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Corporate Information


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

Notice of 4th Annual Review Meeting

Notice is hereby given that 4th Annual Review Meeting of certificate holders of First Treet Manufacturing Modaraba will be held on Saturday October 30, 2010 at 10.00 A.M. at Principal place of business of Modaraba situated at 72-B, Kot Lakhpat Industrial Area, Lahore for the year ended June 30, 2010.

The Certificate Transfer Books will remain closed from October 23, 2010 to October 30, 2010 (both days inclusive) for the purpose of determination of names of the certificate holders for attendance of Annual Review Meeting. The certificate holders whose names appear on the Register of Certificate Holders of First Treet Manufacturing Modaraba as on October 22, 2010 will be eligible to attend the Annual Review Meeting.

By order of the Board



(AYAZ AHMED)

Company Secretary

Global Econo Trade (Private) Limited

Managers of First Treet Manufacturing Modaraba

LAHORE:

October 04, 2010

Notes:

1. In case of individuals, the account holder and/or person whose securities are in CDC sub account or investor account shall show their identity by showing original computerized national identity card (CNIC) or original passport at the time of attending the meeting, CDC sub account holders/investor account holders are also requested to bring their account numbers maintained with CDC.
2. In case of corporate entity, board of director's resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

Mission, Vision Statements

MISSION STATEMENT

Our MISSION is, to satisfy and exceed the needs of our customers, providing our products and services with only the best quality, adjusted to their needs and preferences and to create value for our stakeholders. In order to accomplish this, we will continue our emphasis on being the industry's lowest cost producer that responds to customer needs with value-added products and services. We will strive to exceed customer expectations.

It is our belief that we can fulfill this mission through a unique combination of industry vision, supply chain expertise and innovative technology.

VISION STATEMENT

To be an innovative market leader in our businesses that benefit society. We will be differentiated from our competitors by technology, quality, engineering, sales and marketing expertise, while ensuring financial strength and sustainable growth of the **Treet Group** for the benefit of its stakeholders.

PRINCIPLE

We will base our human resources systems on our proven principles reflective of our core values and our commitment to attract, reward, develop and motivate sophisticated people. They will reflect the global scope of our business while demonstrating responsibility and flexibility with respect to cultural diversity, and statutory and regional business realities.

EMPHASIS

Our emphasis on continuous improvement in all aspects of our business will enable us to reward our shareholders and employees.

SOCIAL RESPONSIBILITY

We will continually strive to be environmentally responsible and support the communities where we operate and the industries in which we participate.

CORPORATE VALUES

- Total Customer Services
- Long-Term Business Focus
- Technology Oriented
- Quality & Reliability
- Staff Development & Teamwork
- Effective Resources & Cost Management
- Corporate Responsibility

Statement of Ethics and Business Practices

Guidelines to Business Conduct

EMPLOYEES

- No one should ask any employee to break the law, or go against **Treet Group** policies and values.
- We treat all employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform jobs in a safe manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on **Treet Group** property.
- Employees should report suspicious people and activities.

BUSINESS PARTNERS

- Avoid conflicts of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment if it will appear to obligate the person who receives it.
- Use and supply only safe, reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt our competition.
- Do not have formal or informal discussions with our competitors on prices, markets or products, or production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest and fair manner.
- Do not compromise our values to make a profit.

BUSINESS RESOURCES

- Do not use inside information about the **Treet Group** for personal profit. Do not give such information to others.
- Do not use **Treet Group** resources for personal gain or any non-business purpose.
- Protect confidential and proprietary information.
- Do not use **Treet Group** resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries into the companies' books or records (within a **Treet Group**).

COMMUNITIES

- Follow all laws, regulations and **Treet Group** policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are open and clear in our environmental communications.
- When **Treet Group**'s standards are higher than what is required by local law, we meet the higher standards.

Corporate Social Responsibility

Treet Group believes that a responsible attitude toward society and the environment can make a business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

Treet Group feels that social attitude is a significant part of its risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as a **Treet Group's** most valuable assets, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

Fundamental to success for Treet Group (and to our vision and corporate values) are based on following premises:

CUSTOMERS

Our future existence relies on understanding and satisfying our customers' present and future needs. Our goal is to be recognized by our customers as a high quality, innovative and cost effective supplier, and the most desirable to do business with. We recognize that, as a result, the next person in the process is our customer.

OUR PEOPLE

We value our family of employees as essential to the success of our Treet Group. We aim to develop a long term trusting relationship with each employee, encouraging their contributions and assisting in their personal development and education. In all dealings we will be fair and consistent.

PRODUCTS AND SERVICES

We are recognized at large by our end products and services. We will endeavor to produce technologically advanced products and services that offer superior quality and value. Continued innovation and improvement are critical to our survival and growth.

SUPPLIERS

We view suppliers of goods and services as an extension of our Treet Group, with whom we wish to develop long term trusting relationships. We expect our suppliers to embrace our quality improvement philosophy in their dealing with us.

SHAREHOLDERS

We aim to be a Group in whom our shareholders have trust and pride. We will keep our shareholders properly informed of our Treet Group's performance and prospects. We recognize the need to provide our shareholders with an excellent return on investment, consistent with long term growth.

PLANNING

All short term decisions will be consistent with long term objectives that balance the needs of our people, customers, suppliers and shareholders. Each year these objectives will be widely communicated within our Treet Group.

QUALITY IMPROVEMENT

We believe in step by step continual improvement of everything that we are engaged in, including our administration, marketing, sales, design, service, distribution and manufacturing. We will encourage cross-functional communication and co-operation to aid this.

ENVIRONMENT

Reflecting our commitment to a cleaner world, we aim to develop products and manufacturing processes which are as friendly to the environment as practicable.

SOCIETY

We will conduct our business at all times in a fair, ethical, consistent and professional manner. We accept our responsibilities to be a responsible community neighbour, and will continue to support community affairs.

HEALTH, SAFETY AND ENVIRONMENT POLICY

It is Treet Group policy to;

- Minimize its environmental impact, as much as economically and practically possible
- Save raw material, water and energy and avoid wastage (and reprocess the waste to the maximum possible extent)
- Ensure that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public
- Develop plans and procedures and provide resources to successfully implement the policy and for dealing effectively with any emergency
- Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, others and to the environment
- Ensure that all its activities comply with national environmental, health and safety regulations

DONATIONS, CHARITIES, CONTRIBUTIONS AND OTHER PAYMENTS OF A SIMILAR NATURE;

Companies within Treet Group are, subject to Board's approval, encouraged to provide support to local communities through donations, charities etc. to fulfill its duty towards social cause. But companies in our Treet Group will not, in any case, contribute any amount;

- (a) to any political party; or
- (b) for any political purpose to any individual or body.

Moreover, companies in **Treet Group** shall not distribute gifts in any form to its members in its meeting.

Investment / Funding and Dividend Policies

INVESTMENT POLICY

The Executive Committee of the Directors is responsible for seeking/evaluating and recommending either;

- Portfolio Investments (i.e. in Shares/ Securities etc. (Fresh Issues or Market Purchase) or Financial claims); or
- Investment in New Projects (either equity based or loan based); or
- Joint Ventures; or
- Investment in Intangibles (Goodwill/ Trade Marks/ Patents etc.)

Moreover, Executive Committee ensures that Proposed Investments are set out in Treet Group's vision and Strategic domain.

FUNDING POLICY

It is Treet Group's policy not only to utilize funds efficiently but also to seek funds from the cheapest source(s).

