ANNUAL REPORT

TREET GROUP OF COMPANIES

2010 - 2011

Contents

Company Information

BOARD OF DIRECTORS	Syed Shahid Ali	Chairman / Chief Executive Officer
	Dr. Mrs. Niloufer Mahdi	
	Mrs. Feriel Ali Mehdi	
	Mr. Jalees Ahmed Siddiqi	(Nominee IGI Insurance Limited)
	Mr. Imran Azim	(Nominee National Investment Trust Limited)
	Syed Sheharyar Ali	
	Mr. Muhammad Shafique Anjum	
	Mr. Munir K. Bana	(Nominee Loads Limited)
BOARD AUDIT COMMITTEE	Mr. Jalees Ahmed Siddiqi	Chairman
	Mr. Imran Azim	Member
	Syed Sheharyar Ali	Member
	Mr. Munir K. Bana	Member
CHIEF FINANCIAL OFFICER	Mr. Amir Zia	
COMPANY SECRETARY	Mr. Ayaz Ahmed	
EXTERNAL AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants Lahore.	
INCOME TAX CONSULTANTS	Hyder Bhimji & Co. Chartered Accountants Lahore.	
LEGAL ADVISORS	Salim & Baig, Advocates - Lahore.	
CORPORATE ADVISORS	Cornelius, Lane & Mufti Legal Advisors & Solicitors - Lahore.	

BANKERS

Allied Bank Limited	Faysal Bank Limited	National Bank of Pakistan
Askari Bank Limited	IGI Investment Bank Limited	NIB Bank Limited
Bank Al-Habib Limited	JS Bank Limited	SAMBA Bank Limited
Bank Alfalah Limited	Habib Metropolitan Bank Limited	Standard Chartered Bank (Pakistan) Limited
Bank Islami Pakistan Limited	Habib Bank Limited	Silk Bank Limited
Barclays Bank PLC, Pakistan	HSBC Bank Middle East Limited	The Royal Bank of Scotland Limited
Citi Bank N.A.	MCB Bank Limited	United Bank Limited

REGISTERED OFFICE

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

SHARE REGISTRAR

Scarlet I.T. Systems (Private) Limited
24-Ferozepur Road, Lahore. Tel: 042-37087113 - 37570202
Fax: 042-37570303 E.mail: treet@scarletsystem.com

TREET GROUP FACTORIES

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

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

First Treet Manufacturing Modaraba
(Managed by Global Econo Trade (Private) Limited
PACKAGING SOLUTIONS - Corrugation
22 - K.M. Ferozepur Road, Kachha Tiba, Rohi Nala,
Lahore. Tel: (042) 8555848
PACKAGING SOLUTIONS - Paper & Board Mill
33 - K.M. Lahore Sheikhupura Road.

GROUP COMPANIES / OFFICES

Global Econo Trade (Private) Limited
(A wholly owned subsidiary of Treet Corporation Limited)
72-B, Kot Lakhpat Industrial Area, Lahore. Phones: 042-35830881, 35156567 Fax : 042-35114127, 35215825

First Treet Manufacturing Modaraba (Managed by Global Econo Trade (Private) Limited)
Principal Place of Business:
72-B, Kot Lakhpat Industrial Area, Lahore. Phones: 042-35830881, 35156567 Fax : 042-35114127, 35215825

TCL Labor - Hire Company (Private) Limited
(A wholly owned subsidiary of Global Econo Trade (Private) Limited)
72-B, Kot Lakhpat Industrial Area, Lahore. Phones: 042-35830881, 35156567 Fax : 042-35114127, 35215825

Treet Power Limited
(A wholly owned subsidiary of Global Econo Trade (Private) Limited)
72-B, Kot Lakhpat Industrial Area, Lahore. Phones: 042-35830881, 35156567 Fax : 042-35114127, 35215825

Treet Services (Private) Limited
(A wholly owned subsidiary of Global Econo Trade (Private) Limited)
72-B, Kot Lakhpat Industrial Area, Lahore. Phones: 042-35830881, 35156567 Fax : 042-35114127, 35215825

KARACHI OFFICE

17-Abdullah Haroon Road,
Karachi.
Phone: 021-35681576
Fax: 021-35681575

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Monday October 31, 2011 at 11.00 a.m. at the Registered Office of the Company situated at 72-B, Kot Lakhpat Industrial Area, Lahore as per following agenda:

1. To confirm the Minutes of the last Extraordinary General Meeting held on June 14, 2011.

2. To receive, consider and adopt the statement of audited accounts for the year ended June 30, 2011 along with the reports of Directors and Auditors thereon.

3. To approve and declare a dividend @ 10% (Re.1/-) per share as recommended by the Board.

4. To appoint Auditors of the Company for the year ending June 30, 2012 and to fix their remuneration. The retiring Auditors M/S. KPMG Taseer Hadi & Co., Chartered Accountants being eligible offer themselves for re-appointment.

5. To transact any other business with the permission of the Chair.

By order of the Board

LAHORE:
October 06, 2011

(AYAZ AHMED)
Company Secretary

Notes:

a. The share transfer Books of the Company will remain closed from October 24, 2011 to October 31, 2011 (both days inclusive).
Transfers received at the Registered Office of the Company situated at 72-B, Industrial Area, Kot Lakhpat, Lahore, at the close of business on October 22, 2011 will be treated in time for the purpose of above entitlement to the transferees.

b. Any member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Registered Office of the Company not less then 48 hours before the time of holding the Meeting.

c. The shareholders having shares deposited with the CDC are requested to bring their original National Identity Card or Passport and CDC account number for verification.

d. Members are requested to promptly notify the Company of any change in their addresses.

DISCLOSURE TO MEMBERS U/S 218(2) OF THE COMPANIES ORDINANCE, 1984 OF DIRECTORS' INTEREST REGARDING INCREASE OF REMUNERATION OF SYED SHAHID ALI, CHIEF EXECUTIVE OFFICER OF THE COMPANY.

