



First Treet Manufacturing Modaraba  
(Managed & Controlled by Global Econo Trade(Pvt.) Ltd.)

# Half Yearly Report

For the half year ended December 31, 2010

359,464	0.3%
8,632,724	7.7%
59,087	0.1%
13,963,095	12.4%
5,266,055	4.7%
10,323,178	9.2%
5,283,470	4.7%
4,330,582	3.8%

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## Corporate Information

<b>Principal Place of Business</b>	72-B, Kotlakhpat, Industrial Area, Lahore
<b>Modaraba Company and Registered Office</b>	Global Econo Trade (Private) Limited 72-B, Kotlakhpat, Industrial Area, Lahore
<b>Packaging Solutions - Plant Location</b>	Kacha Tiba Rohi Nala, 22-KM, Ferozepur Road, Lahore
<b>Paper &amp; Board Mill - Plant Location</b>	31-KM Lahore Sheikhpura Road
<b>Soap – Plant Location</b>	Ghakkar [under Toll Manufacturing Arrangement]
<b>Chief Executive Officer</b>	Syed Shahid Ali
<b>Directors</b>	Syed Sheharyar Ali Muhammad Shafique Anjum Shahid Zia
<b>Auditors of the Modaraba</b>	Hyder Bhimji & Company Chartered Accountants
<b>Auditors of the Modaraba Company</b>	KPMG Taseer Hadi & Co. Chartered Accountants
<b>Audit Committee</b>	<ul style="list-style-type: none"><li>● Muhammad Shafique Anjum - Chairman</li><li>● Syed Shahid Ali - Member</li><li>● Shahid Zia - Member</li></ul>
<b>Share Registrar</b>	Scarlet I.T. Systems (Private) Limited 24-Ferozepur Road, Lahore Phone: (042) 37087113, 37570202 Fax: (042) 37570303 E-mail: treet@scarletsystem.com
<b>Legal Advisors</b>	Saleem & Baig - Advocates
<b>Bankers to the Modaraba</b>	<ol style="list-style-type: none"><li>1. NIB Bank Limited</li><li>2. MCB Bank Limited</li><li>3. Allied Bank Limited</li><li>4. Habib Bank Limited</li><li>5. Barclays Bank PLC, Pakistan</li><li>6. United Bank Limited</li><li>7. BankIslami Pakistan Limited</li></ol>
<b>Chief Accountant – Modaraba Company</b>	Sohail Habib
<b>Chief Accountant – Modaraba</b>	Sajjad Haider Khan
<b>Company Secretary</b>	Ayaz Ahmed

## Directors' Review

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 year ending on December 31, 2010.

### Financial Results

Rs. in 000'	2010-2011	2009-2010
Net Sales	772,521	733,099
Gross Profit	75,306	91,122
Net Profit	38,587	56,211
Profit per Certificate	0.48	1.12
Transfer to Statutory Reserve	Nil	Nil
Book Value per Certificate	9.90	9.69

### Segment Wise Sales

2010-2011				
Rs. in 000'	Soap	Corrugation	Paper & Board	TOTAL
Sales	315,207	435,480	21,834	772,521
Inter Segment Sales	-	26,798	171,311	198,109
	315,207	462,278	193,145	970,630

2009- 2010				
Rs. in 000'	Soap	Corrugation	Paper & Board	TOTAL
Sales	263,923	469,176	-	733,099
Inter Segment Sales	-	-	-	-
	263,923	469,176	-	733,099
Sales Growth %	19.43%	(1.47)%	-	32.40%

### Margins are generally squeezed due to the following reasons:

- Increase in raw material prices;
- Increase in depreciation due to addition in fixed assets;
- Increase in power tariffs and in-house power generations;
- General inflationary pressure in the economy;

But management of your Modaraba is confident to restore the margins in the coming months because of better sales stratagem, price rationalization and raw material sourcing.

## 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**

Dated: February 25, 2011  
Lahore

## Report on Review of Interim Financial Information to Members

### Introduction

We have reviewed the accompanying condensed interim balance sheet of First Treet Manufacturing Modaraba as at December 31, 2010, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2010 and 2009 have not been reviewed as we are required to review only the cumulative figures for the six months ended December 31, 2010.