Treet Group advertently evaluates, from time to time, different funding options for;

- Working Capital Requirements (including import/export financing)
- Medium Term Rollovers/Capital Requirements
- Long Term Project Based Requirements

These funding options may include;

- Internally Generated Funds*
- Bank Borrowings (Short Term as well as Long Term)
- Trade & Sundry Credits
- Debt Instruments (Commercial Papers/ Bonds/ TFC etc.) issued to Institutions or Public in general
- Subordinate- Debts
- Leasing (Operating as well as Capital)
- Equity Financing etc.

* This includes Intra-Treet Group resource sharing. Corporate strategy (by the parent company i.e. Treet Corporation Limited) will seek to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities.

Moreover, the above funding options may augment other ancillary financial products (i.e. derivatives like shares options etc.).

DIVIDEND POLICY

The companies in Treet Group in general meeting may declare dividends; but no dividend shall exceed the amount recommended by the directors; and

- No dividend shall be declared or paid by a company for any financial year out of the profits of the company made from the sale or disposal of any immovable property or assets of a capital nature comprised in the undertaking or any of the undertaking of the company; and
- No dividend shall be paid by a company otherwise than out of profits of the company; and
- The Board may approve and pay to the Members such interim dividends as appears to be justified by the profits of the Company; and
- The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as they think proper as a reserve(s), which shall, at the discretion of the Board, be applicable for meeting contingencies etc.; and
- Company's dividend decision will be auxiliary to Company's Financing Policy

Directors' Report

Board of Directors of Global Econo Trade (Private) Limited (GET), the Modaraba Company of First Treet Manufacturing Modaraba (FTMM), is pleased to present the Directors' Report on the 4th annual accounts of FTMM for the year ended June 30, 2010. These accounts have been audited by statutory auditors of the Modaraba and are accompanied by their audit report.

ECONOMIC OUTLOOK

The recovery in economic growth is fragile, and will remain so till the weaknesses in the macroeconomic framework are forcefully addressed. Moreover, concerns of persistence in inflation and fiscal weaknesses are overshadowing the improvement in the external current account deficit and economic recovery. At the same time aggregate domestic demand, led by public sector consumption expenditures, is picking up while prospects of aggregate supply remain weak due to energy shortages and dismal law and order conditions. These developments together with rising total debt are stressing the macroeconomic stability and call for renewed efforts to maintain an upward trajectory in economic growth. Fiscal developments are inconsistent with the objectives of macroeconomic stability. These have contributed towards aggravating expectations of rising inflation and have kept interest rates under pressure.

In addition, relatively lower credit demand for fixed investment is because no major long term projects have been initiated in FY10. Failure to address the electricity shortages and dismal law and order conditions continue to have a dampening effect on the prospects of long term investment projects and higher growth in private sector credit. Lower fixed investment does not augur well for the economy since investment today means ability to produce tomorrow. Lagging investment would constrain future supply and possibly result in an increase in the output gap even if aggregate demand remains unchanged.

Pakistan's economy is experiencing fiscal difficulties and its debt burden has started to increase. As the global developments reveal, there are strong inter-linkages between fiscal vulnerabilities and financial stability. If not addressed in time they do have a tendency to spillover to other sectors and disrupt real economic activities. **Pakistan** falls to 123rd place, weakening across most areas measured by the GCI. Still at an early stage of development, the country will require efforts in particular to improve the basic determinants of its competitiveness, namely its institutions (112th), infrastructure (110th), and macroeconomic environment (133rd) as well as education at all levels.

Demand of corrugated packaging/ paper and boards products are derived demand stemming from industrial (and to some extent agricultural) growth. Thus industrial growth is pivotal to the growth of your Modaraba. The Economic Survey shows that total Gross Fixed Capital Formation (GFCF) fell by 0.6 percent, as the private sector witnessed a drop of 3.5 percent. Included in this decline, is the 4.9 percent slide in manufacturing sector (down 12.4 percent in LSM) and 18.8 percent in the electricity and gas sector. And just as the LSM sector, small and medium businesses are likely to be strained. "The small and micro-enterprise sectors, which employ the bulk of the non-agricultural labour force, and are less well captured in the national accounts data, are much less insulated, and therefore significantly more vulnerable to shocks such as wide spread disruptions to energy supply, the survey aptly points out". Under these economic circumstances, maintaining good volumes and margins would be challenging and these can only be achieved by deploying appropriate marketing mix and delving into business strategies based on market penetration, product and market developments and bringing in price rationalization, production efficiencies and improvement in operations and raw material sourcing. Moreover, in a volatile business environment, operating at both types of leverages [financial & operational] can be risky particularly where financial costs are expected to increase because of the inflationary factors [and where financial leverage is unrelated to business outcome]. Thus your Modaraba is planning to replace existing borrowings with the equity.

FINANCIAL RESULTS

Rs. in 000'	2009-2010	2008-2009	% Change
Sales (net)	1,476,843	695,983	112.20
Net Profit / (Loss)	48,516	(40,507)	-
Earnings /(Loss) per Certificate	0.97	(1.39)	-
Transfer to Statutory Reserve (50%)	24,258	Nil	
Book Value per Certificate	9.54	8.56	

SEGMENT-WISE ANALYSIS

Rs. in 000'	Corrugation		Paper & Board		Soap	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Sales	942,745	695,983	30,070	-	504,028	-
Inter-Segment Sales	36,388	-	85,676	-	-	-
Total Sales	979,133	695,983	115,746	-	504,028	-
Gross Profit	78,516	13,696	(3,403)	-	43,888	-

CORRUGATION

Corrugated business showed good volume growth (41%) and also turned into GREEN. Margins are improved through price rationalization, increased productivity and tapping new sources of raw materials. Sustained efforts are made to improve the margins through process of continuous improvement and enhancement. However, raw material costs remained on the rising trend [and uncertain] during the period particularly due to the price hikes in international markets. Revenue avenues are being further explored through market development based on core competencies and product development.

PAPER & BOARD

Paper & Board Mill has started its commercial production from March 2010. The size of the project is capable to produce an average of 30~40 Tons of papers per day. However, with some modifications this capacity can be increased. With this vertical integration, your Modaraba will be able not only to bring cost of paper down but also would have better control on quality [and lead time]. Moreover, it will strengthen the FTMM's (Corrugation Business) bargaining position vis-à-vis outside sources.

SOAPS

Your Modaraba have started soap production from July 2009 and resulted not only in good sales but also generated reasonable margins.

Sales & Marketing of Soap is being handled by Global Econo Trade (Private) Limited (GET). There is growing market of Soaps and GET's strong distribution network can help further to increase market share. However,

material costs remained volatile [and uncertain] during the period particularly due to lack of availability of derivative products. Moreover, energy costs [rates and costly in-house power generation due to power shortage] and to packaging cost that posed steep rise were the major areas of concern. Moreover, consumer buying pattern became highly uncertain and price sensitive.

DIVIDEND

The Board is pleased to announce final cash dividend @ 2.73% i.e. Rs. 0.273* per Certificate of Rs. 10/- each.

