of fixed assets	133,784	19,546
Long term investments	-	6,060
Long term deposits	7,203	2,698
Profit received on bank deposits	5,044	2,297
Net cash outflow from investing activities	91,369	(1,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Deposits	(4)	(1,887)
Dividend paid	(20)	(85)
Net cash from financing activities	(24)	(1,972)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(126,220)	(119,733)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(134,605)	(238,153)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(260,825)	(357,886)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	715,346	331,362
Finance under mark-up arrangements	(976,171)	(689,248)
	(260,825)	(357,886)

The attached notes 1 to 11 form an integral part of this condensed interim financial information.


Condensed Interim Consolidated Statement Of Changes In Shareholders Equity (Un-Audited)

For the period ended September 30, 2014

	Share Capital	Capital Reserve	Statutory Reserve	General Reserve Rupees in '000'	Fair Value Reserve	Unappropriated Profit	Total
Balance as on June 30, 2013 as previously reported	418,222	8,949	212,091	266,400	1,687	1,241,334	2,148,683
Effect of retrospective application of change in an accounting policy	-	-	-	-	-	(55,177)	(55,177)
Balance as on June 30, 2013 as restated	418,222	8,949	212,091	266,400	1,687	1,186,157	2,093,506
Realized gain on disposal of available for sale investments transferred to profit and loss	-	-	-	-	(808)	-	(808)
Total comprehensive income for the period	-	-	-	-	(663)	184,232	183,569
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-	1,299	1,299
Balance as on September 30, 2013	418,222	8,949	212,091	266,400	216	1,371,688	2,277,566
Balance as on June 30, 2014	510,231	591,952	252,091	266,400	(1,658)	1,275,337	2,894,353
Total comprehensive income for the period	-	-	-	-	-	67,599	67,599
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	-	14,972	14,972
Balance as on September 30, 2014	510,231	591,952	252,091	266,400	(1,658)	1,357,908	2,976,924

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafiqe Anjum
Director

Notes To The Consolidated Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

1. STATUS AND NATURE OF THE BUSINESS

The Group comprises:

Holding Company

Treet Corporation Limited (TCL)

Subsidiary Companies / Undertakings

Global Econo Trade (Private) Limited (GET)
First Treet Manufacturing Modaraba (FTMM)
TCL-Labor Hire (Private) Limited (TCL-Labor Hire)
Global Arts Limited (GAL) (Formerly Treet Services Limited)
Treet Power Limited (TPL)

- 1.1 The Parent Company was incorporated in Pakistan on 22 January 1977 as a Public Limited Company under the Companies Act, 1913 (now Companies Ordinance, 1984). Its shares are listed on Karachi, Islamabad and Lahore Stock Exchanges. The principal activity of the Parent Company is to manufacture and sell razors and razor blades. The registered office of the Parent Company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

GET was incorporated in Pakistan on 21 October 2004 as a Private Limited Company under the Companies Ordinance, 1984. The principal activity of GET is marketing and sale of razors and razor blades manufactured by the Parent Company, Soaps manufactured by First Treet Manufacturing Modaraba (FTMM) and manufacturing and sale of Motor Bikes. GET commenced its commercial operations from 01 January 2005. The registered office of GET is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

FTMM is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 on 27 July 2005 and Rules framed there under and is managed by GET, incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the FTMM is situated 72-B, Industrial Area, Kot Lakhpat, Lahore. FTMM is listed on Lahore Stock Exchange (Guarantee) Limited. FTMM was previously engaged in the manufacturing and sale of corrugated boxes, paper and soaps. However, the Board of Directors of modaraba management company approved the sale of non-current assets including land, building and plant and machinery of paper and board mill division of the Modaraba. In line with the decision taken by the Board, the Modaraba entered into a sale agreement dated 03 September 2014 to sell off non-current assets including land, building and plant and machinery of its paper and board mill division against the consideration amounting to Rs. 162 million. The results of discontinued operations has been disclosed in note 10 of the condensed interim financial information.

