



FIRST TREET MANUFACTURING MODARABA



**Half Yearly Financial Statement**

**JULY - DECEMBER  
2013 - 2014**

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## Corporate Information

<b>BOARD OF DIRECTORS</b>	Syed Shahid Ali Syed Shaharyar Ali Mr. Muhammad Shafique Anjum Mr. Shahid Zia	Chief Executive Officer/ Director Director Director Director
<b>AUDIT COMMITTEE</b>	Mr. Muhammad Shafique Anjum Syed Shahid Ali Mr. Shahid Zia	Chairman/Member Member Member
<b>CHIEF ACCOUNTANTS</b>	Mr. Sohail Habib Mr. Sajjad Haider Khan	
<b>COMPANY SECRETARY</b>	Rana Shakeel Shaukat	
<b>EXTERNAL AUDITORS</b>	KPMG Taseer Hadi & Co.	Chartered Accountants
<b>EXTERNAL AUDITORS OF MODARABA CO.</b>	Hyder Bhimji & Company	Chartered Accountants
<b>LEGAL ADVISORS</b>	Saleem & Baig	Advocates
<b>SHARIAH ADVISOR</b>	Mufti Iftikhar Baig	
<b>Bankers to the Modaraba</b>	<ol style="list-style-type: none"> <li>1. Allied Bank Limited</li> <li>2. BankIslami Pakistan Limited</li> <li>3. Bank Alfalah Limited</li> <li>4. Barclays Bank PLC, Pakistan</li> <li>5. Dubai Islamic Bank Pakistan Limited</li> <li>6. Faysal Bank Limited</li> <li>7. Habib Bank Limited</li> <li>8. MCB Bank Limited</li> <li>9. NIB Bank Limited</li> <li>10. United Bank Limited</li> </ol>	
<b>REGISTERED OFFICE/ PLACE OF BUSINESS</b>	72-B, Industrial Area, Kot Lakhpat, Lahore Ph. 042-35830881, 35156567 Fax: 042-35114127, 35117650 Email: info@treetonline.com, web www.treetgroup.com	
<b>SHARES REGISTRAR</b>	Scarlet IT Systems (Pvt) Limited 24-Ferozepur Road, Lahore Ph: 042-37570202, 303 Email: treet@scarletsystem.com	
<b>PACKAGING SOLUTIONS</b>	Kacha Tiba Rohi Nala, 22-KM Ferozepur Road, Lahore	
<b>PAPER &amp; BOARD MILL</b>	31-KM, Lahore Sheikhpura Road, Sheikhpura	
<b>SOAP-PLANT</b>	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

## Directors' Report

Board of Directors of Global Econo Trade (Private) Limited (GET), the Management Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present financial statements (limited reviewed by the statutory auditors) for the **1st half** ending on December 31, 2013.

### Financial Results

Rs. in 000'	2013-2014	2012-2013
Net Sales	1,241,171	1,034,652
Gross Profit	98,352	121,836
Net Profit	43,564	58,623
Profit per Certificate	0.33	0.45
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	11.62	11.65

### Segment Wise Sales:

2013-2014				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	430,464	779,385	31,322	1,241,171
Inter-Segment Sales	-	27,965	234,953	262,918
	430,464	807,350	266,275	1,504,089

2012-2013				
Rs. in 000'	Soap	Corrugation	Paper & Board	Total
Sales	307,951	637,437	89,264	1,034,652
Inter-Segment Sales	-	33,946	186,626	220,572
	307,951	671,383	275,890	1,255,224
Sales Growth %	39.78%	20.25%	-3.49%	19.83%

### Margins are generally decreased despite the increase in sales:

- Main reason for reduction in net profitability is due to increase in costs. However, sales & marketing stratagem is being revamped to boost-up sales in coming months;
- Moreover, increase in power tariffs and expensive in-house power generations is constant clog on the margins, particularly in the paper & board industry;

Management of your Modaraba is confident to maintain these margins in the coming months because of better sales stratagem, price rationalization and raw material sourcing.