The Shareholders of the Company be and are hereby informed that Board of Directors decided to increase remuneration payable to Syed Shahid Ali, Chief Executive Officer of the Company in their meeting held on October 06, 2011 and passed the following resolution:-

"RESOLVED THAT consent be and is hereby given for the re-appointment of Syed Shahid Ali as Chief Executive Officer of the Company and for the payment as remuneration of the sum not exceeding Rs. 18 Million (Rupees Eighteen Million only) per year effective from July 01, 2011 and for the provision to him of housing, transport, medical and leave fare facility and other benefits relating to his office in accordance with the Company's rules and policies time to time enforced."

Syed Shahid Ali, Chief Executive Officer of the Company is interested in this business to the extent of remuneration and other benefits payable to him.

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

DIVIDEND POLICY FOR FIRST TREET MANUFACTURING MODARABA

Not less than 90% of the net income in respect of the Modaraba's business [non-trading] activities, determined after setting aside the mandatory reserves as per Prudential Regulations for Modaraba, is to be distributed at least once in every year to the certificate holders in proportion to the number of certificates held by them. Distribution will be in the form of cash dividend. No dividend shall be paid otherwise than out of the profits of the Modaraba for the year or any other distributed profits.

Quality Policy

Treet Corporation Limited ensures that quality of its products meets the international standards. Top management of the Corporation is committed to a policy of sustained product innovations. The employees are quality conscious and work in highly ingenious environment. The management is dedicated to customer satisfaction by continuously upgrading human resource skills and promoting a balanced trilateral customer – organization – supplier relationship.

Syed Shahid Ali
Chief Executive Officer

Treet Group – An Introduction

Treet Group of Companies comprises the following businesses:

1. Treet Corporation Limited [TREET]

a. Blade Manufacturing
b. Disposable Razor Manufacturing
c. Export & Export Marketing

2. Global Econo Trade (Private) Limited [GET]

a. Sole Distributor of Blades / Disposable Razors / Soaps
b. Trading Company
c. Motor Cycle Assembly & Marketing
d. Modaraba Company
e. Advertisement & Sales Promotion Media

3. First Treet Manufacturing Modaraba [FTMM]

a. Manufacturing and selling of corrugated packaging
b. Manufacturing and selling of paper & board
c. Manufacturing of soaps

4. TCL Labor-Hire Company (Private) Limited [TLHC]

a. Providing Workforce to Group Companies under Service Agreement and taking all responsibilities of work force and meeting allied legal requirements.

5. Treet Services (Private) Limited [TSL]

a. Import House [under consideration]

6. Treet Power Limited [TPL] Dormant Company

Companies within group are strategic business units that are semi-autonomous units responsible for their own budgeting, new product / market decisions, and new venture exploration and pricing. They are treated as internal profit centers by the corporate headquarter i.e. Treet Corporation Limited, the parent company. Each SBU is responsible for developing its business strategies independently from the other businesses but these must be in tune with the broader corporate strategies. Corporate strategy (by the parent company) seeks 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.

Therefore, to summarize businesses of the Treet Group are as follows:

1. Manufacturing and selling blades/disposable razors ;
2. Manufacturing and selling of corrugated packaging;
3. Manufacturing and selling of paper & board;
4. Manufacturing of soaps and marketing thereof;
5. Assembling [and selling] of Motorcycles;
6. Trading and Merchandising – as a sole buyers, distributors, agents and / or otherwise;

7. Advertising and sales promotion media;
8. Labor-Hire Services;
9. Import House [under process];
10. Floatation and control of Modarabas; etc.

Factories:

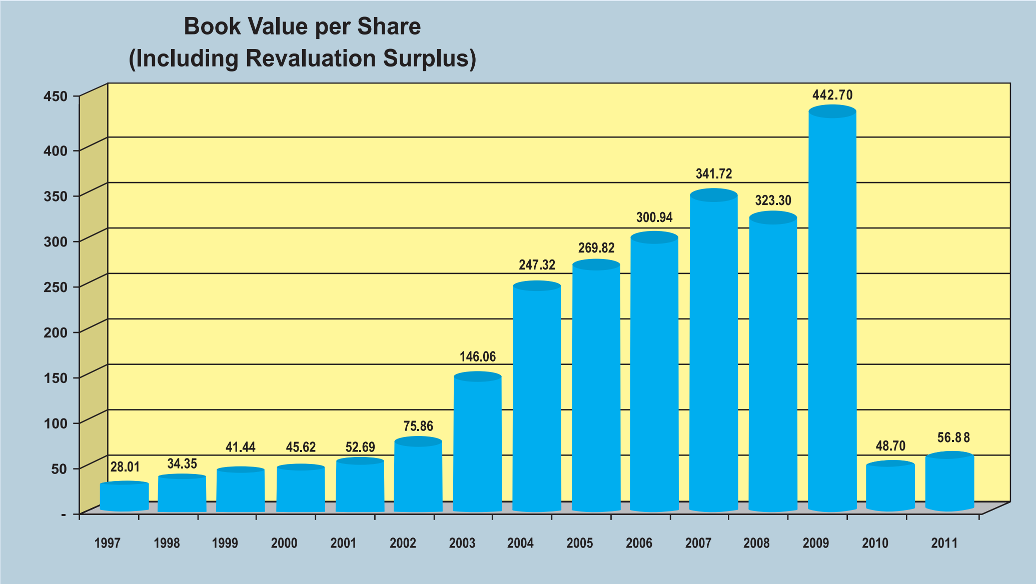
· Lahore Factory	:	72-B Kot Lakhpat, Industrial Area, Lahore
· Hyderabad Factory	:	Hali Road, P.O.Box No. 308, Hyderabad
· Packaging Solutions	:	Kacha Tiba Rohi Nala, 22-KM, Ferozpur Road, Lahore.
· Paper & Board Mill	:	33 KM Lahore-Sheikhupra Road, Sheikupura
· Import House/warehouse	:	Kacha Tiba Rohi Nala, 22-KM, Ferozpur Road, Lahore.
· Soap Factory	:	Ghakkar [under Toll Manufacturing Arrangement]