### 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 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 interim financial information is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:  
February 25, 2011



**Hyder Bhimji & Co.**  
Chartered Accountants  
(Shabir Ahmad, FCA)

## Condensed Interim Balance Sheet

As at December 31, 2010 (Un-audited)

	Note	Un-audited December 31, 2010 (Rupees in thousand)	Audited June 30, 2010
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	341,779	323,704
Long term deposits		20,687	14,974
		362,466	338,678
<b>CURRENT ASSETS</b>			
Stores and spares		27,391	39,422
Stock in trade		219,628	182,444
Trade debts		197,460	238,858
Advances, deposits, prepayments and other receivables		155,994	75,234
Tax refunds due from the Government		30,342	34,749
Cash and bank balances		42,112	38,627
		672,927	609,334
<b>TOTAL ASSETS</b>		<b>1,035,393</b>	<b>948,012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CERTIFICATE CAPITAL</b>			
<b>Authorized</b>			
100,000,000 Modaraba certificates of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up		800,000	500,000
Statutory reserve		24,258	24,258
Accumulated loss		(30,710)	(47,457)
<b>Certificate-holders' equity</b>		<b>793,548</b>	<b>476,801</b>
<b>NON CURRENT LIABILITIES</b>			
Due to Modaraba Company		149,708	206,690
<b>CURRENT LIABILITIES</b>			
Demand finance		-	200,000
Trade and other payables		92,137	64,521
		92,137	264,521
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,035,393</b>	<b>948,012</b>

The annexed notes 1 to 11 form an integral part of this financial information.

LAHORE:  
February 25, 2011

  
**Syed Shahid Ali**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

**Condensed Interim Profit and Loss Account**

For the Half Year and Quarter ended December 31, 2010 (Un-audited)

	Note	Half year ended		Quarter ended	
		December 31, 2010 Rs. in 000s	December 31, 2009 Rs. in 000s	December 31, 2010 Rs. in 000s	December 31, 2009 Rs. in 000s
Net sales	7	772,521	733,099	396,961	367,692
Cost of goods sold	8	(697,215)	(641,977)	(346,483)	(324,408)
<b>Gross profit</b>		75,306	91,122	50,478	43,284
<b>Operating expenses</b>					
Administrative		(9,048)	(6,252)	(5,000)	(4,825)
Selling and distribution		(23,822)	(14,348)	(11,434)	(8,236)
		(32,870)	(20,600)	(16,434)	(13,061)
<b>Operating profit</b>		42,436	70,522	34,044	30,223
<b>Other income</b>		3,167	2,604	1,119	1,168
<b>Finance cost</b>		(7,016)	(16,915)	(220)	(10,155)
<b>Net profit for the period</b>		38,587	56,211	34,943	21,236
<b>Earnings per Modaraba certificate</b>					
- Basic & diluted (Rupees)		0.48	1.12	0.44	0.42

The annexed notes 1 to 11 form an integral part of this financial information.

LAHORE:  
February 25, 2011


**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director

## Condensed Interim Statement Of Comprehensive Income

For the Half Year and Quarter ended December 31, 2010 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rs. in 000s	Rs. in 000s	Rs. in 000s	Rs. in 000s
Net profit for the period	38,587	56,211	34,943	21,236
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>38,587</b>	<b>56,211</b>	<b>34,943</b>	<b>21,236</b>

The annexed notes 1 to 11 form an integral part of this financial information.

LAHORE:  
February 25, 2011



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director

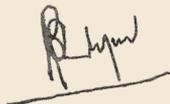
**Condensed Interim Cash Flow Statement**

For the Half Year and Quarter ended December 31, 2010 (Un-audited)

	Half year ended	
	December 31, 2010	December 31, 2009
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit before taxation	38,587	56,211
Adjustment for non-cash and other items:		
Depreciation	13,184	6,008
Finance cost for the year	7,016	16,915
	20,200	22,923
Operating profit before working capital changes	58,787	79,134
(Increase) / decrease in operating assets:		
Stores and spares	12,031	(8,835)
Stock in trade	(37,184)	(29,474)
Trade debts	41,399	(70,238)
Advances, deposits, prepayments and other receivables	(80,760)	(16,641)
Tax refunds due from the Government	4,407	(4,345)
	(60,107)	(129,533)
Increase / (decrease) in operating liabilities:		
Trade and other payables	27,613	144,430
Cash (outflow) / inflow after working capital changes	26,293	94,031
Finance cost paid	(7,016)	(16,896)
<b>Net cash (outflow) / inflow from operating activities</b>	19,277	77,135
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(31,257)	(55,111)
Change in long term deposits	(5,713)	(12,158)
<b>Net cash outflow from investing activities</b>	(36,970)	(67,269)
<b>Cash flow from financing activities</b>		
Profit distribution made	(21,840)	-
Issue of certificate capital	300,000	-
Due to Modaraba company	(56,982)	-
Demand finance	(200,000)	-
<b>Net cash inflow from financing activities</b>	21,178	-
<b>Net increase in cash and cash equivalents</b>	3,485	9,866
<b>Cash and cash equivalents at the beginning of the period</b>	38,627	64,775
<b>Cash and cash equivalents at the end of the period</b>	42,112	74,641

The annexed notes 1 to 11 form an integral part of this financial information.

