



FIRST TREET MANUFACTURING MODARABA

## Half Yearly Financial Statement

JULY - DECEMBER  
2014 - 2015

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## Corporate Information

|  |  |   |
|--|--|---|
| <b>BOARD OF DIRECTORS:</b>                       | Dr. Mrs. Niloufer Qasim Mahdi<br>Syed Shahid Ali Shah<br>Syed Sheharyar Ali<br>Mr. Imran Azim<br>Mr. Munir Karim Bana<br>Mr. Saulat Said<br>Mr. Muhammad Shafique Anjum<br>Mr. Khurram Raza Bakhtayari | Chairperson<br>Chief Executive Officer<br>Director<br>Director<br>Director<br>Director<br>Director<br>Director                    |
| <b>AUDIT COMMITTEE:</b>                          | Mr. Imran Azim<br>Syed Sheharyar Ali<br>Mr. Munir Karim Bana<br>Mr. Khurram Raza Bakhtayari<br>Mr. Amir Zia  | Chairman/Member<br>Member<br>Member<br>Member<br>Group Chief Financial Officer  |
| <b>CHIEF ACCOUNTANTS:</b>                        | Mr. Sohail Habib<br>Mr. Sajjad Haider Khan   | Modaraba Company<br>Modaraba  |
| <b>COMPANY SECRETARY:</b>                        | Rana Shakeel Shaukat   |   |
| <b>HEAD OF INTERNAL AUDIT:</b>                   | Mr. Muhammad Ali   |   |
| <b>EXTERNAL AUDITORS MODARABA:</b>               | KPMG Taseer Hadi & Co.   | Chartered Accountants   |
| <b>EXTERNAL AUDITORS OF MODARABA COMPANY:</b>    | Kreston Hyder Bhimji & Co.   | Chartered Accountants   |
| <b>LEGAL ADVISORS:</b>                           | Saleem & Baig  | Advocates   |
| <b>CORPORATE ADVISORS:</b>                       | Cornelius Lane & Mufti - Advocates   |   |
| <b>SHARIAH ADVISOR:</b>                          | Mufti Iftikhar Baig  |   |
| <b>BANKERS:</b>                                  | Allied Bank Limited<br>Bank Alfalah Limited<br>BankIslami Pakistan Limited<br>Barclays Bank PLC Pakistan<br>Dubai Islamic Bank Pakistan Limited<br>Faysal Bank Limited                                 | Habib Bank Limited<br>MCB Bank Limited<br>National Bank Limited<br>NIB Bank Limited<br>Soneri Bank Limited<br>United Bank Limited |
| <b>REGISTERED OFFICE/<br/>PLACE OF BUSINESS:</b> | 72-B, Industrial Area, Kot Lakhpat, Lahore.<br>Ph: 042-35830881, 35156567<br>Fax: 042-35114127, 35117650<br>Email: info@treetonline.com<br>web: www.treetgroup.com                                     |   |
| <b>SHARES REGISTRAR:</b>                         | Scarlet IT Systems (Pvt.) Limited<br>24-Ferozepur Road, Lahore<br>Ph: 042-37426144<br>Email: treet@scarletsystem.com   |   |
| <b>PACKAGING SOLUTIONS<br/>- CORRUGATION</b>     | Kacha Tiba Rohi Nala, 22-KM<br>Ferozepur Road, Lahore  |   |
| <b>SOAP PLANT</b>                                | Ghakkar 80 KM, G.T. Road,<br>Ghakkar Mandi, Gujranwala   |   |

## 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 **1<sup>st</sup> half** ended on December 31, 2014.

### Financial Results

| Rs. in 000'                   | 2014-2015 | 2013-2014 |
|-------------------------------|-----------|-----------|
| Net Sales                     | 1,313,759 | 1,241,171 |
| Gross Profit                  | 159,065   | 98,352    |
| Net Profit                    | 58,788    | 43,564    |
| Profit/(Loss) per Certificate | 0.45      | 0.33      |
| Transfer to Statutory Reserve | Nil       | Nil       |
| Book Value per Certificate    | 11.80     | 11.62     |