*this entitlement is based on 80.00 million modaraba certificates [inclusive of 2nd Right Issue of the Modaraba]

APPROPRIATIONS

	Rs. in '000
Profit for the Year	48,516
Un-appropriated loss brought forward	(71,715)
Available for Appropriation	(23,199)
Transferred to Statutory Reserves – 50% of the profit for the year	24,258
Profit distribution for the year – 90% of the [profit less reserves]	21,840
Un-appropriated loss carried forward	(69,297)

AUTHORIZED FUNDS OF THE MODARABA

The Directors of your Modaraba proposed to increase Authorized Modaraba Fund from Rs.500 Million to Rs. 1.00 Billion in their Meeting held on October 26, 2009 since current authorized fund have been fully utilized and no more cushion was available to increase paid-up capital if required. Subsequently an application was filed with the Registrar Modaraba for approval of the said proposal. The Joint Registrar of Modaraba, Securities & Exchange Commission of Pakistan gave his approval to increase the Authorized Modaraba Fund from Rs.500 Million to Rs.1.00 Billion vide letter No.SCD/M/IHM/FTM/2009-24 dated January 19, 2010.

FUTURE OUTLOOK

The devastating floods in Pakistan have adversely impacted the food supply chains. Nearly 17 million acres of cultivated cropland has been lost to floods while the loss of livestock could also be in billions (UN 2010). The loss of crops from floods alone caused huge spikes in the price of necessary food items because of uncertainty in the supply of grains, livestock, etc. It may take months to resettle the internally displaced farm workers on the land they once tilled, thus causing perpetual delays in future food production. Given these inflationary trends and expected developments, inflation in FY11 is likely to persist. Several factors explain risk of inflation remaining high. First, the floods in Pakistan have caused unprecedented devastation. The economic prospects are indeed very depressing. The economic managers of the country will have to develop an effective strategy of not only mobilizing and disbursing resources for the relief and rehabilitation and for the subsequent large-scale reconstruction effort but also for providing some protection to the general population affected by rising unemployment and exploding food prices. Second, the fiscal consolidation measures, including further upward adjustments in electricity price, increase in General Sales Tax (GST), federal excise and import duties will continue to have upward pressure on inflation. Third, announced increase in government employees' wages to compensate for high inflation will fuel expectations of rising inflation. Fourth, rising domestic demand pressures coupled with weak productive capacity may widen the gap between aggregate demand and supply, causing inflation persistence.

But the management of your Modaraba is well aware of the posed challenges and is deploying most feasible marketing mix at trade and retail levels and is taking all possible measures to meet these challenges.

Your Modaraba is continually reviewing its business strategy to cope with the threats and has been incessantly endeavoring not only to tap alternative inexpensive sources of raw material/inputs but also trying to optimize the throughput. We continue our sustained efforts to improve the margins through process of continuous improvement and enhancement. Revenue avenues are being further explored through market development based on core competencies and product development.

RIGHT ISSUE

Management Company of your Modaraba has announced 60% right issue of Modaraba on May 31, 2010 to be offered at par to the existing Modaraba Certificate holders. Right offer was made to those certificate holders whose names were appeared in the certificate holders' register of the Modaraba as on July 22, 2010.

The overall objective of the issue is to :-

- diversify into new products and markets.
- pay back the existing debts and reduction in financial costs.
- finance the working capital / increased production capacity.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code, the Board of Directors of Modaraba Company states that:

- The financial statements, prepared by the management of Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies are consistently applied by your Modaraba in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Modaraba is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Modaraba, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

MEETINGS OF THE BOARD OF DIRECTORS

During the year the Board of Directors of Modaraba Company has met 07 times and the attendance at each of these meetings is as follows:-

	No. of Meetings attended
• Syed Shahid Ali	07
• Muhammad Shafique Anjum	07
• Shahid Zia	07
• Syed Sheharyar Ali	07

AUDIT COMMITTEE

In compliance with the Code, the Board of Directors of your Modaraba Company has established an Audit Committee. Currently Audit Committee has following members;

1. Muhammad Shafique Anjum	Chairman
2. Syed Shahid Ali	Member
3. Shahid Zia	Member

INTERNAL AUDIT

In compliance with the Code, the Board of Directors of your Modaraba Company has also established an Internal Audit Function to monitor and review the adequacy and implementation of Internal Control at each level of your Modaraba.

AUDITORS

The Audit Committee of your Modaraba Company has recommended that, the present auditors, Messers Hyder Bhimji & Co., Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Modaraba Company for another term. Subject to approval by the Registrar of Modaraba Companies and Modarabas, their appointment has been confirmed by the Board.

PATTERN OF CERTIFICATE-HOLDING

The pattern of certificate-holding of your Modaraba as on June 30, 2010 is annexed with this report. This statement is in accordance with the amendments made through the Code.

HR & ADMINISTRATION

Complete HR Function is outsourced to associated company TCL Labor-Hire Company (Private) Limited who is labor hire company specialized in providing workforce to host companies under service agreement and taking all responsibilities of the workforce.

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:
October 04, 2010

Statement of Compliance With Best Practices of the Code of Corporate Governance for the year ended June 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulations of the Lahore Stock Exchange (Guarantee) Limited the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the Code in the following manner:

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
2. All the directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. The Modaraba has prepared a Statement of Ethics and Business Practices, which has been signed by all directors of the Modaraba.
4. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Modaraba along with the dates on which they were approved or amended has been maintained.
5. All the powers of the Board have been duly exercised and decisions on material transactions have been taken on the Board. The terms of appointment and remuneration package of the CEO and directors are not approved by the Board as they are nominees of Treet Corporation Limited (holding Company of the Modaraba Company).
6. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working paper were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
7. The directors are fully aware of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of the Prospectus to manage the affairs of the Modaraba on behalf of the certificate holders.
8. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
9. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the Board.
10. The Directors, CEO and Executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of holding of certificates.
11. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
12. The meetings of the audit committee are held at least once every quarter prior to approval of interim and final results of the Modaraba as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

13. The Board has set-up an effective internal audit function.
14. The statutory auditors of the Modaraba had confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all of its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
15. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
16. We confirm that all other material principles contained in the Code have been substantially complied with.

For and on behalf of the Board of Directors



Syed Shahid Ali
Chief Executive Officer

LAHORE:
October 04, 2010

Review Report to the Certificate Holders on Statement of Compliance with Best Practices of the Code Of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Global Econo Trade (Private) Limited (the Modaraba Management Company) in respect of First Treet Manufacturing Modaraba (the Modaraba) to comply with the Listing Regulations of the Lahore Stock Exchange, where the Modaraba is listed.


The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control systems to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-regulations (xiii a) of the Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Modaraba to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba for the year ended June 30, 2010.

LAHORE:
October 04, 2010


HYDER BHIMJI & CO.
Chartered Accountants
(Shabir Ahmad, FCA)

Auditors' Report to the Certificate-Holders


We have audited the annexed balance sheet of First Treet Manufacturing Modaraba as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba company's [Global Econo Trade (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of First Treet Manufacturing Modaraba as required by Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion-
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied except for the changes as described in note 2.2 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2010 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the central Zakat fund established under section 7 of that Ordinance.