TCL-Labor Hire was incorporated in Pakistan on 18 September 2006 as a Private Limited Company under the Companies Ordinance, 1984. TCL-Labor Hire is engaged in the business of rendering professional and technical services and providing related workforce to the host companies / customers, under service agreements. The registered office of TCL-Labor Hire is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Global Arts Limited (Formerly Treet Services Limited) was incorporated in Pakistan on 26 October 2007 as a private limited company under the Companies Ordinance, 1984. Subsequently, on 23 July 2014, the Company was converted into a public limited company. The company is engaged in the business of whole range of industrial, administrative, technical and accounting control as well as janitorial and premises maintenance, providing of contractual employment and supply of labor. Its registered office is situated at 72-B, Industrial Area Kot Lakhpat, Lahore.

TPL was incorporated on 20 November 2007 in Pakistan as an unquoted Public Limited Company under the Companies Ordinance, 1984. At present, TPL is planning to set up an electric power generation project for generating, distribution and selling of electric power. The registered office of TPL is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2014.

The condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the financial statements for the year ended 30 June 2014.

4. ESTIMATES

The preparation of condensed Interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 Company's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2014.

5. CONTINGENCIES AND COMMITMENTS

There is no material change in the position of contingent liabilities since the last audited published financial statements.

	3 Months ended	
	July to September 2014	July to September 2013
	Rupees in '000'	
6. SALES - Net		
Blades	1,021,309	1,012,894
Soaps	211,349	227,828
Packaging products	446,604	397,910
Paper and board	17,347	10,191
Motor bike project	77,897	63,417
	1,774,506	1,712,240
7. COST OF GOODS SOLD		
Blades	(715,567)	(752,205)
Soaps	(178,887)	(210,880)
Packaging products	(324,501)	(268,626)
Paper and board	(90,323)	(105,385)
Motor bike project	(79,851)	(78,428)
	(1,389,129)	(1,415,524)

8. TRANSACTIONS WITH RELATED PARTIES

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.

	3 Months ended	
	July to September 2014	July to September 2013
Rupees in '000'		
Purchases and services received	56,012	60,442
Goods sold and services rendered	7	-

9. This unaudited condensed interim financial information was authorized for issue by the board of directors on October 28, 2014.

10. DISCONTINUED OPERATIONS

The profit and loss account of the discontinued paper business is as follows:

Revenue and Sales -Net	95,722	117,690
Cost of Goods Sold	(97,606)	(118,569)
Gross Profit	(1,884)	(879)
Operating expenses :		
- Administrative expenses	(78)	(345)
- Selling & distribution expenses	(348)	(343)
	(426)	(688)
Operating Profit	(2,310)	(1,567)
Other operating expenses	(33,463)	131
Loss before taxation	(35,773)	(1,436)
Taxation	-	-
Loss after taxation	(35,773)	(1,436)

11. GENERAL

11.1 Amounts have been rounded off to thousand rupees.

11.2 The Board of Directors in their meeting held on 28 September 2014 has proposed a final cash dividend of Rs. 2 per share (2013: Rs. 2 per share) for the year ended 30 June 2014 amounting to Rs. 102.046 million (2013: Rs. 83.644 million) for the approval of the members at the annual general meeting to be held on 31 October 2014. These condensed interim financial statements do not reflect this proposed dividend payable.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

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Unconsolidated
Financial Statements
For the Period ended September 30, 2014


Condensed Interim Unconsolidated Balance Sheet (Un-Audited)


As At September 30, 2014

	Note	September 2014 Un-audited (Rupees in thousand)	June 2014 Audited
Property, plant and equipment		2,586,960	2,591,422
Long term investments		1,699,032	1,399,032
Long term deposits		13,993	11,806
		4,299,985	4,002,260
Current assets			
Stores and spares		197,383	145,866
Stock-in-trade		528,866	467,011
Trade debts - unsecured considered good		193,473	427,585
Short term investments		817,288	630,639
Loans, advances, deposits, prepayments and other receivables		644,178	613,964
Cash and bank balances		224,528	447,139
		2,605,716	2,732,204
Current liabilities			
Current portion of non-current liabilities		179,417	179,417
Finance under mark-up-arrangements - secured		976,171	797,357
Trade and other payables		831,158	907,906
Provision for taxation		31,349	21,287
		2,018,095	1,905,967
Net current assets		587,621	826,237
Net Assets		4,887,606	4,828,497
FINANCED BY:			
Issued, subscribed and paid-up capital		510,231	510,231
Reserves		858,399	858,400
Unappropriated profit		1,289,777	1,227,609
SHARE HOLDERS' EQUITY		2,658,407	2,596,240
Participation term finance certificates		895,834	895,834
Surplus on revaluation of fixed assets		1,298,022	1,301,075
Long term deposits		313	318
Deferred liabilities		35,030	35,030
Contingencies and commitments	6	-	-
		4,887,606	4,828,497