Sales performance (in % change) is described below:

| 2014-2015           |         |             |               |           |
|---------------------|---------|-------------|---------------|-----------|
| Rs. in 000'         | Soap    | Corrugation | Paper & Board | Total     |
| Sales               | 412,587 | 901,171     | 17,347        | 1,331,105 |
| Inter-Segment Sales | -       | 15,908      | 78,375        | 94,283    |
|                     | 412,587 | 917,079     | 95,722        | 1,425,388 |

| 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 |
| Sales Growth %      | -4.15%  | 13.59%      | -64.05%       | -5.23%    |

Margins are generally decreased due to the following reasons:

- Paper & Board operations showed decline due to discontinuation of operation in September 2014;
- Corrugation Segment showed excellent growth and margins are improved;
- Prices of tallow is calming down and margins of Soap segment will be improved further in the coming months;
- Net profitability has shown decline due to onetime loss on disposal of fixed assets pertaining to Paper & Board Segment

Management of your Modaraba is confident to restore sales & 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 Shah**  
Chief Executive Officer

Lahore

Dated: February 24, 2015

# 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 2014 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 2014 and 31 December 2013 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, 2015

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**(Bilal Ali)**

## Condensed Interim Balance Sheet

As at December 31, 2014 (Un-audited)

|   | Note | December 31,<br>2014<br>Un-audited<br>(Rupees in thousand) | June 30,<br>2014<br>Audited |
|---|------|--|-----------------------------|
| <b>ASSETS</b>   |      |  |                             |
| <b>Non-current assets</b>   |      |  |                             |
| Property, plant and equipment   | 5    | 304,466  | 461,566                     |
| Long term loans and advances  |      | 13,853   | 15,824                      |
| Long term deposits  |      | 10,467   | 22,665                      |
|   |      | 328,786  | 500,055                     |
| <b>Current assets</b>   |      |  |                             |
| Stores and spares   |      | 54,158   | 89,109                      |
| Stock-in-trade  | 6    | 596,919  | 418,308                     |
| Trade debts   |      | 335,092  | 387,515                     |
| Advances, deposits, prepayments and other receivables   |      | 33,199   | 57,061                      |
| Tax refunds due from the Government   |      | 97,669   | 96,238                      |
| Cash and bank balances  |      | 293,522  | 181,037                     |
|   |      | 1,410,559  | 1,229,268                   |
| <b>Total assets</b>   |      | <b>1,739,345</b>   | <b>1,729,323</b>            |
| <b>Equity and liabilities</b>   |      |  |                             |
| <b>Certificate capital and reserves</b>   |      |  |                             |
| Authorized certificate capital<br>150,000,000 (30 June 2014: 150,000,000) modaraba<br>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   |      | 252,091  | 252,091                     |
| Accumulated profit  |      | 26,990   | 1,060                       |
| Certificate holders' equity   |      | 1,583,081  | 1,557,151                   |
| Surplus on the revaluation of property, plant and equipment   |      | 31,822   | 43,952                      |
| <b>Current liabilities</b>  |      |  |                             |
| Retention money   |      | 1,379  | 490                         |
| Trade and other payables  |      | 123,063  | 127,730                     |
|   |      | 124,442  | 128,220                     |
| <b>Contingencies and commitments</b>  | 7    |  |                             |
| <b>Total equity and liabilities</b>   |      | <b>1,739,345</b>   | <b>1,729,323</b>            |

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2015

  
Syed Shahid Ali Shah  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Profit and Loss Account

For the period ended December 31, 2014 (Un-audited)