LAHORE:
October 04, 2010


HYDER BHIMJI & CO.
Chartered Accountants
(Shabir Ahmad, FCA)


Balance Sheet

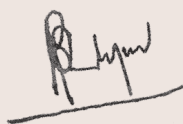
as at June 30, 2010

	Note	2010 (Rupees in thousand)	2009
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	323,704	229,996
Long term deposits	5	14,974	40
		338,678	230,036
CURRENT ASSETS			
Stores and spares	6	39,422	14,395
Stock in trade	7	182,444	224,839
Trade debts	8	238,858	133,481
Advance, deposits, prepayments and other receivables	9	75,234	78,212
Tax refunds due from the Government	10	34,749	10,045
Cash and bank balances	11	38,627	64,775
		609,334	525,747
TOTAL ASSETS		948,012	755,783
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL			
Authorized			
100,000,000 (2009: 50,000,000) Modaraba			
certificates of Rs. 10 each		1,000,000	500,000
Issued, subscribed and paid up	12	500,000	500,000
Statutory reserve	13	24,258	-
Accumulated loss		(47,457)	(71,715)
Certificate-holders' equity		476,801	428,285
NON CURRENT LIABILITIES			
Due to Modaraba Company	14	206,690	-
CURRENT LIABILITIES			
Demand finance	15	200,000	300,000
Trade and other payables	16	64,521	27,498
		264,521	327,498
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		948,012	755,783

The annexed notes 1 to 31 form an integral part of these financial statements.

LAHORE:
October 04, 2010


Syed Shahid Ali
Chief Executive Officer


Muhammad Shafique Anjum
Director

Profit and Loss Account

for the year ended June 30, 2010

	Note	2010 (Rupees in thousand)	2009 (Rupees in thousand)
Net sales	18	1,476,843	695,983
Cost of goods sold	19	(1,357,842)	(682,287)
Gross profit		119,001	13,696
Operating expenses			
Administrative	20	(9,864)	(5,067)
Selling and distribution	21	(34,858)	(23,556)
		(44,722)	(28,623)
Operating Profit / (loss)		74,279	(14,927)
Other operating income	22	7,841	3,782
Finance cost	23	(33,604)	(29,362)
Profit / (loss) for the year		48,516	(40,507)
Earning/(loss) per Modaraba certificate- Basic and diluted	29	0.97	(1.39)

The annexed notes 1 to 31 form an integral part of these financial statements.

LAHORE:
October 04, 2010



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

for the year ended June 30, 2010

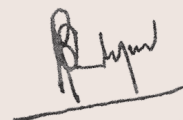
	2010 (Rupees in thousand)	2009
Profit / (loss) for the year	48,516	(40,507)
Other comprehensive income	-	-
Comprehensive income / (loss) transferred to equity	48,516	(40,507)

The annexed notes 1 to 31 form an integral part of these financial statements.

LAHORE:
October 04, 2010



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Cash Flow Statement

for the year ended June 30, 2010

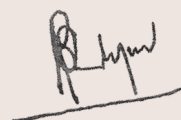
	Note	2010 (Rupees in thousand)	2009
Cash flow from operating activities			
Profit / (loss) before taxation		48,516	(40,507)
Adjustment for non-cash and other items:			
Depreciation		17,172	11,919
Finance cost		33,604	29,362
		50,776	41,281
Operating profit before working capital changes		99,292	774
(Increase) / decrease in operating assets:			
Stores and spares		(25,027)	(8,878)
Stock in trade		42,395	(25,576)
Trade debts		(105,377)	(28,724)
Advances, deposits, prepayments and other receivables		2,978	(40,606)
Tax refunds due from the Government		(24,704)	5,205
Long term deposits		(14,934)	-
		(124,669)	(98,579)
Increase / (decrease) in operating liabilities:			
Trade and other payables		37,023	(12,256)
Cash outflow after working capital changes		11,646	(110,061)
Finance cost paid		(33,604)	(29,362)
Net cash outflow from operating activities		(21,958)	(139,423)
Cash flow from investing activities			
Purchase of property, plant and equipment		(9,212)	-
Capital work in progress		(101,668)	(85,649)
Net cash outflow from investing activities		(110,880)	(85,649)
Cash flow from financing activities			
Issue of certificate capital		-	357,143
Change in demand finance		(100,000)	300,000
Change in due to Modaraba Company		206,690	(383,835)
Net cash inflow from financing activities		106,690	273,308
Net (decrease) / increase in cash and cash equivalents		(26,148)	48,236
Cash and cash equivalents at beginning of the year		64,775	16,539
Cash and cash equivalents at end of the year	11	38,627	64,775

The annexed notes 1 to 31 form an integral part of these financial statements.

LAHORE:
October 04, 2010



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Statement of Changes in Equity

for the year ended June 30, 2010

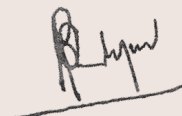
	Certificate Capital	Statutory Reserve	Accumulated Loss	Total
Figures in Rs. '000s				
Balance as at June 30, 2008	142,857	-	(31,208)	111,649
Certificates issued as right certificates	357,143	-	-	357,143
Comprehensive loss for the year	-	-	(40,507)	(40,507)
Balance as at June 30, 2009	500,000	-	(71,715)	428,285
Comprehensive income for the year	-	-	48,516	48,516
Transfer to statutory reserve @ 50%	-	24,258	(24,258)	-
Balance as at June 30, 2010	500,000	24,258	(47,457)	476,801

The annexed notes 1 to 31 form an integral part of these financial statements.

LAHORE:
October 04, 2010



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Notes to the Financial Statements

for the year ended June 30, 2010

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and made applicable to Modaraba under Modaraba (Floatation and Control) Ordinance, 1980, the provisions or the directives issued under the Companies Ordinance, 1984 or Modaraba (Floatation and Control) Ordinance, 1980. In case requirements differ, the provisions or the directives of the Companies Ordinance, 1984 or Modaraba (Floatation and Control) Ordinance, 1980 shall prevail.

2.2 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the modaraba

- IFRS 7, ‘Financial instruments: Disclosures’, is effective from January 1, 2009. IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and measurement of the Modaraba’s financial instruments. The application of IFRS 7 has resulted in additional disclosures in the Modaraba’s financial statements, however, there is no impact on profit for the year.
- IAS 1 (Revised), ‘Presentation of financial statements’ becomes applicable for the current financial year for the first time. The revised standard prohibits the presentation of items of income and expense (that is, “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity.

All “non-owner changes in equity” are required to be shown separately in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Modaraba had adopted to present all non-owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account) in its half yearly financial statements however for better presentation, having no financial impact, the modaraba has now preferred to present two statements; a profit and loss account and a statement of comprehensive income. These financial statements have been prepared under revised disclosure requirements.

- IAS 23 (Amendment), 'Borrowing Costs' is effective from January 1, 2009. The amendment requires an entity to capitalise the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing these borrowing costs has been removed. The current policy of the Modaraba is in line with the requirements of this amendment, therefore, there is no impact on the financial statements.

2.3 Standards, Interpretations and amendments to published approved accounting standards that have been effective during the year either not relevant to the or not have any effect on the Modaraba

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard did not have an effect on Modaraba's financial statements.

"Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the profit or loss. The application of this standard did not have an effect on Modaraba's financial statements.

IFRIC - 15 Agreement for the construction of Real Estate (effective for annual periods beginning on or after July 1, 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to Modaraba's operations.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risks are portions of cash flows are eligible for designation in a hedging relationship. The amendment did not have an effect on Modaraba's financial statements.

IFRIC - 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a Modaraba distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity.

When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As Modaraba does not distribute non-cash assets to its shareholders, this interpretation has no impact on Modaraba's financial statements.

The other new standards, amendments and interpretations that are mandatory for accounting period beginning on or after July 1, 2009 are considered not to be relevant or to have any significant effect on Modaraba's financial reporting and operations.

2.4 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted

Amendment to IFRS 2 - Share-based payment - Group Cash-settled Share-based Payment Transaction (effective for annual periods beginning on or after January 1, 2010). Currently effective IFRSs require attribution of group share-based payment transaction only if they are equity-settled. The amendments resolved diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods and services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after February 1, 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entities own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Modaraba's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Modaraba's financial statements.