**Authorized Capital**

Board of Directors has also decided to increase the authorized certificate capital of First Treet Manufacturing Modaraba from 150,000,000 certificates of Rs. 10/- per certificate (i.e. authorized capital of Rs. 1,500,000,000) to 300,000,000 certificates of Rs. 10/- per certificate (i.e. authorized capital of Rs. 3,000,000,000) subject to necessary approvals.

**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 Lahore Stock Exchange (Guarantee) 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  
Dated: February 24, 2014

## Independent Auditors Report on Review of Condensed Interim Financial Information to the Members

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **First Treet Manufacturing Modaraba** ("the Modaraba") as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as "the interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

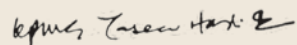
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2013 and 31 December 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

LAHORE:  
February 24, 2014



KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Farid Uddin Ahmed)


## Condensed Interim Balance Sheet

As at December 31, 2013 (Un-audited)

	Note	December 31, 2013 Un-audited (Rupees in thousand)	June 30, 2013 Audited
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	431,359	445,653
Long term loans and advances		15,719	13,837
Long term deposits		13,354	13,354
		460,432	472,844
<b>Current assets</b>			
Stores and spares		116,413	64,886
Stock-in-trade	6	587,879	365,626
Trade debts		338,842	320,159
Advances, deposits, prepayments and other receivables		132,640	98,138
Tax refunds due from the Government		99,523	82,531
Cash and bank balances		179,481	240,288
		1,454,778	1,171,628
<b>Total Assets</b>		<b>1,915,210</b>	<b>1,644,472</b>
<b>Equity and Liabilities</b>			
<b>Certificate capital and reserves</b>			
Authorized certificate capital			
150,000,000 (2013: 150,000,000) modaraba certificates of Rs. 10 each		1,500,000	1,500,000
Issued, subscribed and paid-up capital		1,304,000	1,304,000
Statutory reserve		212,091	212,091
Accumulated (loss) / profit		(1,287)	3,397
Certificate holders' equity		1,514,804	1,519,488
<b>Non-current liabilities</b>			
Retention money		1,109	1,510
<b>Current liabilities</b>			
Trade and other payables	7	399,297	123,474
<b>Contingencies and commitments</b>			
	8		
<b>Total Equity and Liabilities</b>		<b>1,915,210</b>	<b>1,644,472</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2014

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director


## Condensed Interim Profit and Loss Account

For the period ended December 31, 2013 (Un-audited)

	Note	For the half year ended		For the quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
(Rupees in thousand)					
Sales - net	9	1,241,171	1,034,652	604,862	536,422
Cost of goods sold	10	(1,142,819)	(912,816)	(558,375)	(459,153)
<b>Gross profit</b>		98,352	121,836	46,487	77,269
Administrative expenses		(8,475)	(8,517)	(4,956)	(3,971)
Distribution expenses		(48,135)	(61,692)	(25,716)	(44,597)
		(56,610)	(70,209)	(30,672)	(48,568)
<b>Operating profit</b>		41,742	51,627	15,815	28,701
Finance cost		(227)	(269)	(153)	(164)
Other income		2,049	7,265	2,339	2,790
<b>Net profit for the period</b>		43,564	58,623	18,001	31,327
<b>Earnings per modaraba certificate - basic and diluted</b>	<b>(Rupees)</b>	0.33	0.45	0.14	0.39

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2014

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director



## Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2013 (Un-audited)

	For the half year ended		For the quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- (Rupees in thousand) -----				
<b>Profit for the period</b>	43,564	58,623	18,001	31,327
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>43,564</b>	<b>58,623</b>	<b>18,001</b>	<b>31,327</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

**LAHORE:**  
February 24, 2014



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director


## Condensed Interim Cash Flow Statement

For the period ended December 31, 2013 (Un-audited)