| Note   | For the half year ended             |                      | For the quarter ended |                      |
|--|-------------------------------------|----------------------|-----------------------|----------------------|
|  | December 31,<br>2014                | December 31,<br>2013 | December 31,<br>2014  | December 31,<br>2013 |
|  | Represented<br>(Rupees in thousand) |                      |                       |                      |
| <b><i>Continuing operations</i></b>                                  |                                     |                      |                       |                      |
| Sales - net  | 1,313,759                           | 1,209,849            | 650,675               | 583,731              |
| Cost of goods sold   | 8 (1,154,694)                       | (1,138,686)          | (580,227)             | (552,037)            |
| <b>Gross profit</b>  | 159,065                             | 71,163               | 70,448                | 31,694               |
| Administrative expenses  | (12,774)                            | (7,686)              | (6,988)               | (4,512)              |
| Distribution expenses  | (60,429)                            | (47,325)             | (32,464)              | (25,249)             |
|  | (73,203)                            | (55,011)             | (39,452)              | (29,761)             |
| <b>Operating profit</b>  | 85,862                              | 16,152               | 30,996                | 1,933                |
| Finance cost   | (70)                                | (206)                | (57)                  | (133)                |
| Other income   | 8,768                               | 1,810                | 7,745                 | 2,232                |
| <b>Net profit for the period from continuing operations</b>          | 94,560                              | 17,756               | 38,684                | 4,032                |
| <b><i>Discontinued operation</i></b>                                 |                                     |                      |                       |                      |
| Net profit / (loss) for the period from discontinued operation       | 9 (35,772)                          | 25,808               | -                     | 13,969               |
| <b>Net (loss) / profit for the period</b>                            | 58,788                              | 43,564               | 38,684                | 18,001               |
| <b>Earnings / (loss) per modaraba certificate basic and diluted:</b> |                                     |                      |                       |                      |
| -from continuing operations  | 0.72                                | 0.14                 | 0.30                  | 0.03                 |
| -from discontinued operation   | (0.27)                              | 0.20                 | -                     | 0.11                 |
|  | 0.45                                | 0.34                 | 0.30                  | 0.14                 |

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2015

  
Syed Shahid Ali Shah  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

## Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2014 (Un-audited)

|  | For the half year ended |                      | For the quarter ended |                      |
|--|-------------------------|----------------------|-----------------------|----------------------|
|  | December 31,<br>2014    | December 31,<br>2013 | December 31,<br>2014  | December 31,<br>2013 |
| ----- (Rupees in thousand) -----                 |                         |                      |                       |                      |
| <b>Profit for the period</b>                     | 58,788                  | 43,564               | 38,684                | 18,001               |
| Other comprehensive income                       | -                       | -                    | -                     | -                    |
| <b>Total comprehensive income for the period</b> | 58,788                  | 43,564               | 38,684                | 18,001               |
| <b>Attributable to:</b>                          |                         |                      |                       |                      |
| -Continuing operations                           | 94,560                  | 17,756               | 38,684                | 4,032                |
| -Discontinued operation                          | (35,772)                | 25,808               | -                     | 13,969               |
|  | 58,788                  | 43,564               | 38,684                | 18,001               |

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2015

  
Syed Shahid Ali Shah  
Chief Executive Officer

  
Muhammad Shafique Anjum  
Director

# Condensed Interim Cash Flow Statement

For the period ended December 31, 2014 (Un-audited)

|   | December 31,<br>2014 | December 31,<br>2013 |
|---|----------------------|----------------------|
|   | (Rupees in thousand) |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                      |                      |
| <b>Profit before taxation</b>                                   | 58,788               | 43,564               |
| <b>Adjustment for non-cash and other items:</b>                 |                      |                      |
| Depreciation  | 17,388               | 19,667               |
| Finance cost  | 72                   | 227                  |
| Loss on sale of fuel  | 1,112                | -                    |
| Loss on sale of paper and board mill                            | 35,043               | -                    |
|   | 53,615               | 19,894               |
| <b>Operating profit before working capital changes</b>          | 112,403              | 63,458               |
| <b>(Increase) / decrease in current assets:</b>                 |                      |                      |
| Stores and spares   | 15,524               | (51,527)             |
| Stock-in-trade  | (190,998)            | (222,253)            |
| Trade debts   | 52,423               | (18,683)             |
| Advances, deposits, prepayments and other receivables           | 23,862               | (34,502)             |
|   | (99,189)             | (326,965)            |
| <b>Increase / (decrease) in current liabilities:</b>            |                      |                      |
| Trade and other payables  | (4,667)              | 275,823              |
| Retention money   | 889                  | (401)                |
|   | (3,778)              | 275,422              |
| <b>Cash generated from operations</b>                           | 9,436                | 11,915               |
| Finance cost paid   | (72)                 | (227)                |
| Taxes paid  | (1,431)              | (16,992)             |
| Decrease/(increase) in long term deposits                       | 9,579                | (1,882)              |
| <b>Net cash generated from/ (used in) operating activities</b>  | 17,512               | (7,186)              |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                      |                      |
| Fixed capital expenditure                                       | (24,684)             | (5,373)              |
| Proceeds from sale of fuel                                      | 10,300               | -                    |
| Proceeds from sale of paper and board mill                      | 154,345              | -                    |
| <b>Net cash generated from/ (used in) investing activities</b>  | 139,961              | (5,373)              |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                      |                      |
| Profit distributed  | (44,988)             | (48,248)             |
| <b>Net cash used in financing activities</b>                    | (44,988)             | (48,248)             |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>    | 112,485              | (60,807)             |
| <b>Cash and cash equivalents at the beginning of the period</b> | 181,037              | 240,288              |
| <b>Cash and cash equivalents at the end of the period</b>       | 293,522              | 179,481              |