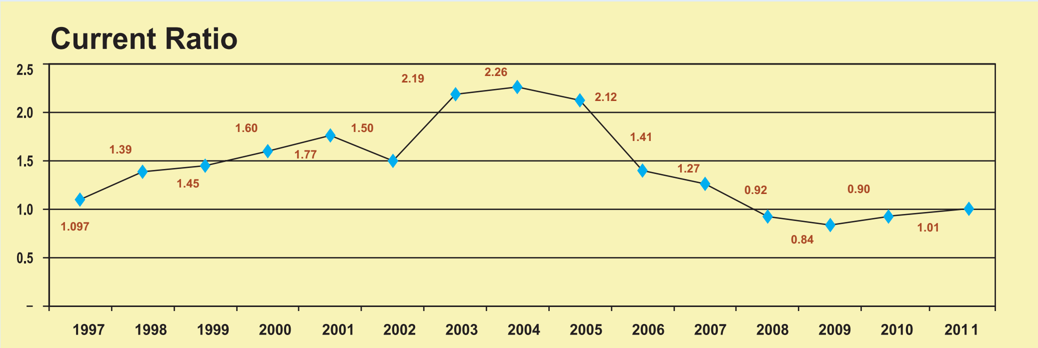
Others / Future Expansion :

- Investment Property [rented out] 67-C-II, Gulberg III, Lahore.
- Land [12 Kanals] at Multan Road, Lahore.

LEGAL STRUCTURE OF GROUP COMPANIES

	Shareholdings	
	Holding Companies	
Subsidiaries	**Treet Corporation Limited**	**Global Econo Trade (Private) Limited**
Global Econo Trade (Private) Limited	100.00%	-
First Treet Manufacturing Modaraba	89.82%	10.02%
TCL Labor-Hire Company (Private) Limited	-	100.00%
Treet Services (Private) Limited	-	100.00%
Treet Power Limited	-	100.00%


Book Value per Share
(Including Revaluation Surplus)
450
400
350
300
250
200
150
100
50
-
28.01
34.35
41.44
45.62
52.69
75.86
146.06
247.32
269.82
300.94
341.72
323.30
442.70
48.70
56.88
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011


Current Ratio
2.5
2.0
1.5
1.0
0.5
-
1.097
1.39
1.45
1.60
1.77
1.50
2.19
2.26
2.12
1.41
1.27
0.92
0.84
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1997
1998
1999
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2001
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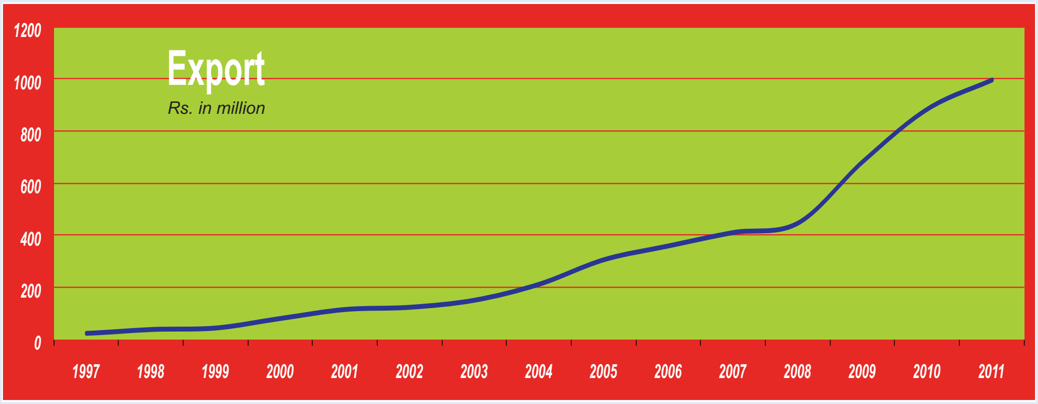
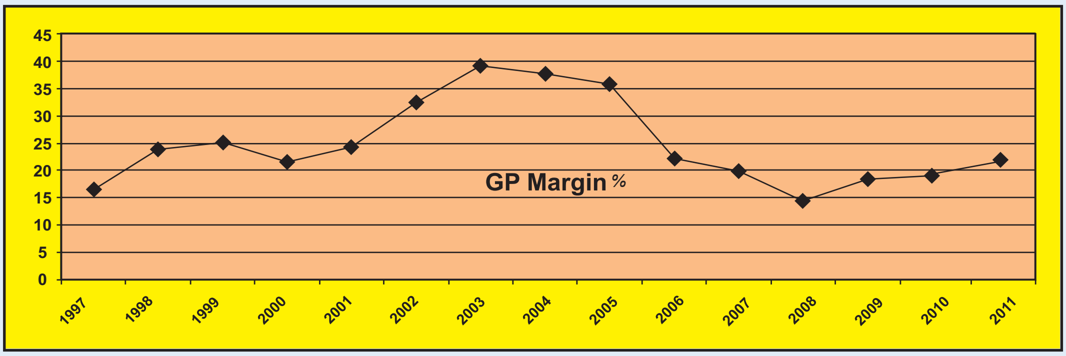
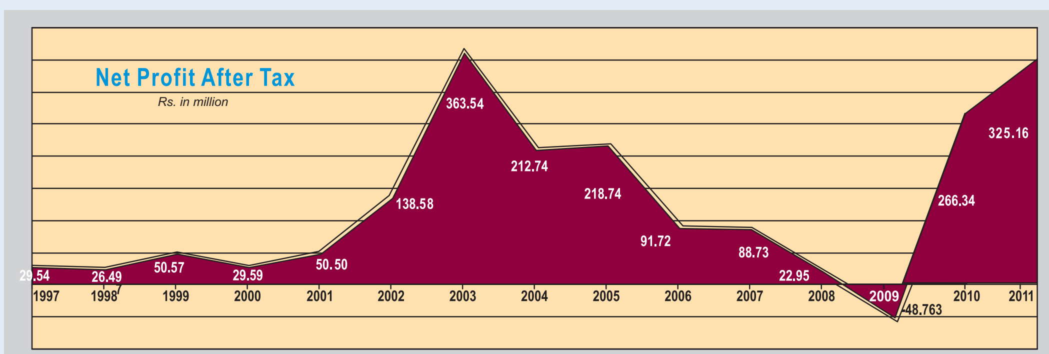
2007
2008
2009
2010
2011