LAHORE:  
February 25, 2011
  
**Syed Shahid Ali**  
 Chief Executive Officer

  
**Muhammad Shafique Anjum**  
 Director

## Condensed Interim Statement of Changes in Equity

For the Half Year and Quarter ended December 31, 2010 (Un-audited)

	Certificate Capital	Statutory Reserve	Unappropriated Profit / (Loss)	Total
(Rupees in thousand)				
<b>Balance as at June 30, 2009</b>	500,000	-	(71,715)	428,285
Certificates issued as right certificates	-	-	-	-
Profit for the first half year	-	-	56,211	56,211
<b>Balance as at December 31, 2009</b>	500,000	-	(15,504)	484,496
Loss for the next half year	-	-	(7,695)	(7,695)
Transfer to statutory reserve @ 50%		24,258	(24,258)	-
<b>Balance as at June 30, 2010</b>	500,000	24,258	(47,457)	476,801
Certificate capital issued	300,000	-	-	300,000
Profit for the first half year	-	-	56,211	56,211
Profit distribution for the year - 90% of profit	-	-	(21,840)	(21,840)
<b>Balance as at December 31, 2010</b>	800,000	24,258	(13,086)	811,172

The annexed notes 1 to 11 form an integral part of this financial information.

LAHORE:  
February 25, 2011

  
Syed Shahid Ali  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Notes to the Condensed Interim Financial Information

### For the Half Year and Quarter ended December 31, 2010 (Un-audited)

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

First Treet Manufacturing Modaraba "the Modaraba" is a multi purpose, perpetual and multi dimensional Modaraba formed on July 27, 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there-under and is managed by Global Econo Trade (Pvt) 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 Lahore Stock Exchange (Guarantee) Limited. The Modaraba is engaged in the manufacture and sale of Corrugated Boxes, Paper and Soap.

#### 2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standards 34, "Interim Financial Reporting" as applicable in Pakistan 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). These should be read in conjunction with financial statements of company for the year ended June 30, 2010. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2009 and 2010 and respective notes forming part thereof have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended December 31, 2009 and December 31, 2010.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Modaraba's annual financial statements for the year ended June 30, 2010.

#### 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 the 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, 2010.

	Note	December 31, 2010 (Rupees in thousand)	June 30, 2010
<b>5. PROPERTY, PLANT AND EQUIPMENTS - TANGIBLE</b>			
Operating fixed assets - at net book value	5.1	299,637	312,589
Capital work in progress - at cost	5.2	42,142	11,115
		<b>341,779</b>	<b>323,704</b>

5.1 The following additions and deletions have been made during the half year ended 31 Decemeber 2010:

	Additions Cost (Rupees in thousand)	Deletions Book value
Plant	116	-
Furniture and equipment	115	-
	231	-

5.2 The following is the movement in the capital work in progress during the half year.

Opening balance	11,115	85,649
Add: Addition during the half year / year	31,027	101,668
	42,142	187,317
Less: Transfer to operating fixed assets	-	(176,202)
Closing balance	42,142	11,115

## 6. CONTINGENCIES AND COMMITMENTS

There is no change in the status of the contingencies and commitments since the last annual balance sheet.

	Note	Half year ended		Quarter ended	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
<b>(Rupees in thousand)</b>					
<b>7. SALES - Net</b>					
Packaging Solutions - Corrugated boxes		435,474	469,176	216,891	248,431
Paper and Board Mill - Paper		21,840	-	11,975	-
Soap		315,207	263,923	168,095	119,261
		772,521	733,099	396,961	367,692
<b>8. COST OF GOODS SOLD</b>					
Packaging Solutions - Corrugated boxes	8.1	259,705	430,003	123,945	225,325
Paper and Board Mill - Paper	8.2	180,969	-	93,671	-
Soap	8.3	256,541	211,974	128,867	99,083
		697,215	641,977	346,483	324,408