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2015

  
**Syed Shahid Ali Shah**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

## Condensed Interim Statement of Changes in Equity

For the period ended December 31, 2014 (Un-audited)

|   | Certificate<br>Capital | Statutory<br>Reserve | Accumulated<br>Profit / (loss) | Total     |
|---|------------------------|----------------------|--------------------------------|-----------|
| ..... (Rupees in thousand) .....  |                        |                      |                                |           |
| <b>Balance as at 01 July 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<br>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 |
| Total comprehensive income for the period   | -                      | -                    | 42,347                         | 42,347    |
| Transfer to statutory reserve @ 46.64%  | -                      | 40,000               | (40,000)                       | -         |
| <b>Balance as at 30 June 2014</b>   | 1,304,000              | 252,091              | 1,060                          | 1,557,151 |
| Total comprehensive income for the period   | -                      | -                    | 58,788                         | 58,788    |
| Incremental depreciation for the period   |                        |                      |                                |           |
| - continuing operations   | -                      | -                    | 697                            | 697       |
| - discontinued operations   | -                      | -                    | 110                            | 110       |
|   | -                      | -                    | 807                            | 807       |
| Transfer of surplus on revaluation of<br>property, plant and equipment on<br>disposal of paper and board mill | -                      | -                    | 11,323                         | 11,323    |
| Profit distribution @ 3.45% for the<br>year ended 30 June 2014  | -                      | -                    | (44,988)                       | (44,988)  |
| <b>Balance as at 31 December 2014</b>   | 1,304,000              | 252,091              | 26,990                         | 1,583,081 |

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

LAHORE:  
February 24, 2015

  
**Syed Shahid Ali Shah**  
Chief Executive Officer

  
**Muhammad Shafique Anjum**  
Director

# Notes to the Condensed Interim Financial Information

For the period ended December 31, 2014 (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. During the period, the Modaraba Management Company sold Modaraba's Paper and Board Mill segment as referred to in note 9 to this condensed interim financial information and as a result the Modaraba's operations have been divided into continuing and discontinued operations and the figures of prior period have been represented, wherever required in accordance with the requirements of IFRS-5 - "Non-current assets held for sale and discontinued operations".

## 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 2014.

## 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 2014.

## 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 2014.

|   | Note  | December 31,<br>2014<br>(Rupees in thousand) | June 30,<br>2014 |
|---|-------|--|------------------|
| <b>5. PROPERTY, PLANT AND EQUIPMENT</b>       |       |  |                  |
| Operating fixed assets                        | 5.1   | 294,288                                      | 460,936          |
| Capital work-in-progress                      |       | 10,178                                       | 630              |
|   |       | 304,466                                      | 461,566          |
| <b>5.1 Operating fixed assets</b>             |       |  |                  |
| <b>Opening balance - net book value</b>       |       | 460,936                                      | 444,996          |
| Additions during the period / year            |       | 15,136                                       | 13,656           |
| Net disposal during the period                | 9     | (164,396)                                    | -                |
| Revaluation surplus during the period/ year   |       | -  | 43,952           |
| Depreciation charged during the period / year | 5.1.2 | (17,388)                                     | (41,668)         |
| <b>Closing balance - net book value</b>       |       | 294,288                                      | 460,936          |