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Condensed Interim Unconsolidated Profit and Loss Account (Un-Audited)

For the period ended September 30, 2014

	Note	3 Months ended	
		July to September 2014	July to September 2013
		Rupees in '000	
Revenue and Sales -Net	7	1,021,186	1,012,894
Cost of Goods Sold	8	(720,691)	(752,291)
Gross Profit		300,495	260,603
Operating expenses			
- Administrative expenses		(36,429)	(32,941)
- Selling & distribution expenses		(153,090)	(123,335)
		(189,519)	(156,276)
Operating Profit		110,976	104,327
Other income		55,677	203,565
		166,653	307,892
Financial expenses		(19,454)	(16,337)
Financial charges Treet-PTC		(72,896)	(79,754)
		74,303	211,801
Workers' Profit Participation Fund		(3,715)	(10,590)
Workers' Welfare Fund		(1,412)	(4,024)
		(5,127)	(14,614)
Profit before taxation		69,176	197,187
Taxation		(10,062)	(8,624)
Profit after taxation		59,114	188,563
Earnings per share		1.16	4.32

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2014

	3 Months ended	
	July to September 2014	July to September 2013
Rupees in '000'		
Profit after taxation	59,114	188,563
Other comprehensive income		
Available -for -sale financial assets		
Fair value adjustment	-	(666)
	-	(666)
Total comprehensive income for the period	59,114	187,897

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

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

Condensed Interim Unconsolidated Cash Flow Statement (Un-Audited)

For the period ended September 30, 2014

	July to September 2014	July to September 2013
Rupees in '000'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	69,176	197,187
Adjustments for non-cash items		
Financial charges for the period	19,454	16,337
Financial charges Treet-PTC	72,896	79,754
Depreciation on property, plant and equipment	42,356	27,419
Provision for gratuity	3,705	3,373
Provision for superannuation fund scheme	3,395	3,215
Profit on bank deposits	(2,671)	(445)
Realization of fair value reserve	-	(808)
Dividend income	(216)	-
Provision for WPPF and WWF	5,127	14,614
(Gain)/Loss on sale of fixed assets	(1,023)	(14,229)
	143,023	129,230
Operating profit before working capital changes	212,199	326,417
(Increase) / decrease in operating assets:		
Stores and spares	(51,517)	(32,283)
Stock-in-trade	(61,855)	57,566
Trade debts	234,112	(58,511)
Short term investments	(80,494)	(143,220)
Loans, advances, deposits, prepayments and other receivables	(60,088)	(61,657)
	(19,842)	(238,105)
Increase / (decrease) in operating liabilities		
Trade and other payables	(181,026)	(32,893)
Cash generated from operations	11,331	55,419
Financial charges paid	(26,189)	(23,424)
Taxes paid	(17,422)	(25,260)
Payment to gratuity fund	(21,493)	(16,860)
Payment to superannuation fund	(11,239)	(14,816)
	(76,343)	(80,360)
Net cash from operating activities	(65,012)	(24,941)

	July to September 2014	July to September 2013
Rupees in '000'		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(38,923)	(27,165)
Proceeds from sale of fixed assets	2,051	19,546
Long term investments	(300,000)	6,145
Long term deposits	(2,187)	1,906
Profit received on bank deposits	2,671	445
Net cash outflow from investing activities	(336,388)	877
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Deposits	(5)	(2,110)
Dividend paid	(20)	(92)
Net cash from financing activities	(25)	(2,202)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(401,425)	(26,266)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(350,218)	(510,196)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(751,643)	(536,462)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	224,528	152,786
Finance under mark-up arrangements	(976,171)	(689,248)
	(751,643)	(536,462)

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

Condensed Interim Unconsolidated Statement of Changes In Equity (Un-Audited)