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees in thousand)			
<b>8.1 Packaging Solutions - Corrugated boxes</b>				
Raw and packing material consumed	182,808	375,467	88,306	196,527
Out sourcing of manpower	29,266	31,133	14,767	16,509
Stores and spares consumed	15,266	7,465	8,712	4,163
Fuel and power	16,109	8,383	7,833	4,081
Depreciation	6,760	6,008	3,386	3,004
Other expenses	10,387	10,604	4,845	5,639
	260,596	439,060	127,849	229,923
<b>Work in process</b>				
Add: Opening stock	5,108	1,914	4,048	2,649
Less: Closing stock	(6,771)	(3,367)	(6,771)	(3,367)
<b>Cost of goods manufactured</b>	258,933	437,607	125,126	229,205
<b>Finished goods</b>				
Add: Opening stock	3,549	4,095	1,596	7,819
Less: Closing stock	(2,777)	(11,699)	(2,777)	(11,699)
	259,705	430,003	123,945	225,325
<b>8.2 Paper and Board Mill - Paper</b>				
Raw and packing material consumed	102,870	-	55,703	-
Out sourcing of manpower	17,326	-	8,539	-
Stores and spares consumed	6,323	-	3,763	-
Fuel and power	46,474	-	23,142	-
Depreciation	6,423	-	3,212	-
Other expenses	3,961	-	2,123	-
	183,377	-	96,482	-
<b>Work in process</b>				
Add: Opening stock	-	-	141	-
Less: Closing stock	(101)	-	(101)	-
<b>Cost of goods manufactured</b>	183,276	-	96,522	-
<b>Finished goods</b>				
Add: Opening stock	2,897	-	2,353	-
Less: Closing stock	(5,204)	-	(5,204)	-
	180,969	-	93,671	-

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
(Rupees in thousand)				
<b>8.3 Soap</b>				
Raw and packing material consumed	211,046	238,268	117,195	109,513
Out sourcing of manpower	8,942	6,068	4,488	3,599
Stores and spares consumed	2,615	3,655	1,371	1,533
Fuel and power	17,894	2,424	8,841	1,625
Plant rental	3,600	3,600	1,800	1,800
Other expenses	2,717	2,723	1,447	1,637
	246,814	256,738	135,142	119,707
<b>Work in process</b>				
Add: Opening stock	23,868	-	17,871	18,417
Less: Closing stock	(30,932)	(22,615)	(30,932)	(22,615)
Cost of goods manufactured	239,750	234,123	122,081	115,509
<b>Finished goods</b>				
Add: Opening stock	18,752	-	8,747	5,723
Less: Closing stock	(1,961)	(22,149)	(1,961)	(22,149)
	256,541	211,974	128,867	99,083

## 9. RELATED PARTY DISCLOSURES

The Modaraba enters into transactions with its related parties in the normal course of business on an arm's length basis. Transaction pricing is determined using admissible valuation methods. Aggregated amounts of these transactions are as under:

Purchases and services received	(Rs, 000)	85,614	96,826	44,430	50,379
Goods sold and services rendered	(Rs, 000)	616,168	242,628	472,044	109,293

## 10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Modaraba Company on February 25, 2011.

## 11. GENERAL

- 11.1** All figures, except for June 30, 2010 figures, appearing in this condensed interim financial information are unaudited.
- 11.2** Figures in this condensed interim financial information have been rounded off to the nearest thousand rupees.
- 11.3** Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison, however, no significant reclassification has been made.

LAHORE:  
February 25, 2011



**Syed Shahid Ali**  
Chief Executive Officer



**Muhammad Shafique Anjum**  
Director



**First Treet Manufacturing Modaraba**  
(Managed & Controlled by Global Econo Trade(Pvt.) Ltd.



## TREET GROUP OF COMPANIES



**TREET CORPORATION LTD.**



**GLOBAL ECONO TRADE (Pvt.) LTD.**

A wholly owned subsidiary of TREET CORPORATION LTD.



**TCL LABOR HIRE COMPANY (Pvt.) LTD**

A wholly owned subsidiary of GLOBAL ECONO TRADE (Pvt.) LIMITED



**FIRST TREET MANUFACTURING MODARABA**

Managed By GLOBAL ECONO TRADE (Pvt.) LIMITED



**SOAP DIVISION**

(A Project Under FTMM)



**PACKAGING SOLUTIONS CORRUGATION**

(A Project Under FTMM)



**MOTOR BIKE PROJECT**



**PACKAGING SOLUTIONS PAPER AND BOARD MILL**

(A Project Under FTMM)