Export
Rs. in million
1200
1000
800
600
400
200
0
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011


GP Margin %
45
40
35
30
25
20
15
10
5
0
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011


Net Profit After Tax
Rs. in million
363.54
212.74
218.74
138.58
91.72
88.73
22.95
50.57
29.59
50.50
26.49
325.16
266.34
48.763
1997
1998
1999
2000
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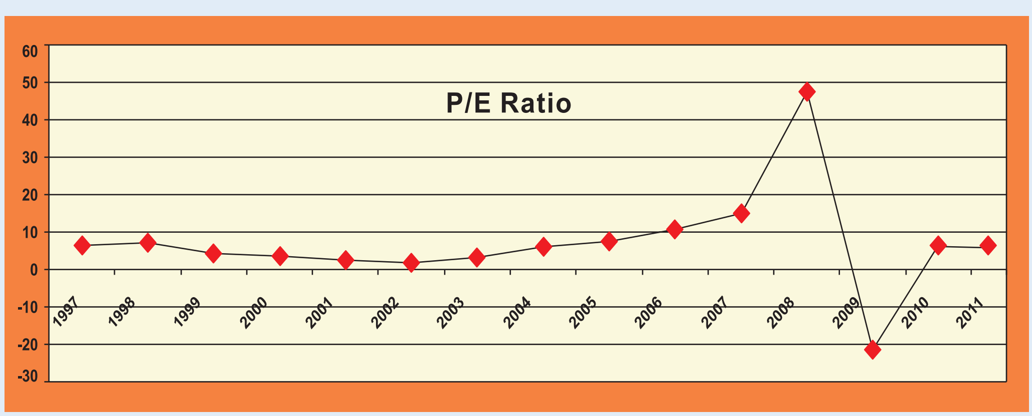
2010
2011


P/E Ratio
60
50
40
30
20
10
0
-10
-20
-30
1997
1998
1999
2000
2001
2002
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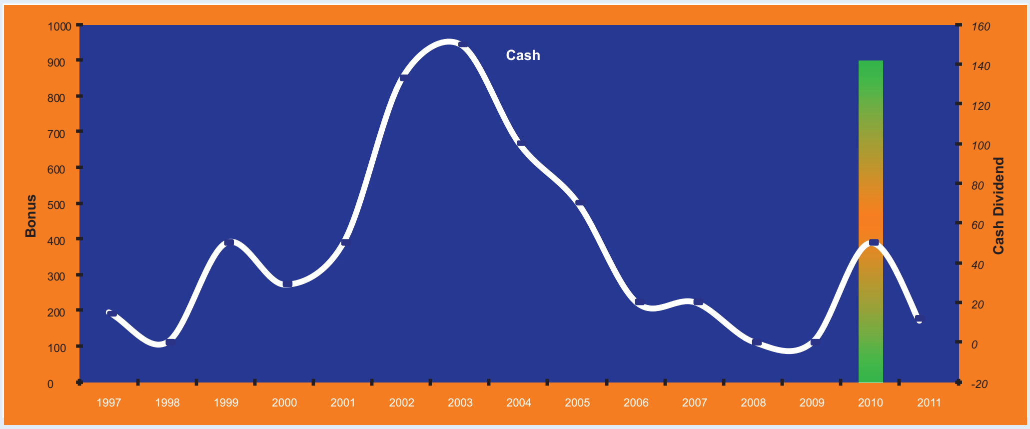
2004
2005
2006
2007
2008
2009
2010
2011


Cash
Bonus
Cash Dividend
1000
900
800
700
600
500
400
300
200
100
0
160
140
120
100
80
60
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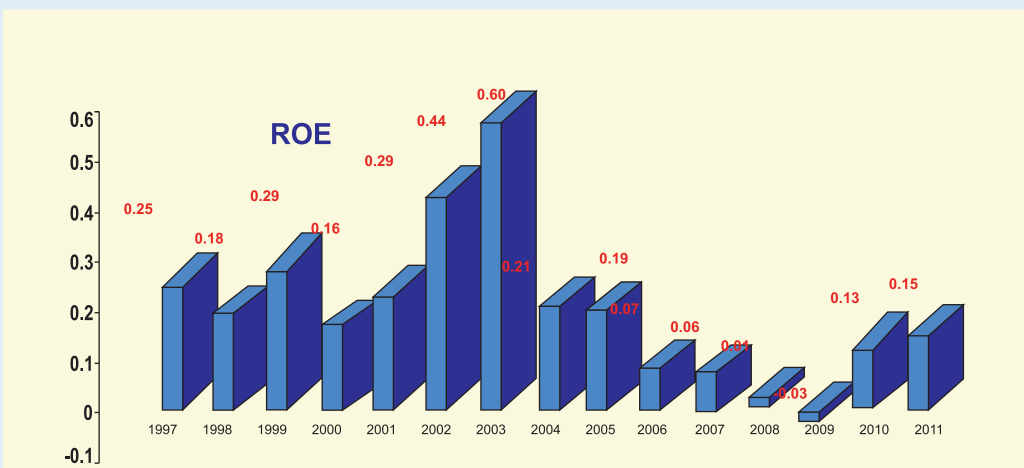
2007
2008
2009
2010
2011