IAS 24 Related Party Disclosures (revised 2009) - effective for annual periods beginning on or after January 1, 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government - related entities. The amendment would result in certain changes in disclosures.

Amendments of IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of payments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Modaraba's financial statements.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Modaraba's management expects that such improvements to the standards will not have any material impact on the Modaraba's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amount of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

The estimates and underline assumptions are reviewed on an going basis. Revisions to accounting estimated are recognized in the period in which the estimate is revised if the revisions effect only that period, or in the period of revision and future periods if revisions effect both current and future periods.

Significant areas requiring the use of the management estimates in these financial statements relate to the useful life of the depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Taxation

Current

Under the current tax law, the income of non-trading Modaraba is exempt from income tax provided it distributes 90% of its profit as cash dividend to the certificate holders out of current year's total profit after appropriating statutory reserves under section 37 of the Modaraba Companies and Modaraba (floatation and control) Ordinance, 1980.

Where such profit is not distributed, provision for tax is made on taxable income at the current tax rates applicable to Modaraba after taking into account the available tax exemptions and tax credits, if any.

Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method. However, deferred tax liability has not been recognised in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of ninety percent of distributable profit.

3.3 Staff retirement benefits

The Modaraba company of First Treet Manufacturing Modaraba i.e. Global Econo Trade (Private) Limited, is managing all the operations of the company, thus all the liabilities of staff retirement benefits are the responsibility of the Modaraba company.

3.4 Trade and other payables

These are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Modaraba or not.

3.5 Property, plant and equipment

Operating assets

- a) Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any except for land which is stated at cost. Cost in relation to the assets comprises acquisition and other directly attributable costs.
- b) Depreciation on operating fixed assets is charged to profit on straight line method so as to write off the historical cost of an asset over its estimated useful life at the annual rates mentioned in note - 4 to the financial statements. The depreciation is charged on property, plant and equipment from the day that an asset is available for use till the day the asset is retired from active use or is transferred to a disposal group.
- c) Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. Routine repair and maintenance is charged to income as and when incur.
- d) Gains and losses on disposal of fixed assets are credited or charged to income in the year of disposal.

Capital work-in-progress

Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

3.6 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit, which are valued at invoice price and related expenses incurred upto the balance sheet date. The net realizable value is the estimated selling price in the ordinary course of business less estimated cost to complete and cost necessary to make the sale.

3.7 Stock in trade

These have been valued on the basis of lower of cost and net realisable value, the cost is determined as under:

BASIS

Raw material and chemicals	
Purchases	Moving average cost
In transit	At actual cost.
Goods in process	At production cost.
Finished goods	
Own production	Production cost
In transit	At actual cost.

Production cost consists of prime cost and proportionate production overheads. While net realizable value means the selling prices in the ordinary course of business less estimated cost of completion and incidental selling expenses.

3.8 Trade and other receivables

These are carried at amounts recognized at the time of transaction less an estimate of doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified, while debts considered doubtful of recovery, if any, are fully provided for in these financial statements.

3.9 Impairment

The carrying amounts of the Modaraba's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment loss is recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized as income in the profit and loss account.

3.10 Financial instruments

Recognition and measurement

The financial assets and liabilities are recognized at cost when the Modaraba becomes a party to the contractual provisions of the instrument and de-recognized when the Modaraba loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Financial instruments includes trade debts, advances, deposits, cash and bank balances, trade and other payables, demand finance and due to Modaraba company. Any gain or loss on subsequent re-measurement to fair value of financial assets and financial liabilities is taken to profit and loss account on occurrence.

Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the balance sheet if the company has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments that are readily convertible to known amounts of cash which are subject to insignificant changes.

3.12 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic

benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

3.14 Foreign currency transactions

Foreign currency transactions during the year are translated into Pak Rupees at the exchange rates prevailing on the date of transaction.

Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange ruling on the terminal date. Exchange gains and losses are included in the income currently.

3.15 Segment reporting

Segment reporting is based on the business segments of the Modaraba, whereby the business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Packing, Paper and board and Soap, which also reflects the business and management structure of the Modaraba.

3.16 Profit distribution

Profit distribution is recognized in the period in which it is distributed.

3.17 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the company to do so.

3.18 Revenue recognition

- (i) Income from sale of goods is recognized when significant risk and rewards are transferred to the customers i.e. on dispatch of goods to customers.
- (ii) Return on bank deposits and investments is accounted for on accrual basis, using the applicable rate of return.

	Note	2010 (Rupees in thousand)	2009
4. PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets - Tangible	4.1	312,589	144,347
Capital work in progress - civil works		11,115	85,649
		323,704	229,996

4.1 Operating fixed assets

2 0 1 0

PARTICULARS	C O S T			D E P R E C I A T I O N			Net book value as at June 30, 2010	RATE %
	As at July 01, 2009	Additions / Transfer	As at June 30, 2010	As at July 01, 2009	For the year	As at June 30, 2010		
Figures in Rs. '000s								
OWNED								
Land - freehold	25,000	18,000	43,000	-	-	-	43,000	-
Buildings and civil works on freehold land	55,959	52,296	108,255	6,531	3,865	10,396	97,859	5
Plant and machinery	91,210	114,243	205,453	21,291	13,240	34,531	170,922	10
Furniture and equipment	-	315	315	-	10	10	305	10
Computer equipment	-	560	560	-	57	57	503	25
	172,169	185,414	357,583	27,822	17,172	44,994	312,589	

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PARTICULARS	C O S T			D E P R E C I A T I O N			Net book value as at June 30, 2009	RATE %
	As at July 01, 2008	Additions	As at June 30, 2009	As at July 01, 2008	For the year	As at June 30, 2009		
OWNED								
Land - freehold	25,000	-	25,000	-	-	-	25,000	-
Buildings and civil works on freehold land	55,959	-	55,959	3,733	2,798	6,531	49,428	5
Plant and machinery	91,210	-	91,210	12,170	9,121	21,291	69,919	10
	172,169	-	172,169	15,903	11,919	27,822	144,347	

4.2 The depreciation charge for the year has been allocated to Cost of Sales (Note - 19).

	Note	2010 (Rupees in thousand)	2009
5. LONG TERM DEPOSITS			
This includes security deposited with :			
Central Depository Company		38	38
EFFDEE Water company (Nestle)		3	2
AM City Skp division (Lesco)		4,590	-
Gas cylinder		7	-
Khatoon Industries Limited (KIL)	5.1	3,835	-
Sui Northern Gas Pakistan Limited (SNGPL)		6,501	-
		14,974	40
5.1 This represents various interest free security deposits given to Khatoon Industries Limited (KIL) for the use of assets by FTMM - Soap for a period of five years.			
6. STORES AND SPARES			
Stores		16,453	1,793
Spares	6.1	22,969	12,602
		39,422	14,395
6.1 This includes spares in transit amounting to Rs. 4.49 million (2009 : 0.18 million).			
7. STOCK IN TRADE			
Raw materials and chemicals	7.1	102,420	215,908
Packing material		24,308	2,922
Work in process		28,976	1,914
Finished goods		26,740	4,095
		182,444	224,839
7.1 This includes raw material in transit amounting to Rs. 25.95 million (2009 : Nil).			
8. TRADE DEBTS - Unsecured, considered good			
Customers' account		214,685	133,481
Due from Modaraba Company	8.1	24,173	-
		238,858	133,481

8.1 Maximum aggregate amount due from Global Econo Trade (Pvt) Limited - Modaraba Company, at the end of any month is Rs. 52.615 million (2009: 0.035 million).