|   | Note | December 31,<br>2014<br>(Rupees in thousand) | June 30,<br>2014 |
|---|------|--|------------------|
| <b>5.1.2</b> The depreciation charge for the period / year has been allocated to cost of goods sold as under: |      |  |                  |
| <b><u>Continuing operations</u></b>   |      |  |                  |
| Packaging solution - Corrugated boxes   | 8.1  | 13,046                                       | 23,823           |
| Soaps   | 8.2  | 1,408  | 2,758            |
|   |      | 14,454                                       | 26,581           |
| <b><u>Discontinued operation</u></b>  |      |  |                  |
| Paper and board mill - Paper  |      | 2,934  | 15,087           |
|   |      | 17,388                                       | 41,668           |
| <b>6. STOCK-IN-TRADE</b>  |      |  |                  |
| Raw material and chemicals  |      | 465,912                                      | 298,666          |
| Packing material  |      | 23,012                                       | 20,883           |
| Work-in-process   |      | 49,512                                       | 33,384           |
| Finished goods  |      | 58,483                                       | 65,375           |
|   |      | 596,919                                      | 418,308          |

**7. CONTINGENCIES AND COMMITMENTS****7.1 Contingencies**

There are no material changes in contingencies from the preceding annual published financial statements of the Modaraba for the year ended 30 June 2014.

**7.2 Commitments**

- a) Outstanding letters of credit as at 31 December 2014 amounting to 190.85 million (30 June 2014: Rs 101.7 million).
- b) Post dated cheques issued in favour of Collector of Customs amounting to Rs. 1.065 million (30 June 2014: Nil).

**7.3 Operating leases**

The Modaraba has availed its soaps manufacturing facility on operating lease. This lease runs for the maximum period of 10 years, with an option to renew after that date.

|  | December 31,<br>2014<br>(Rupees in thousand) | June 30,<br>2014 |
|--|--|------------------|
| <i>Future lease payments under the lease agreements are:</i> |  |                  |
| Not later than one year                                      | 10,187                                       | 9,796            |
| Later than one year but not later than five years            | 49,578                                       | 47,671           |
| Later than five years  | 7,197  | 14,393           |
|  | 66,962                                       | 71,860           |