	December 31, 2013	December 31, 2012
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	43,564	58,623
Adjustment for non-cash and other items:		
Depreciation	19,667	14,452
Finance cost	227	269
Other income	-	(2,317)
	19,894	12,404
<b>Operating profit before working capital changes</b>	63,458	71,027
<b>(Increase) / decrease in current assets:</b>		
Stores and spares	(51,527)	(1,855)
Stock-in-trade	(222,253)	(10,194)
Trade debts	(18,683)	(92,047)
Advances, deposits, prepayments and other receivables	(34,502)	47,111
	(326,965)	(56,985)
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	275,823	(56,560)
<b>Cash generated from / (used in) operations</b>	12,316	(42,518)
Finance cost paid	(227)	(269)
Taxes paid	(16,992)	(1,542)
(Increase) / decrease in long term advances	(1,882)	1,037
<b>Net cash used in operating activities</b>	(6,785)	(43,292)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,373)	(73,099)
Investment made	-	(75,000)
Proceeds from sale of investments	-	61,391
<b>Net cash used in investing activities</b>	(5,373)	(86,708)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Profit distributed	(48,248)	(84,760)
Retention money	(401)	234
<b>Net cash used in financing activities</b>	(48,649)	(84,526)
<b>Net decrease in cash and cash equivalents</b>	(60,807)	(214,526)
<b>Cash and cash equivalents at the beginning of the period</b>	240,288	367,208
<b>Cash and cash equivalents at end the of the period</b>	179,481	152,682

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2014

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

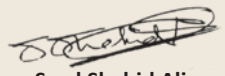
## Condensed Interim Statement of Changes in Equity

For the period ended December 31, 2013 (Un-audited)

	Certificate Capital	Certificate Deposit Money	Statutory Reserve	Accumulated Profit / (loss)	Total
..... (Rupees in thousand) .....					
<b>Balance as at 01 July 2012</b>	800,000	504,000	179,960	30,886	1,514,846
Certificate Capital issued	504,000	(504,000)	-	-	-
Total comprehensive income for the period	-	-	-	58,623	58,623
Profit distribution @ 6.5% for the year ended 30 June 2012	-	-	-	(84,760)	(84,760)
<b>Balance as at 31 December 2012</b>	1,304,000	-	179,960	4,749	1,488,709
Total comprehensive income for the period	-	-	-	69,899	69,899
Interim profit distribution @ 3%	-	-	-	(39,120)	(39,120)
Transfer to statutory reserve @ 25%	-	-	32,131	(32,131)	-
<b>Balance as at 30 June 2013</b>	1,304,000	-	212,091	3,397	1,519,488
Total comprehensive income for the period	-	-	-	43,564	43,564
Profit distribution @ 3.7% for the year ended 30 June 2013	-	-	-	(48,248)	(48,248)
<b>Balance as at 31 December 2013</b>	1,304,000	-	212,091	(1,287)	1,514,804

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2014

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

### 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 Global Econo Trade (Private) 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 the Lahore Stock Exchange (Guarantee) Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes, paper and soap.

### 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 issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). The disclosures in the condensed interim financial information do not include all the information reported in annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2013.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended 30 June 2013.

### 4. ESTIMATES

The preparation of the 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 expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual financial statements for the year ended 30 June 2013.