	Note	2010 (Rupees in thousand)	2009
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - Considered good			
Advances to suppliers		61,201	71,944
Prepayments		11,519	3,891
Profit accrued on bank deposits		-	1,534
Other receivables		2,514	843
		75,234	78,212
10. TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax receivable		11,936	1,680
Advance income tax		22,813	8,365
		34,749	10,045
		-	
11. CASH AND BANK BALANCES			
Cash in hand - imprest		-	10
Cash at bank:			
in current accounts		2,864	2
in saving accounts (profit bearing)	11.1	35,763	64,763
		38,627	64,765
		38,627	64,775

11.1 The balances in saving accounts carry profit ranging between 10.5% to 11.25%. (2009: 10.5% to 11.25%).

12. ISSUED, SUBSCRIBED AND PAID UP CERTIFICATE CAPITAL

2010	2009			
Number of Certificates				
49,999,999	49,999,999	Modaraba certificates of Rs 10 each fully paid up in cash	12.1	500,000
				500,000
49,999,999	49,999,999			500,000
				500,000

12.1 The managing Company i.e. Global Econo Trade (Pvt) Limited holds 7,362,211 (2009: Rs. 2,103,489) certificates and Treet Corporation Limited, holding company of the Modaraba company holds 42,540,537 (2009: Rs. 12,136,225) certificates of Rs. 10 each.

	Note	2010 (Rupees in thousand)	2009
13. STATUTORY RESERVES			
Statutory reserve		24,258	-
<p>This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan, which is not available for distribution.</p>			
14. DUE TO MODARABA COMPANY - Unsecured			
Global Econo Trade (Pvt) Limited		206,690	-
<p>This amount represents finance extended by Modaraba company out of the total approved limit of Rs. 650 million to meet the initial financial requirements of the Modaraba's project. It was repayable as and when deemed appropriate by the Modaraba (FTMM) either partially or in full instead of regular periodic installments.</p>			
15. DEMAND FINANCE			
Bank Islami Pakistan Limited	15.1	200,000	-
Allied Bank Limited		-	300,000
		200,000	300,000
<p>15.1 This represents Istisna facility provided by Bank Islami Pakistan Limited out of the total approved limit of Rs. 200 million to finance on-going operations of the Modaraba. It is repayable in lump-sum within 90 days from the date of disbursement i.e. June 30, 2010. It carries mark up at the rate of matching KIBOR + 1%. It is secured against ranking charge over present and future assets of the Modaraba with 25% margin.</p>			
16. TRADE AND OTHER PAYABLES			
Creditors:		32,595	22,971
Payable to associated undertakings:			
TCL Labor Hire Company (Pvt) Limited		15,469	-
		48,064	22,971
Accrued liabilities		9,580	3,550
Advances from customers		6,419	787
Income tax deducted at source		458	190
		64,521	27,498

17. CONTINGENCIES AND COMMITMENTS

17.1 The company is in appeal before Commissioner of income Tax (CIT) (Appeals), Zone-II, Lahore against an exparte order, passed by Taxation Officer of income Tax, Enforcement & Collection Unit-05, Division-I, RTO, Lahore for the tax year 2007 u/s 161/205 of the Income Tax Ordinance, 2001. As a result of this order a tax demand of Rs. 6,466,138 was created against the Modaraba. The impugned order was passed without considering the documents submitted or available with the department and even without taking into account the tax deductions made by the Modaraba. In the current year Modaraba won the appeal before CIT, however the tax department has filled the second appeal before the ITAT. The management and the tax advisor of the Modaraba are confident that this demand will not be sustained in the appeal. Accordingly, no provision of this amount has been made in these financial statements.

	Note	2010 (Rupees in thousand)	2009
17.2 Commitments in respect of :			
Letters of credit		4,489	175
18. SALES - Net			
Packaging Solutions - Corrugated boxes	18.1	942,745	695,983
Paper and Board Mill - Paper	18.2	30,070	-
Soap	18.3	504,028	-
		1,476,843	695,983
18.1 Packaging Solutions - Corrugated boxes			
Local Sales		1,078,156	778,133
Sales to associated undertakings			
- Global Econo Trade (Pvt) Limited		-	12,554
- Treet Corporation Limited		11,706	9,693
		11,706	22,247
		1,089,862	800,380
Less - Sales tax		(147,117)	(104,397)
		942,745	695,983
18.2 Paper and Board Mill - Paper			
Local Sales		34,768	-
Less - Sales tax		(4,698)	-
		30,070	-

	Note	2010 (Rupees in thousand)	2009
18.3 Soap			
Local Sales		48,709	-
Sales to associated undertakings			
- Global Econo Trade (Pvt) Limited		562,484	-
- Treet Corporation Limited		1,788	-
		564,272	-
		612,981	-
Less - Sales tax		(108,953)	-
		504,028	-
19. COST OF GOODS SOLD			
Packaging Solutions - Corrugated boxes	19.1	814,941	682,287
Paper and Board Mill - Paper	19.2	93,650	-
Soap	19.3	449,251	-
		1,357,842	682,287
19.1 Cost of goods sold - Packaging Solutions			
Opening Stock		218,830	196,149
Add: Purchases		513,195	599,160
Less: Closing Stock		(33,515)	(218,830)
Raw and packing material consumed		698,510	576,479
Stores and spares consumed		20,156	22,455
Out sourced manpower cost		56,977	46,777
Fuel and power		22,381	14,640
Repair and maintenance		2,574	3,454
Rent, Rates and taxes		218	2,581
Insurance		3,891	1,997
Traveling and conveyance		744	3,028
Other manufacturing expenses		1,725	1,851
Depreciation		11,954	11,919
		819,130	685,182
Work in process			
Add - Opening stock		1,914	1,856
Less - Closing stock		(5,108)	(1,914)
		(3,194)	(58)
		815,936	685,124
Finished goods			
Add: Opening stock		4,095	1,258
Less: Closing stock		(5,090)	(4,095)
		(995)	(2,837)
		814,941	682,287

	Note	2010 (Rupees in thousand)	2009
19.2 Cost of goods sold - Paper and Board Mill			
Opening Stock		-	-
Add: Purchases		55,062	-
Less: Closing Stock		(12,378)	-
Raw and packing material consumed		42,684	-
Stores and spares consumed		3,286	-
Out sourced manpower cost		19,842	-
Fuel and power		23,435	-
Repair and maintenance		1,326	-
Rent, Rates and taxes		129	-
Other manufacturing expenses		644	-
Depreciation		5,201	-
		96,547	-
Finished goods			
Add: Opening stock		-	-
Less: Closing stock		(2,897)	-
		(2,897)	-
		93,650	-
19.3 Cost of goods sold - Soap			
Opening Stock		-	-
Add: Purchases		522,257	-
Less: Closing Stock		(80,835)	-
Raw and packing material consumed		441,422	-
Stores and spares consumed		4,970	-
Out sourced manpower cost		14,826	-
Fuel and power		17,599	-
Repair and maintenance		594	-
Rent, Rates and taxes		1,032	-
Plant Rental		6,900	-
Product development charges		333	-
Insurance		137	-
Computer expenses		39	-
Fee and Subscription		27	-
Other manufacturing expenses		3,975	-
Depreciation		17	-
		491,871	-
Work in process			
Add - Opening stock		-	-
Less - Closing stock		(23,868)	-
		(23,868)	-
Finished goods			
Add: Opening stock		-	-
Less: Closing stock		(18,752)	-
		(18,752)	-
		449,251	-