|   | Note   | For the half year ended |                                  | For the quarter ended |                                  |
|---|--|-------------------------|----------------------------------|-----------------------|----------------------------------|
|   |  | December 31, 2014       | December 31, 2013<br>Represented | December 31, 2014     | December 31, 2013<br>Represented |
| ----- (Rupees in thousand) -----                    |  |                         |                                  |                       |                                  |
| <b>8. COST OF GOODS SOLD</b>                        |  |                         |                                  |                       |                                  |
| Continuing Operations:                              |  |                         |                                  |                       |                                  |
| Packaging Solutions - Corrugated boxes              | 8.1  | 808,109                 | 735,845                          | 412,526               | 360,007                          |
| Soap  | 8.2  | 346,585                 | 402,841                          | 167,701               | 192,030                          |
|   |  | 1,154,694               | 1,138,686                        | 580,227               | 552,037                          |
| <b>8.1 Cost of goods sold - Packaging Solutions</b> |  |                         |                                  |                       |                                  |
| Opening stock                                       |  | 202,099                 | 135,390                          | 42,085                | 135,099                          |
| Add : Purchases                                     |  | 853,822                 | 759,871                          | 691,621               | 450,001                          |
|   |  | 1,055,921               | 895,261                          | 733,706               | 585,100                          |
| Less : Closing stock                                |  | (397,353)               | (290,563)                        | (397,353)             | (290,563)                        |
| Raw material consumed                               | 8.1.1  | 658,568                 | 604,698                          | 336,353               | 294,537                          |
| Stores and spares consumed                          |  | 18,217                  | 15,350                           | 10,530                | 7,811                            |
| Salaries, wages and other benefits                  |  | 72,035                  | 64,944                           | 38,952                | 32,595                           |
| Fuel and power                                      |  | 31,584                  | 28,629                           | 15,602                | 14,489                           |
| Depreciation  |  | 13,046                  | 10,661                           | 6,365                 | 5,371                            |
| Other expenses                                      |  | 19,903                  | 16,949                           | 13,189                | 7,564                            |
|   |  | 813,353                 | 741,231                          | 420,991               | 362,367                          |
| <b>Work-in-process</b>                              |  |                         |                                  |                       |                                  |
| Add: Opening stock                                  |  | 4,790                   | 5,198                            | 2,979                 | 7,336                            |
| Less: Closing stock                                 |  | (8,370)                 | (6,123)                          | (8,370)               | (6,123)                          |
|   |  | (3,580)                 | (925)                            | (5,391)               | 1,213                            |
|   |  | 809,773                 | 740,306                          | 415,600               | 363,580                          |
| <b>Finished goods</b>                               |  |                         |                                  |                       |                                  |
| Add: Opening stock                                  |  | 16,275                  | 18,854                           | 14,865                | 19,742                           |
| Less: Closing stock                                 |  | (17,939)                | (23,315)                         | (17,939)              | (23,315)                         |
|   |  | (1,664)                 | (4,461)                          | (3,074)               | (3,573)                          |
|   |  | 808,109                 | 735,845                          | 412,526               | 360,007                          |
| <b>8.1.1</b>  | This includes materials purchased from discontinued operation amounting to Rs. 78.375 million (2013: Rs. 234.953 million). |                         |                                  |                       |                                  |
| <b>8.2 Cost of goods sold - Soaps</b>               |  |                         |                                  |                       |                                  |
| Opening stock                                       |  | 102,700                 | 52,495                           | 7,245                 | 52,262                           |
| Add : Purchases                                     |  | 273,993                 | 434,606                          | 283,962               | 269,726                          |
|   |  | 376,693                 | 487,101                          | 291,207               | 321,988                          |
| Less : Closing stock                                |  | (91,571)                | (145,874)                        | (145,874)             | (145,874)                        |
| Raw material consumed                               |  | 285,122                 | 341,227                          | 145,333               | 176,114                          |
| Stores and spares consumed                          |  | 4,537                   | 8,546                            | 1,456                 | 2,475                            |
| Salaries, wages and other benefits                  |  | 21,508                  | 19,054                           | 13,319                | 8,787                            |
| Fuel and power                                      |  | 29,697                  | 22,716                           | 18,999                | 8,158                            |
| Plant rental  |  | 4,898                   | 4,535                            | 2,449                 | 2,268                            |
| Depreciation  |  | 1,408                   | 1,375                            | 1,408                 | 697                              |
| Other expenses                                      |  | 9,842                   | 5,244                            | 6,636                 | 2,792                            |
|   |  | 357,012                 | 402,697                          | 189,600               | 201,291                          |
| <b>Work-in-process</b>                              |  |                         |                                  |                       |                                  |
| Add: Opening stock                                  |  | 28,317                  | 32,102                           | 30,487                | 27,961                           |
| Less: Closing stock                                 |  | (41,142)                | (37,330)                         | (41,142)              | (37,330)                         |
|   |  | (12,825)                | (5,228)                          | (10,655)              | (9,369)                          |
|   |  | 344,187                 | 397,469                          | 178,945               | 191,922                          |
| <b>Finished goods</b>                               |  |                         |                                  |                       |                                  |
| Add: Opening stock                                  |  | 42,942                  | 52,589                           | 29,300                | 47,325                           |
| Less: Closing stock                                 |  | (40,544)                | (47,217)                         | (40,544)              | (47,217)                         |
|   |  | 2,398                   | 5,372                            | (11,244)              | 108                              |
|   |  | 346,585                 | 402,841                          | 167,701               | 192,030                          |

**9. DISCONTINUED OPERATION**

During the period the Board of Directors of Modaraba Management Company on 01 September 2014 approved the sale of assets of Paper and Board Mill segment 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 assets of Paper and Board mill segment including land, building, plant and machinery, computer and equipment, security deposit for electricity supply and related store and spares against the gross consideration including sales tax amounting to Rs. 162 million. Assets and liabilities other than mentioned above have been retained by the Modaraba and allocated to Packaging solution segment. The Paper and Board mill segment was not previously classified as held for sale or as discontinued operation. The comparative statement of profit and loss and other comprehensive income has been represented to show the discontinued operation separately from continuing operations.