ROE
0.6
0.5
0.4
0.3
0.2
0.1
0
-0.1
0.25
0.18
0.29
0.16
0.29
0.44
0.60
0.21
0.19
0.07
0.06
0.01
0.03
0.13
0.15
1997
1998
1999
2000
2001
2002
2003
2004
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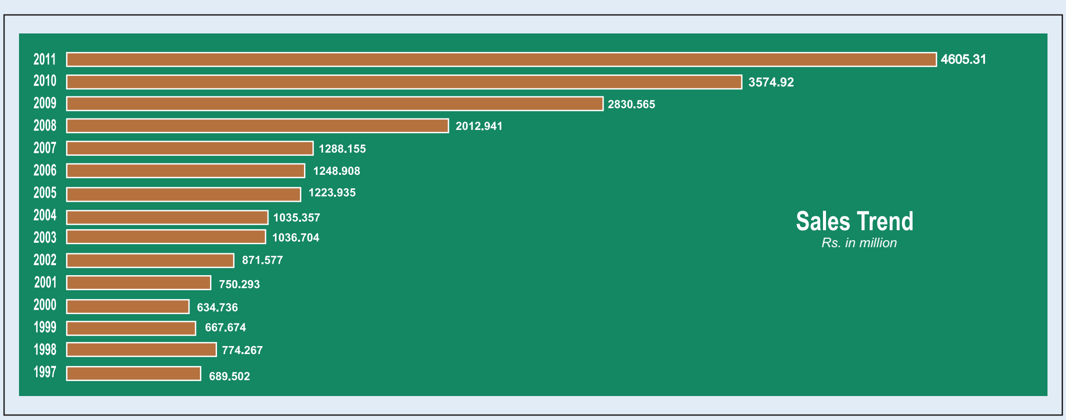
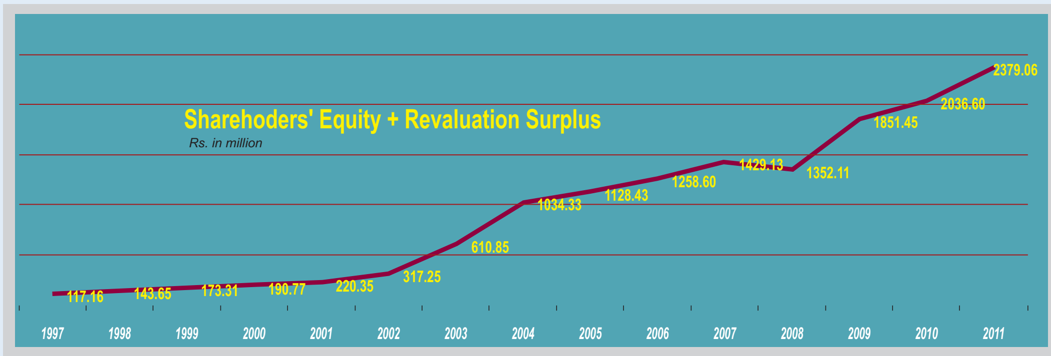
2007
2008
2009
2010
2011


Sales Trend
Rs. in million
2011 4605.31
2010 3574.92
2009 2830.565
2008 2012.941
2007 1288.155
2006 1248.908
2005 1223.935
2004 1035.357
2003 1036.704
2002 871.577
2001 750.293
2000 634.736
1999 667.674
1998 774.267
1997 689.502