	Note	2010 (Rupees in thousand)	2009
20. ADMINISTRATIVE EXPENSES			
Out sourcing of manpower		3,890	2,496
Legal and professional		4,662	1,648
Fee and subscription		79	76
Auditors' remuneration	20.1	530	383
Postage and telephone		132	152
Vehicle running and maintenance		109	166
Repair and maintenance		54	24
Printing and stationery		203	100
Advertisement		192	-
Others		13	22
		9,864	5,067
20.1 Auditors' remuneration			
Audit fee		400	300
Half yearly review		100	75
Out of pocket expenses		30	8
		530	383
21. SELLING AND DISTRIBUTION EXPENSES			
Out sourcing of manpower		4,693	3,727
Legal and professional		550	99
Vehicle running and maintenance		-	108
Repair and maintenance		-	12
Freight and forwarding		28,154	18,837
Rent, rates and taxes		568	-
Printing and stationery		10	18
Postage and telephone		297	155
Traveling and conveyance		69	126
Advertisement		517	474
		34,858	23,556
22. OTHER OPERATING INCOME			
Income from financial assets:			
Profit from bank on saving accounts		4,745	2,920
Income from assets other than financial assets:			
Sale of scrap		3,096	219
Others - accrued liabilities / profit of last year written back		-	643
		7,841	3,782

	2010	2009
	(Rupees in thousand)	
23. FINANCE COST		
Profit on demand finance	31,665	27,796
Bank charges	965	487
Exchange loss on import	974	1,079
	33,604	29,362

24. MATURITY OF ASSETS AND LIABILITIES

	2010					
	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
Rupees in '000s.....					
Financial assets						
Long term deposits	-	-	-	4,638	10,336	14,974
Trade debts	-	238,858	-	-	-	238,858
Advances, deposits, prepayments and other receivables	-	2,345	-	-	-	2,345
Cash and bank balances	38,627	-	-	-	-	38,627
	38,627	241,203	-	4,638	10,336	294,804
Financial liabilities						
Demand finance	-	-	200,000	-	-	200,000
Due to Modaraba Company	-	-	206,690	-	-	206,690
Trade and other payables	58,102	-	-	-	-	58,102
	58,102	-	406,690	-	-	464,792

	2009					
	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
Rupees in '000s.....					
Financial assets						
Long term deposits	-	-	-	-	40	40
Trade debts	68,441	46,287	18,753	-	-	133,481
Advances, deposits, prepayments and other receivables	1,534	-	-	-	-	1,534
Cash and bank balances	64,775	-	-	-	-	64,775
	134,750	46,287	18,753	-	40	199,830
Financial liabilities						
Demand finance	-	-	300,000	-	-	300,000
Due to Modaraba Company	-	-	-	-	-	-
Trade and other payables	22,448	4,262	-	-	-	26,710
	22,448	4,262	300,000	-	-	326,710

24.1 The effective profit rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements

25. FINANCIAL RISK MANAGEMENT

The Modaraba has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Modaraba's exposure to each of the above risks, the Modaraba's objectives, policies and processes for measuring and managing risk, and the Modaraba's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of Modaraba Management Company "the Board" has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Board is responsible for developing and monitoring the Modaraba's risk management policies.

The Modaraba's risk management policies are established to identify and analyze the risks faced by the Modaraba, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Modaraba's activities. The Modaraba, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Modaraba's Audit Committee oversees how management monitors compliance with the Modaraba's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba.

(a) Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. Out of the total financial assets of Rs. 294.804 (2009: Rs 199.353) million, the financial assets which are subject to credit risk amounted to Rs. 256.177 (2009: Rs. 135.055) million.

Credit risk related to receivables

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2010 (Rupees in thousand)	2009
Financial assets			
Long term loans and deposits	5	14,974	40
Trade debts	8	238,858	133,481
Advances, deposits, prepayments and other receivables	9	2,345	1,534
Bank balances	11	38,627	64,765
		294,804	199,820

The credit quality of Modaraba's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Rating		Rating Agency	2010	2009
	Short term	Long term			
(Rupees in thousand)					
MCB Bank Limited	A1+	AA+	PACRA	1	2
United Bank Limited	A-1+	AA+	JCR-VIS	2,757	1,196
BankIslami Pakistan Limited	A1	A	PACRA	5	-
Barclays Bank PLC	A-1+	AA -	Standar & Proof's	9,637	3,104
National Bank of Pakistan	A-1+	AAA	JCR-VIS	546	117
Habib Bank Limited	A-1+	AA+	JCR-VIS	126	-
NIB Bank Limited	A1+	AA -	PACRA	25,555	60,346
				38,627	64,765

Due to the Modaraba's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

	2010	2009
	(Rupees in thousand)	
Geographically all credit exposure is concentrated in Pakistan.		
The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:		
Agriculture	72	-
Auto and allied	1,095	-
Chemical and Pharmaceutical	20,594	7,460
Confectionaries	8,243	-
Cotton	-	5,905
Distributor - Global Econo Trade (Pvt) Limited	24,173	-
Dyeing	-	2,414
Fabrics	-	2,284
Food and beverages	43,766	31,962
Home appliances	807	-
Paper and board	32,255	19,622
Petroleum and oilfields	-	739
Personal care	47	-
Services	3,268	-
Sports	751	-
Telecommunication and media	-	503
Textile	97,381	56,809
Miscellaneous	6,406	5,782
	238,858	133,481

(b) Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding to an adequate amount of committed obligations of the business. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The maturity profile of the Modaraba's financial liabilities based on the contractual amounts is disclosed in note 24 to the financial statements.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Exposure to currency risk

The Modaraba has no exposure to foreign currency risk at balance sheet date.

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Modaraba does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a changes in profit rates at the reporting date would affect profit or loss.

Capital management

The Modaraba's objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Modaraba manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. The Modaraba is required under SECP prudential regulations for Modarabas to distribute Ninety percent of its profits as dividend. In order to maintain or adjust the capital structure, appropriation of amounts to capital reserves or/and issue new shares.

Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

26. RELATED PARTY DISCLOSURES**A. Related parties with whom Modaraba had transactions**

Modaraba in the normal course of business carries out transactions with various related parties which comprise of the following:

- i. Modaraba company
Global Econo Trade (Pvt) Limited
- ii. Associated undertakings
 - o Treet Corporation Limited
 - o TCL Labor Hire Company (Pvt) Limited.
 - o Treet Services (Pvt) Limited
 - o IGI Insurance Limited
 - o Packages Limited

B. Disclosure of balances and transactions between Modaraba and related parties

Amounts due to and from related parties / associated undertakings are shown under the relevant notes to the financial statements, other significant transactions with related parties are given below:

Name of the party	Nature of transactions	2010	2009
		(Rupees in thousand)	
IGI Insurance Limited	Services received	703	5,210
Packages Limited	Purchases	107,627	57,049
Global Econo Trade (Pvt) Limited - Modaraba Company	Sales	460,435	12,554
TCL Labor Hire Company (Pvt) Limited	Services received	83,931	46,878
Treet Corporation Limited	Sales	10,092	9,693
Treet Services (Pvt) Limited	Services received	-	22

All the transactions with the related parties are executed in the normal course of business, on an arm's length basis. All other transactions have been carried out on the basis of mutually agreed terms and conditions.