	Note	December 31, 2013 (Rupees in thousand)	June 30, 2013
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	431,359	444,996
Capital work-in-progress		-	657
		431,359	445,653
<b>5.1 Operating fixed assets</b>			
<b>Opening balance - net book value</b>		444,996	283,070
Additions during the period / year		6,030	190,895
<b>Depreciation charged during the period / year</b>	5.1.2	(19,667)	(28,969)
Closing balance - net book value		431,359	444,996

	Note	December 31, 2013 (Rupees in thousand)	June 30, 2013
<b>5.1.2</b>	The depreciation charge for the period / year has been allocated to cost of goods sold as under:		
Packaging Solutions - Corrugated boxes	10.1	10,661	13,349
Paper and Board Mill - Paper	10.2	7,631	12,932
Soap	10.3	1,375	2,688
		19,667	28,969
<b>6.</b>	<b>STOCK IN TRADE</b>		
Raw material and chemicals			
- in hand		350,386	185,845
- in transit		96,761	49,164
Packing material		22,928	19,556
Work-in-process		43,712	37,523
Finished goods		74,092	73,538
		587,879	365,626

#### 7. TRADE AND OTHER PAYABLES

This includes amount due to Treet Corporation Limited (an associated undertaking) amounting to Rs. 238 million.

#### 8. CONTINGENCIES AND COMMITMENTS

##### 8.1 Contingencies

- a) For the tax year 2011, the Deputy Commissioner of Inland Revenue has passed an order under sections 161 and 205 of Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 1.52 million. Against this order, the Company filed an appeal before the Commissioner of Inland Revenue which is pending adjudication.
- b) For the tax year 2012, the Deputy Commissioner of Inland Revenue passed an order under sections 161 and 205 of Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 41.36 million. Against this order, the Company filed appeal before the Commissioner of Inland Revenue which is pending adjudication at this point in time.

The Company is of the view that favourable outcome in both above mention matters is expected as the Company is fully compliant of withholding tax provisions.

##### 8.2 Commitments

- a) Outstanding letters of credit as at 31 December 2013 amounted to nil (June 2013: Rs 81.276 million).
- b) Outstanding guarantees as at 31 December 2013 amounted to Rs. 7.45 million (June 2013: nil).
- c) Post dated cheques issued in favour of Collector of Customs Karachi amounted to Rs. 33.34 million (June 2013: Rs. 19.25 million).

	Note	For the half year ended		For the quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2013	2012	2013	2012
		(Rupees in thousand)			
<b>9. SALES - NET</b>					
Packaging Solutions					
- Corrugated boxes	9.1	807,350	671,383	394,566	342,695
Paper and Board Mill - Paper	9.2	266,275	275,890	148,585	140,382
Soap	9.3	430,464	307,951	202,562	173,145
Total sales for reportable segments		1,504,089	1,255,224	745,713	656,222
Elimination of inter - segment sales		(262,918)	(220,572)	(140,851)	(119,800)
		1,241,171	1,034,652	604,862	536,422
<b>9.1 Packaging Solutions - Corrugated boxes</b>					
Local Sales					
External customers		778,401	636,052	380,490	324,059
Inter-segment		27,965	33,946	13,397	17,292
Associated undertaking					
- Treet Corporation Limited		984	1,385	679	1,344
		807,350	671,383	394,566	342,695
<b>9.2 Paper and Board Mill - Paper</b>					
Local Sales					
External customers		31,322	89,264	21,131	37,874
Inter-segment		234,953	186,626	127,454	102,508
		266,275	275,890	148,585	140,382
<b>9.3 Soap</b>					
Local Sales					
External customers		430,464	307,951	202,562	173,145
Modaraba company - Global Econo Trade (Private) Limited		-	-	-	-
		430,464	307,951	202,562	173,145
<b>10. COST OF GOODS SOLD</b>					
Packaging Solutions - Corrugated boxes	10.1	735,845	599,046	360,007	306,170
Paper and Board Mill - Paper	10.2	263,761	266,420	145,192	134,400
Soap	10.3	406,131	267,922	194,027	138,383
Total Cost of sales of reportable segments		1,405,737	1,133,388	699,226	578,953
Elimination of inter segment purchases		(262,918)	(220,572)	(140,851)	(119,800)
		1,142,819	912,816	558,375	459,153