Sharehoders' Equity + Revaluation Surplus
Rs. in million
117.16
143.65
173.31
190.77
220.35
317.25
610.85
1034.33
1128.43
1258.60
1429.13
1352.11
1851.45
2036.60
2379.06
1997
1998
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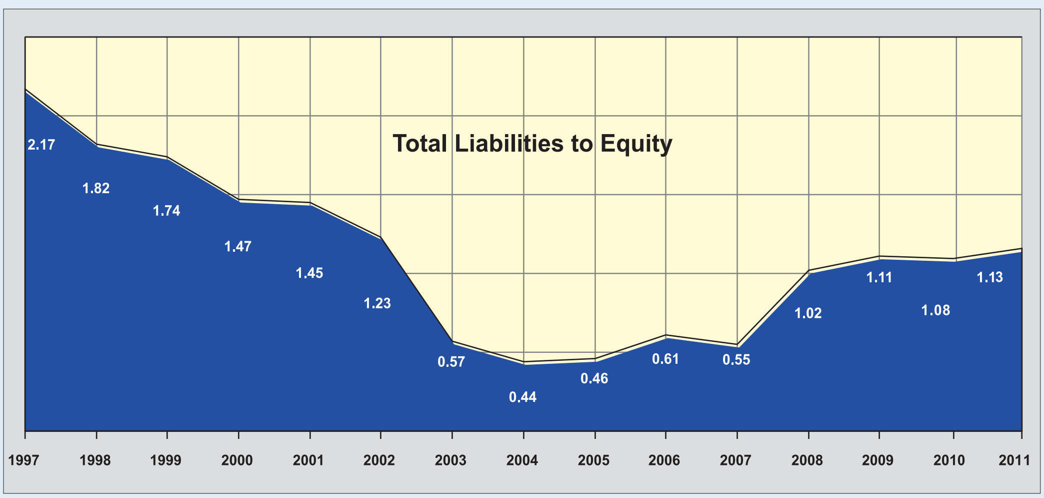
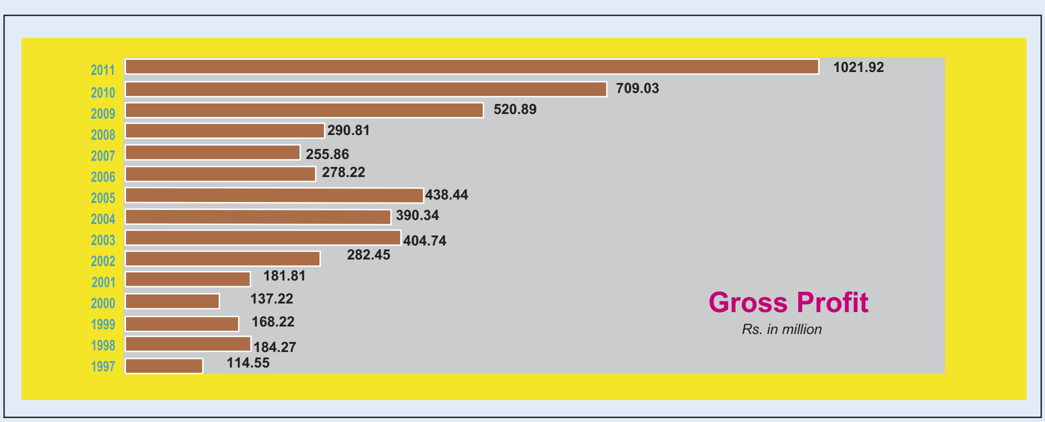
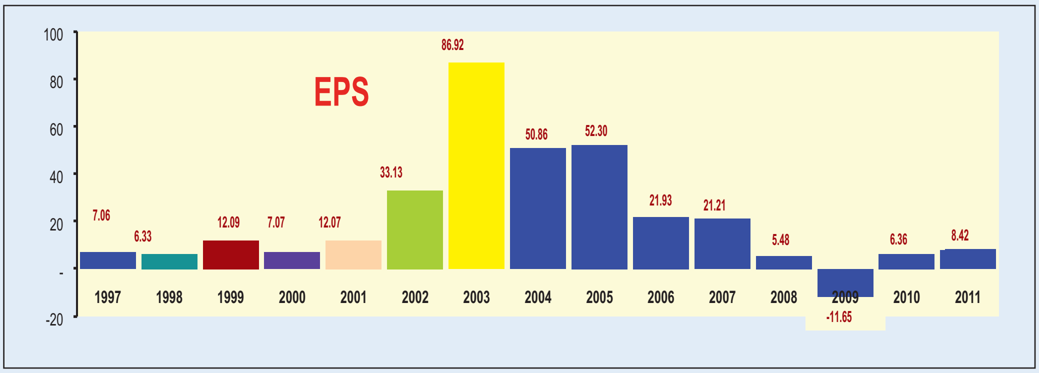
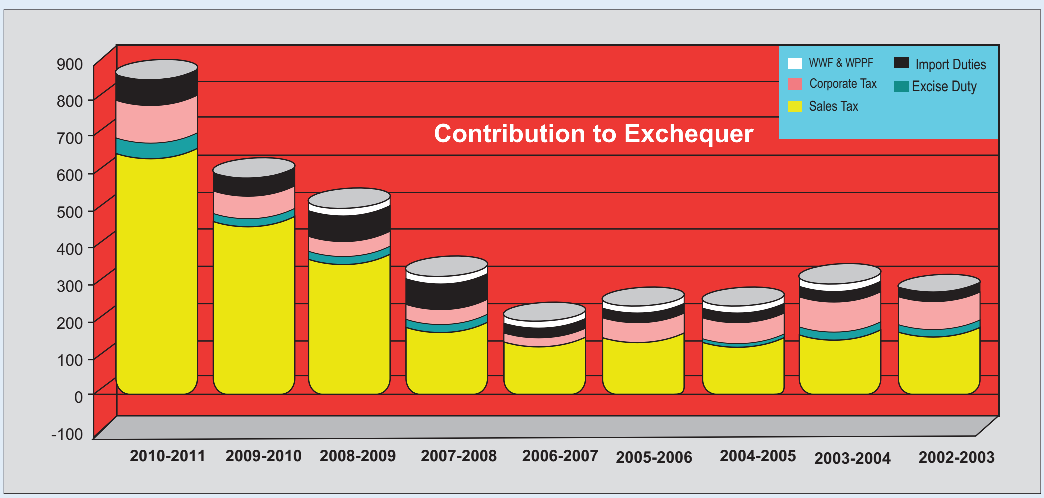
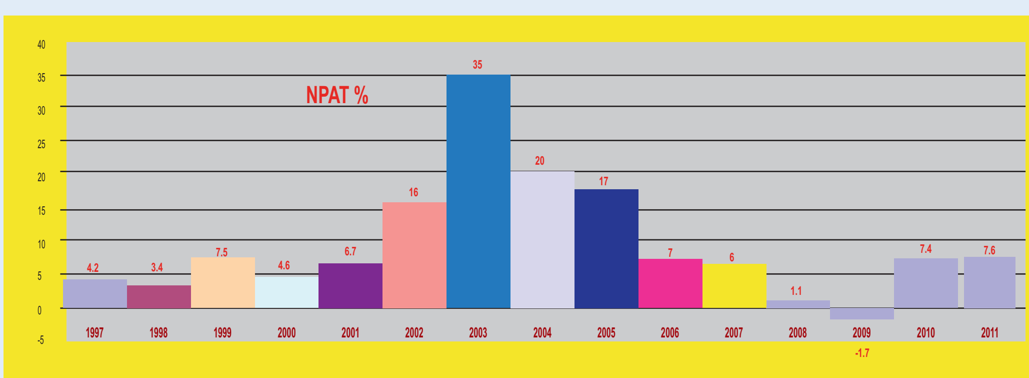
2007
2008
2009
2010
2011

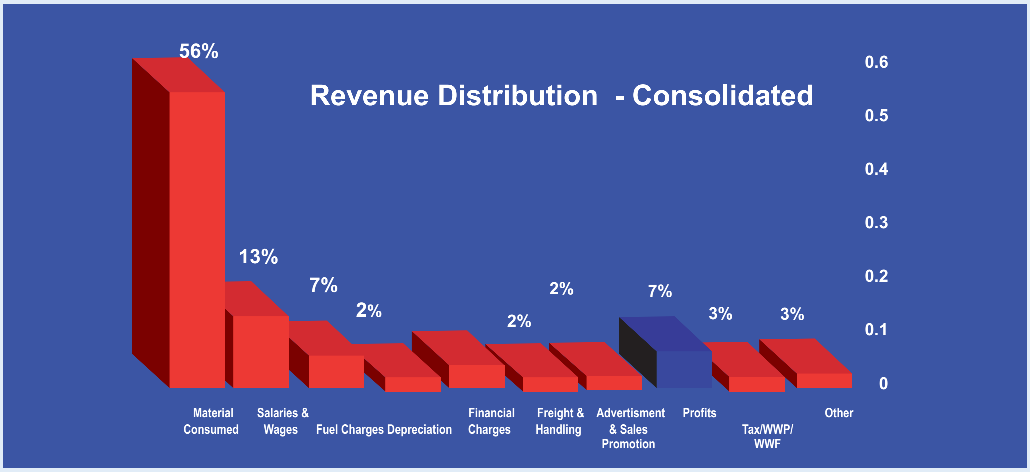

Total Liabilities to Equity
2.17
1.82
1.74
1.47
1.45
1.23
0.57
0.44
0.46
0.61
0.55
1.02
1.11
1.08
1.13
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