27. PLANT CAPACITY AND PRODUCTION

	Annual rated capacity in M.Tons		Annual production in M.Tons	
	2010	2009	2010	2009
	Corrugated boxes and sheets	30,000	30,000	23,494
Paper and board (Note - 27.1)	15,000	-	3,289	-
Soap	5,000	-	4,786	-

27.1 The plant become operational in the mid of Feb 2010 because of which only four and half months' capacity was attained.

28. BUSINESS SEGMENTS

As at 30 June 2010 the Modaraba is engaged into three main business segments.

- (i) Manufacture and sale of Packaging material - Corrugated boxes:
- (ii) Manufacture and sale of Paper and board - Paper: and
- (iii) Manufacture and sale of soaps:

	Packaging		Paper & board		Soaps		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
-----Rupees in thousand-----								
Sales								
Inter-segment	36,388	-	85,676	-	-	-	-	-
Others	1,089,862	800,380	34,768	-	612,981	-	1,737,611	800,380
	1,126,250	800,380	120,444	-	612,981	-	1,737,611	800,380
Less: Sales tax	147,117	104,397	4,698	-	108,953	-	260,768	104,397
Net sales	979,133	695,983	115,746	-	504,028	-	1,476,843	695,983
Cost of sales	(900,617)	(682,287)	(119,149)	-	(460,140)	-	(1,357,842)	(682,287)
Gross profit	78,516	13,696	(3,403)	-	43,888	-	119,001	13,696
Administrative expenses							(9,864)	(5,067)
Distribution cost							(34,858)	(23,556)
Operating profit/segment results							74,279	(14,927)
Finance cost (Note - 23)							(33,604)	(29,362)
Other operating income (Note - 22)							7,841	3,782
Profit for the year							48,516	(40,507)

28.1 Inter-segment sales have been eliminated from the total.

28.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

	Packaging		Paper & board		Soaps		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
-----Rupees in thousand-----								
28.3 Segment assets	353,656	461,011	47,942	-	171,187	-	572,786	461,011
Unallocated assets							375,226	294,772
							948,012	755,783
28.4 Segment liabilities	21,250	22,971	6,716	-	4,629	-	32,595	22,971
Unallocated liabilities							915,417	732,812
							948,012	755,783

28.3.1 Unallocated assets includes property, plant and equipment and cash and bank.

28.4.1 Unallocated liabilities include short term borrowings.

		2010	2009	
		(Rupees in thousand)		
29.	EARNING/(LOSS) PER MODARABA CERTIFICATE - Basic and Diluted			
	Profit / (Loss) for the year	Rupees in '000s	48,516	(40,507)
	Number of certificates	Numbers in '000s	50,000	29,061
	Earning / (Loss) per certificate	Rupees	0.97	(1.39)

There was no dilutive effect on the basic earnings / (loss) per modaraba certificate.

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2010 by the Board of Directors of Global Econo Trade (Pvt.) Limited (Modaraba company).

31. GENERAL

31.1 Figures of the corresponding period have been re-arranged and regrouped where necessary to facilitate comparison, however no major reclassification is made except in case the some expenses amounting to Rs. 1.851 million of Cost of goods sold regrouped in 'Other manufacturing expenses' for better presentation of transactions in the financial statements of the Modaraba.

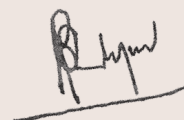
31.2 All the executives, officers and other employees of the Modaraba have been outsourced from its related party namely TCL Labour Hire Company (Private) Limited.

31.3 Figures in the financial statements have been rounded off to the nearest thousand rupees.

LAHORE:
October 04, 2010



Syed Shahid Ali
Chief Executive Officer



Muhammad Shafique Anjum
Director

Pattern of Certificate-Holding as at June 30, 2010

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING		TOTAL NUMBER OF CERTIFICATE HELD
	FROM	TO	
23	101	500	11,500
4	501	1,000	4,000
1	5,001	10,000	5,000
1	15,001	20,000	20,000
1	55,001	60,000	56,751
1	7,360,001	7,365,000	7,362,211
1	42,540,001	42,545,000	42,540,537
32			49,999,999

Categories of Certificate Holders	No. of Certificate Holders	Certificates Held	Percentage %
DIRECTORS			
SYED SHEHARYAR ALI	1	56751	0.11
INDIVIDUALS	29	40500	0.1
INVESTMENT COMPANIES	NIL	NIL	-
INSURANCE COMPANIES	NIL	NIL	-
JOINT STOCK COMPANIES	1	42,540,537	85.06
FINANCIAL INSTITUTIONS	NIL	NIL	
MODARABA COMPANY	1	7,362,211	14.73
OTHERS	NIL	NIL	-
	32	49,999,999	100

SHAREHOLDERS HOLDING 10% CERTIFICATES

Sr. No.	Name of Shareholder	Shares
1.	TREET CORPORATION LIMITED	42,540,537
2.	GLOBAL ECONO TRADE (PRIVATE) LIMITED	7,362,211

Key Operating Financial Data

	Rs.(000)	2010	2009	2008	2007
Sales		1,476,843	695,983	489,112	55,970
Gross Profit		119,001	13,696	(23,459)	(10,818)
Profit before Taxation		48,516	(40,507)	(15,618)	(15,590)
Profit after Taxation		48,516	(40,507)	(15,618)	(15,590)
Certificateholders' Equity		476,801	428,285	111,649	127,267
Fixed Assets - Net		323,704	229,996	156,266	168,185
Total Assets		948,012	755,783	535,238	314,177
Total Liabilities		471,211	327,498	423,589	186,910
Current Assets		609,334	525,747	378,932	145,952
Current Liabilities		264,521	327,498	39,754	31,027
Dividend Declared		2.73%	0.00%	0.00%	0.00%
Certificates Outstanding		49,999,999	14,285,714	14,285,714	14,285,714

IMPORTANT RATIOS

	2010	2009	2008	2007
Profitability				
Gross Profit	8.06%	1.97%	(4.80%)	(19.33%)
Profit before Tax	3.29%	(5.82%)	(3.19%)	(27.85%)
Profit after Tax	3.29%	(5.82%)	(3.19%)	(27.85%)
Return to Equity				
Return on Equity before Tax	10.18%	(9.46%)	(13.99%)	(12.25%)
Return on Equity after Tax	10.18%	(9.46%)	(13.99%)	(12.25%)
Earning per Certificates	0.97	(1.39)	(1.09)	(2.34)
Liquidity/Leverage				
Current Ratio	2.32	1.61	9.53	4.70
Break-up Value per Certificate	9.54	8.57	7.82	8.91
Total Liabilities to Equity	0.99	0.76	3.79	1.47

	% Change	2010	2009	2008	2007
Sales		112.20%	42.30%	773.88%	-
Gross Profit		768.87%	(158.38%)	116.85%	-
Profit before Taxation		(219.77%)	159.36%	0.18%	-
Profit after Taxation		(219.77%)	159.36%	0.18%	-
Certificateholders' Equity + Revaluation Surplus		11.33%	283.60%	(12.27%)	-
Fixed Assets - Net		40.74%	47.18%	(7.09%)	-
Total Assets		25.43%	41.21%	70.36%	-
Total Liabilities		43.88%	(22.68%)	126.63%	-
Current Assets		15.90%	38.74%	159.63%	-
Current Liabilities		(19.23%)	723.81%	28.13%	-
Dividend Declared		2.73%	-	-	-
Certificates Outstanding		0.00%	250.00%	0.00%	-