|  | Note | For the half year ended |                   | For the quarter ended |                   |
|--|------|-------------------------|-------------------|-----------------------|-------------------|
|  |      | December 31, 2014       | December 31, 2013 | December 31, 2014     | December 31, 2013 |
|  |      | Represented             |                   |                       |                   |
|  |      | (Rupees in thousand)    |                   |                       |                   |
| <b>9.1 Profit and Loss on discontinued operations</b>            |      |                         |                   |                       |                   |
| Local sales - net  |      | 7,047                   | 31,322            | -                     | 21,131            |
| Sale to continuing operations                                    |      | 78,375                  | 234,953           | -                     | 127,454           |
|  |      | 85,422                  | 266,275           | -                     | 148,585           |
| <b>Cost of sales</b>   |      | (84,775)                | (239,086)         | -                     | (133,792)         |
| <b>Gross profit</b>  |      | 647                     | 27,189            | -                     | 14,793            |
| Administration expenses  |      | (78)                    | (789)             | -                     | (444)             |
| Distribution expenses  |      | (348)                   | (810)             | -                     | (467)             |
|  |      | (426)                   | (1,599)           | -                     | (911)             |
| <b>Operating profit</b>  |      | 221                     | 25,590            | -                     | 13,882            |
| Finance cost   |      | (2)                     | (21)              | -                     | (21)              |
| Other charges  |      | (1,112)                 | -                 | -                     | -                 |
| <i>Other income</i>  |      |                         |                   |                       |                   |
| - Others   |      | 164                     | 239               | -                     | 108               |
| - Loss on sale of discontinued operation                         | 9.3  | (35,043)                | -                 | -                     | -                 |
|  |      | (34,879)                | 239               | -                     | 108               |
| <b>(Loss)/ profit for the period from discontinued operation</b> |      | (35,772)                | 25,808            | -                     | 13,969            |

|  | December 31, 2014 | December 31, 2013                          |
|--|-------------------|--|
| (Rupees in thousand)                                       |                   |  |
| <b>9.2 Cash flow generated from discontinued operation</b> |                   |  |
| Net cash (used in)/ generated from operating activities    | (15,177)          | 6,355                                      |
| Net cash generated from/ (used in) investing activities    | 164,645           | (1)  |
| Net cash generated from discontinued operation             | 149,468           | 6,354                                      |
| <b>9.3 Effect of disposal on the financial position</b>    |                   | <b>Net Book values at the date of sale</b> |
| Property, plant and equipment                              |                   | 164,396                                    |
| Long term deposits   |                   | 4,590                                      |
| Stores and spares  |                   | 19,427                                     |
| Stock-in-trade   |                   | 975  |
| <b>Net assets sold</b>                                     |                   | 189,388                                    |
| <b>Consideration received net of sale tax</b>              |                   | 154,345                                    |

## 10. BUSINESS SEGMENTS

The Modaraba was engaged into three main business segments, however, during the period the Modaraba discontinued Paper and Board mill segment and as at 31 December 2014 following are the continuing business segments.

- (i) Manufacture and sale of corrugated boxes
- (ii) Manufacture and sale of soaps