For the period ended September 30, 2014

	Share Capital	Capital Reserve	General Reserve	Fair Value Reserve	Unappropriated Profit	Total
	Rupees in '000'					
Balance as on June 30, 2013 as previously reported	418,222	8,949	266,400	1,687	1,157,296	1,852,554
Effect of retrospective application of change in an accounting policy	-	-	-	-	(41,710)	(41,710)
Balance as on June 30, 2013 as restated	418,222	8,949	266,400	1,687	1,115,586	1,810,844
Realized gain on disposal of available for sale investments transferred to profit and loss	-	-	-	(808)	-	(808)
Total comprehensive income for the period	-	-	-	(666)	188,563	187,897
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	1,299	1,299
Balance as on September 30, 2013	418,222	8,949	266,400	213	1,305,448	1,999,232
Balance as on June 30, 2014	510,231	591,952	266,400	48	1,227,609	2,596,240
Total comprehensive income for the period	-	-	-	-	59,114	59,114
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	-	-	-	-	3,053	3,053
Balance as on September 30, 2014	510,231	591,952	266,400	48	1,289,776	2,658,407

The attached notes 1 to 11 form an integral part of this condensed interim financial information.

LAHORE
October 28, 2014


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Notes To The Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

1. STATUS AND NATURE OF BUSINESS

Treet Corporation Limited ("the Company") was incorporated in Pakistan on 22 January 1977 as a Public Limited Company under the Company's Act 1913 (now Companies Ordinance 1984). Its shares are listed on Karachi, Islamabad and Lahore Stock Exchanges. The principal activity of the Company is to manufacture and sale of razors and razor blades. The registered office of the Company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

2. BASIS OF PREPARATION

The condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and provisions of and directives issued under the Companies Ordinance, 1984 has been followed. This condensed interim information is unaudited and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2014.

3. ACCOUNTING POLICIES

Accounting policies adopted for the preparation of these condensed financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2014.

4. ESTIMATES

The preparation of condensed Interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 Company's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2014.

The provision for taxation for the period has been made on an estimated basis.

5. PROPERTY, PLANT AND EQUIPMENT

The following acquisitions and disposals have been made during the three months period ended 30 September 2014:

	Acquisitions Cost	Disposals Book value
Building on freehold land	-	-
Plant and machinery	17,240	-
Furniture and equipment	1,565	210
Vehicles	3,551	817
	22,356	1,027

6. CONTINGENCIES AND COMMITMENTS

There are no significant changes in the contingent liabilities and commitments since the last audited published financial statements.

	3 Months ended	
	July to September 2014	July to September 2013
	Rupees in '000	
7. SALES - Net		
Local sales	544,784	560,212
Export sales	476,402	452,682
	1,021,186	1,012,894
8. COST OF GOODS SOLD		
Raw and packing material consumed	(396,538)	(389,907)
Stores and spares consumed	(26,045)	(36,186)
Salaries, wages and other benefits	(158,621)	(137,690)
Fuel and power	(78,741)	(87,461)
Depreciation	(32,138)	(18,849)
Others	(30,681)	(28,049)
	(722,764)	(698,142)
Opening stock of work-in-process	(51,711)	(47,273)
Closing stock of work-in-process	45,826	46,579
Cost of goods manufactured	(728,649)	(698,836)
Opening stock of finished goods	(71,200)	(87,478)
Purchases	-	(74)
Closing stock of finished goods	79,158	34,097
	(720,691)	(752,291)

9. TRANSACTIONS WITH RELATED PARTIES

	3 Months ended	
	July to September 2014	July to September 2013
	Rupees in '000	
Subsidiary		
-Purchases and services received	68,335	55,701
-Goods sold and services rendered	-	-
Associated		
-Purchases and services received	40,696	31,254
-Goods sold and services rendered	7	-

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods

10. Date of authorization

This unaudited condensed interim financial information was authorized for issue by the board of directors on October 28, 2014.

11. General

11.1 Amounts have been rounded off to thousand rupees.

11.2 The Board of Directors in their meeting held on 28 September 2014 has proposed a final cash dividend of Rs. 2 per share (2013: Rs. 2 per share) for the year ended 30 June 2014 amounting to Rs. 102.046 million (2013: Rs. 83.644 million) for the approval of the members at the annual general meeting to be held on 31 October 2014. These condensed interim financial statements do not reflect this proposed dividend payable.



To thrive in today's economy, we
must challenge the status quo
and get the necessary
skills/know-how to succeed and
revisit our paradigms



Treet Corporation Limited

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