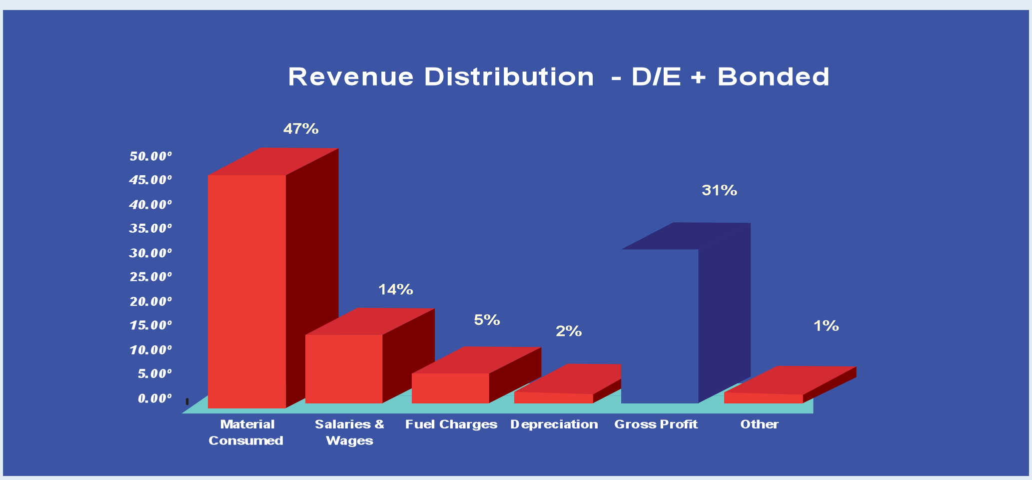

2011
1021.92
2010
709.03
2009
520.89
2008
290.81
2007
255.86
2006
278.22
2005
438.44
2004
390.34
2003
404.74
2002
282.45
2001
181.81
2000
137.22
1999
168.22
1998
184.27
1997
114.55
Gross Profit
Rs. in million

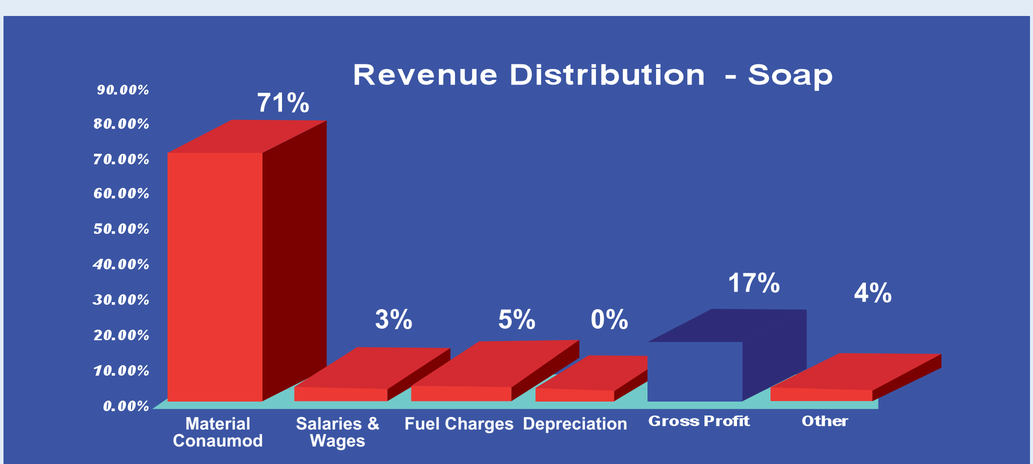

EPS
100
80
60
40
20
-
-20
7.06
6.33
12.09
7.07
12.07
33.13
86.92
50.86
52.30
21.93
21.21
5.48
-11.65
6.36
8.42
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

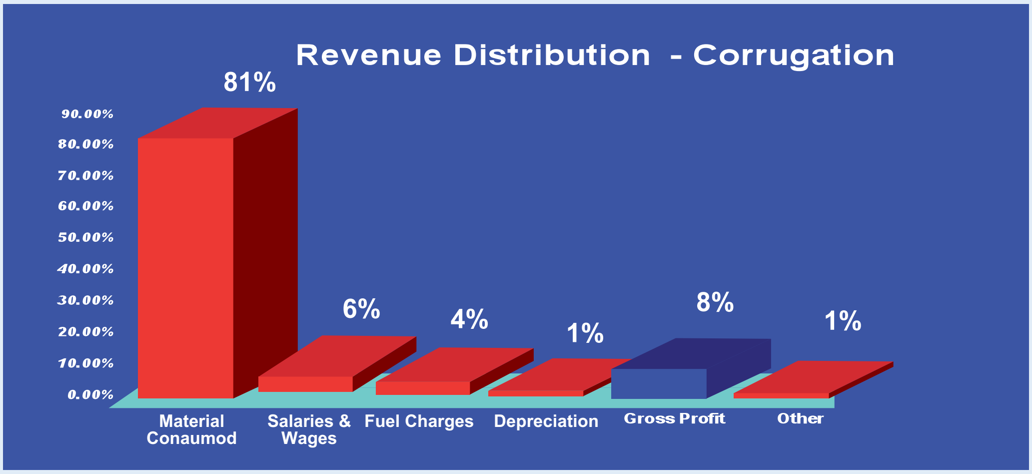

Contribution to Exchequer
WWF & WPPF
Corporate Tax
Sales Tax
Import Duties
Excise Duty
900
800
700
600
500
400
300
200
100
0
-100
2010-2011
2009-2010
2008-2009
2007-2008
2006-2007
2005-2006
2004-2005
2003-2004
2002-2003