	For the half year ended		For the quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- (Rupees in thousand) -----				
<b>10.1 Cost of goods sold - Packing Solutions</b>				
Opening stock	135,390	217,508	135,099	212,608
Add: Purchases				
Inter-segment	234,953	186,626	127,454	102,508
Others	524,918	349,959	322,547	185,748
	759,871	536,585	450,001	288,256
Less: Closing stock	(290,563)	(248,793)	(290,563)	(248,793)
Raw material consumed	604,698	505,300	294,537	252,071
Stores and spares consumed	15,350	14,354	7,811	7,026
Salaries, wages and other benefits	64,944	40,583	32,595	23,200
Fuel and power	28,629	21,937	14,489	10,829
Depreciation	10,661	6,613	5,371	3,308
Other expenses	16,949	16,234	7,564	8,594
	741,231	605,021	362,367	305,028
<b>Work-in-process</b>				
Add: Opening stock	5,198	3,044	7,336	5,154
Less: Closing stock	(6,123)	(6,752)	(6,123)	(6,752)
	(925)	(3,708)	1,213	(1,598)
	740,306	601,313	363,580	303,430
<b>Finished goods</b>				
Add: Opening stock	18,854	8,205	19,742	13,212
Less: Closing stock	(23,315)	(10,472)	(23,315)	(10,472)
	(4,461)	(2,267)	(3,573)	2,740
	735,845	599,046	360,007	306,170
<b>10.2 Cost of goods sold - Paper and Board Mill</b>				
Opening stock	17,515	24,252	11,839	19,269
Add : Purchases				
Inter-segment	24,675	28,382	11,400	14,596
Others	97,766	113,064	58,495	59,188
	122,441	141,446	69,895	73,784
Less : Closing stock	(9,137)	(16,947)	(9,137)	(16,947)
Raw material consumed	130,819	148,751	72,597	76,106
Stores and spares consumed	6,726	9,816	3,763	6,582
Salaries, wages and other benefits	23,424	22,204	12,914	11,486
Fuel and power	92,159	64,630	52,324	32,015
Depreciation	7,631	6,485	3,815	3,244
Other expenses	4,503	10,539	2,537	5,448
	265,262	262,425	147,950	134,881
<b>Work-in-process</b>				
Add: Opening stock	223	191	131	296
Less: Closing stock	(259)	(288)	(259)	(288)
	(36)	(97)	(128)	8
	265,226	262,328	147,822	134,889
<b>Finished goods</b>				
Add: Opening stock	2,095	9,214	930	4,633
Less: Closing stock	(3,560)	(5,122)	(3,560)	(5,122)
	(1,465)	4,092	(2,630)	(489)
	263,761	266,420	145,192	134,400

Note	For the half year ended		For the quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)			
<b>10.3 Cost of goods sold - Soap</b>				
Opening stock	52,495	75,527	52,262	82,101
Add : Purchases				
Inter-segment	3,290	5,564	1,997	2,696
Others	434,606	213,216	269,726	99,819
	437,896	218,780	271,723	102,515
Less : Closing stock	(145,874)	(56,968)	(145,874)	(56,968)
Raw material consumed	344,517	237,339	178,111	127,648
Stores and spares consumed	8,546	2,786	2,475	1,391
Salaries, wages and other benefits	19,054	16,152	8,787	6,578
Fuel and power	22,716	18,642	8,158	7,967
Plant rental	4,535	4,199	2,268	2,099
Depreciation	1,375	1,354	697	918
Other expenses	5,244	4,380	2,792	2,305
	405,987	284,852	203,288	148,906
<b>Work-in-process</b>				
Add: Opening stock	32,102	34,913	27,961	32,163
Less: Closing stock	(37,330)	(37,947)	(37,330)	(37,947)
	(5,228)	(3,034)	(9,369)	(5,784)
	400,759	281,818	193,919	143,122
<b>Finished goods</b>				
Add: Opening stock	52,589	24,563	47,325	33,720
Add: Purchases	-	2,411	-	2,411
Less: Closing stock	(47,217)	(40,870)	(47,217)	(40,870)
	5,372	(13,896)	108	(4,739)
	406,131	267,922	194,027	138,383

## 11. BUSINESS SEGMENTS

As at 31 December 2013 the Modaraba is engaged into three main business segments.