|  | ----- Continuing operations -----      |         |                      |         | Discontinued operations |           |                               |         |
|--|--|---------|----------------------|---------|-------------------------|-----------|-------------------------------|---------|
|  | Packaging solution<br>Corrugated Boxes |         | Soaps                |         | Total                   |           | Paper & board<br>Mill - Paper |         |
|  | December 31,<br>2014                   | 2013    | December 31,<br>2014 | 2013    | December 31,<br>2014    | 2013      | December 31,<br>2014          | 2013    |
|  | (----- Rupees in thousand ----- )      |         |                      |         |                         |           |                               |         |
| Sales: Inter-segment                     | 15,907                                 | 27,965  | -                    | -       | 15,907                  | 27,965    | 78,375                        | 234,953 |
| Others                                   | 1,050,526                              | 910,199 | 494,057              | 517,669 | 1,544,583               | 1,427,868 | 15,903                        | 35,925  |
| Less: Sales tax                          | 1,066,433                              | 938,164 | 494,057              | 517,669 | 1,560,490               | 1,455,833 | 94,278                        | 270,878 |
| Trade discount                           | (2,262)                                | -       | -                    | -       | (2,262)                 | -         | -                             | -       |
| <b>Net sales</b>                         | 917,079                                | 807,350 | 412,587              | 430,464 | 1,329,666               | 1,237,814 | 85,422                        | 266,275 |
| <b>Cost of sales</b>                     | 808,109                                | 735,845 | 362,492              | 406,131 | 1,170,601               | 1,141,976 | 84,775                        | 263,761 |
| <b>Gross profit</b>                      | 108,970                                | 71,505  | 50,095               | 24,333  | 159,065                 | 95,838    | 647                           | 2,514   |
| Administrative expenses                  | 8,023                                  | 6,221   | 4,751                | 1,465   | 12,774                  | 7,686     | 78                            | 789     |
| Distribution expenses                    | 57,005                                 | 42,490  | 3,424                | 4,835   | 60,429                  | 47,325    | 348                           | 810     |
|  | 65,028                                 | 48,711  | 8,175                | 6,300   | 73,203                  | 55,011    | 426                           | 1,599   |
| <b>Operating profit/ (loss)</b>          | 43,942                                 | 22,794  | 41,920               | 18,033  | 85,862                  | 40,827    | 221                           | 915     |
| Finance cost                             | (214)                                  | (325)   | 144                  | 119     | (70)                    | (206)     | (2)                           | (21)    |
| Other charges                            | -                                      | -       | -                    | -       | -                       | -         | (1,112)                       | -       |
| Other income                             | 8,506                                  | 2,650   | 262                  | (840)   | 8,768                   | 1,810     | 164                           | 239     |
| Loss on sale of discontinued operations  | -                                      | -       | -                    | -       | -                       | -         | (35,043)                      | -       |
| <b>Net profit/ (loss) for the period</b> | 52,234                                 | 25,119  | 42,326               | 17,312  | 94,560                  | 42,431    | (35,772)                      | 1,133   |

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

10.2 Segment assets 1,339,386 1,131,197 399,959 345,109 1,739,345 1,476,306 - 253,017

10.3 Segment liabilities 93,212 85,545 31,230 17,261 124,442 102,806 - 25,414

10.4 Current assets and liabilities relating to Paper and Board Mill segment have been transferred to Packaging Solution segment.

## 11. 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 party transaction | For the half year ended |                     |
|---|------------------------|---|-------------------------|---------------------|
|   |                        |   | 31 December<br>2014     | 31 December<br>2013 |
|   |                        |   | (Rupees in thousand)    |                     |
| Treet Corporation Limited               | Associated undertaking | Sale of goods                                       | 11,591                  | 984                 |
| Treet Corporation Limited               | Associated undertaking | Rental of facilities                                | 10,000                  | -                   |
| Treet HR Management (Private) Limited   | Associated undertaking | Purchase of services                                | 69,695                  | 72,212              |
| Packages Limited                        | Associated undertaking | Purchase of goods                                   | 33,483                  | 37,488              |
| Bulleh Shah Packaging (Private) Limited | Associated undertaking | Purchase of goods                                   | 21,075                  | 15,340              |

**12. DATE OF AUTHORIZATION FOR ISSUE**

This un-audited condensed interim financial information was authorized for issue by the Board of Directors on February 24, 2015.

**13. GENERAL**

- 13.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 13.2** No significant re-arrangements or re-classifications have been made in the corresponding figures, except as disclosed in note 9 to this condensed interim financial information.
- 13.3** All figures, except for June 30, 2014 figures, appearing in this condensed interim financial information are unaudited.

**LAHORE:**  
February 24, 2015



**Syed Shahid Ali Shah**  
Chief Executive Officer



**Muhammad Shafique 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**



**Treet HR Management (Private) Limited**  
*(formerly TCL Labor-Hire Company (Private) Limited)*