- (i) Manufacture and sale of Corrugated boxes
- (ii) Manufacture and sale of Paper & board and;
- (iii) Manufacture and sale of soaps

	Packaging solution Corrugated Boxes		Paper & board Mill - Paper		Soaps		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(-----Rupees in thousand-----)							
<b>Sales</b>								
Inter-segment	27,965	33,946	234,953	186,626	-	-	262,918	220,572
Others	910,199	737,754	35,925	103,051	517,669	369,036	1,463,793	1,209,841
	938,164	771,700	270,878	289,677	517,669	369,036	1,726,711	1,430,413
Less:								
Sales tax	(130,814)	(100,317)	(4,603)	(13,787)	(87,205)	(61,085)	(222,622)	(175,189)
<b>Net sales</b>	807,350	671,383	266,275	275,890	430,464	307,951	1,504,089	1,255,224
<b>Cost of sales</b>	735,845	599,046	263,761	266,420	406,131	267,922	1,405,737	1,133,388
<b>Gross profit</b>	71,505	72,337	2,514	9,470	24,333	40,029	98,352	121,836
Administrative expenses	6,221	5,773	789	662	1,465	2,082	8,475	8,517
Distribution expenses	42,490	32,425	810	878	4,835	28,389	48,135	61,692
	48,711	38,198	1,599	1,540	6,300	30,471	56,610	70,209
<b>Operating profit</b>	22,794	34,139	915	7,930	18,033	9,558	41,742	51,627
Finance cost							(227)	(269)
Other income							2,049	7,265
<b>Net profit for the period</b>							43,564	58,623

11.1 There is no material change in basis of segmentation of net assets from the amounts disclosed in the last annual financial statements;



**12. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the Modaraba and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Name of parties	Nature of relationship	Nature and description of related parties transaction	For the half year ended		For the quarter ended	
			31 December 2013	31 December 2012	31 December 2013	31 December 2012
(-----Rupees in thousand-----)						
Treet Corporation Limited	Associated undertaking	Sale of goods	984	1,385	679	1,344
Global Econo Trade (Private) Limited	Modaraba Management Company	Sale of goods	-	2,411	-	-
TCL Labor-Hire (Private) Limited	Associated undertaking	Purchase of services	72,212	68,364	37,025	26,863
Packages Limited	Associated undertaking	Purchase of goods	37,488	34,503	17,691	21,106
Bulleh Shah Packaging (Private) Limited	Associated undertaking	Purchase of goods	15,340	-	5,949	-

**13. DATE OF AUTHORIZATION FOR ISSUE**

These un-audited condensed interim financial information was authorized for issue by the Board of Directors on February 24, 2014.

**14. GENERAL**

- 14.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 14.2** No significant re-arrangements or re-classifications have been made in the corresponding figures.
- 14.3** All figures, except for 30 June 2013 figures, appearing in this condensed interim financial information are unaudited.

LAHORE:  
February 24, 2014



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafiqe Anjum**  
Director



**TREET GROUP OF COMPANIES**



**TREET CORPORATION LIMITED**



**GLOBAL ECONO TRADE (PVT) LIMITED**  
*(A wholly owned subsidiary of Treet Corporation Ltd.)*



**PACKAGING SOLUTIONS**

*(A Project Under FTMM)*



**MOTOR BIKE PROJECT**



*Paper and Board Mills*

**(PACKAGING SOLUTIONS)**

*A Project Under FTMM*



**SOAP DIVISION**



**TCL LABOR-HIRE COMPANY (Pvt.) LIMITED**

*(A wholly owned subsidiary of GLOBAL ECONO TRADE (PVT) LIMITED)*