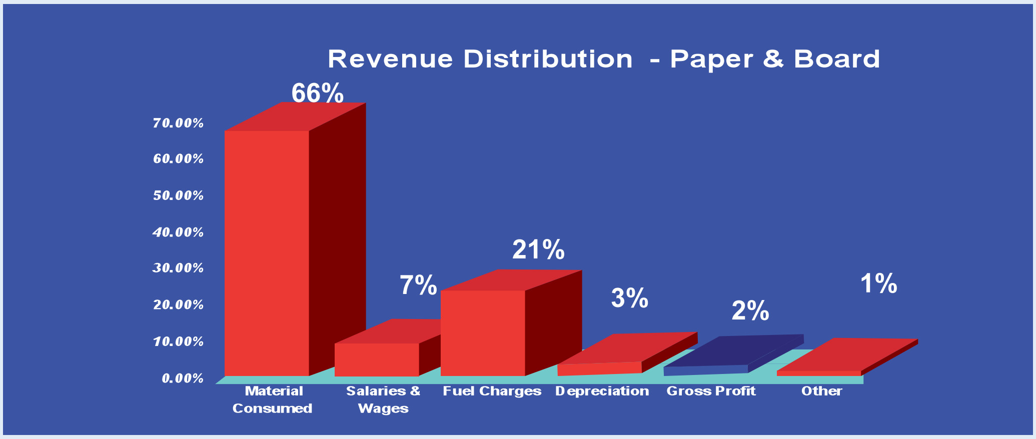

NPAT %
40
35
30
25
20
15
10
5
0
-5
4.2
3.4
7.5
4.6
6.7
16
35
20
17
7
6
1.1
-1.7
7.4
7.6
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

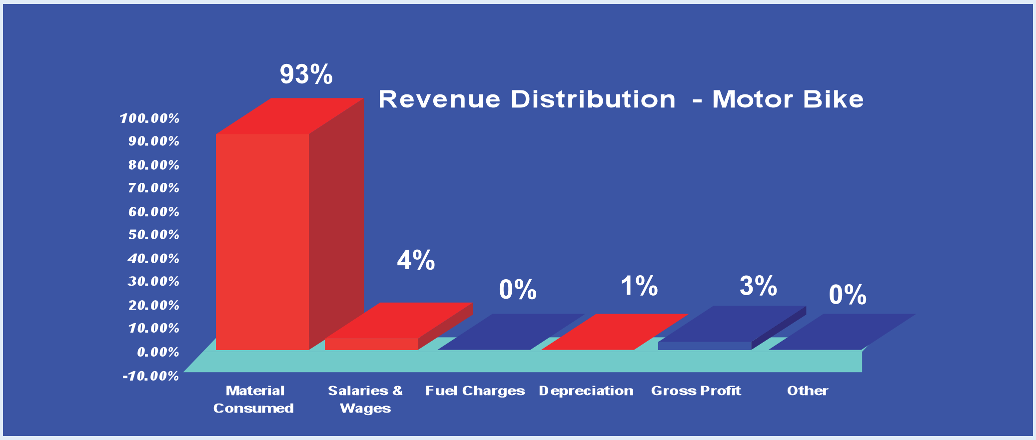

Revenue Distribution - Consolidated
56%
13%
7%
2%
2%
2%
7%
3%
3%
0.6
0.5
0.4
0.3
0.2
0.1
0
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Financial Charges
Freight & Handling
Advertisment & Sales Promotion
Profits
Tax/WWP/ WWF
Other


Revenue Distribution - D/E + Bonded
47%
14%
5%
2%
31%
1%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Soap
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
71%
3%
5%
0%
17%
4%
Material Conaumod
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Corrugation
81%
6%
4%
1%
8%
1%
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
Material Conaumod
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Paper & Board
66%
7%
21%
3%
2%
1%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Motor Bike
93%
4%
0%
1%
3%
0%
100.00%
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
-10.00%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other

Directors’ Report to the Shareholders

The directors of your Company take pleasure in presenting the Annual Report together with your Company’s Annual Audited Financial Statements for the year ended June 30, 2011.

Economic Outlook

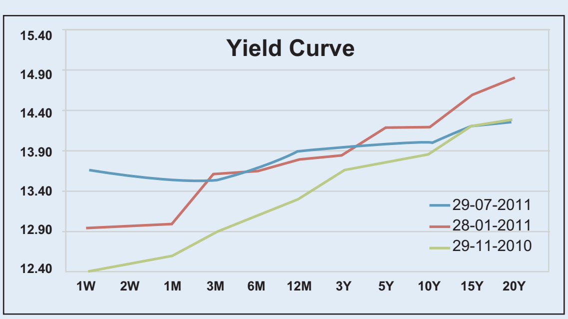
The economy suffered a significant supply shock in the aftermath of devastating floods of July 2010 in addition to massive disruptions in provision of energy (both electricity and gas). A spill-over effect of the European debt crisis was felt on debt and fiscal sustainability of Pakistan. Finally, the year witnessed the intensification of domestic security challenge which has exacted an extremely high cost on the economy, both in terms of direct costs of the fight against extremism, as well as in terms of a knock-on effect on investment inflows and market confidence. A significant collateral impact has been borne by Pakistan in terms of the squeezing of fiscal space for critical development and social sector expenditures that hampered growth prospects in future.

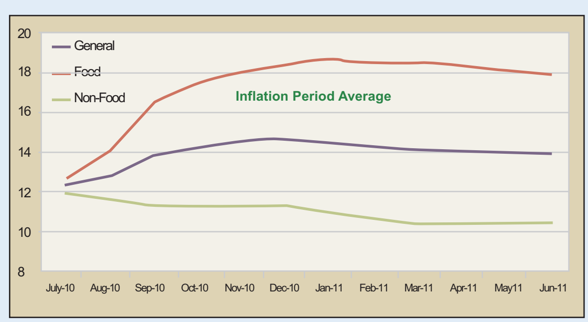
The manufacturing sector has been hard hit by international and domestic factors. Besides, law and order and acute power outages, resulting in loss of working hours, this sector has also fallen victim to rising cost of production. Continuous power breakdowns, disruption of gas supply are preventing industries from operating at far less than their optimal level. All these factors have caused a slowdown in output.

On the monetary front, the government borrowing from scheduled banks, however, has increased substantially. It grew by 74.5 percent in FY11 and contributed 65 percent to the 15.9 percent growth in broad money (M^2). The growth in private sector credit, on the other hand, was only 4 percent with negligible demand for fixed investment.

These monetary trends show that the decline in aggregate demand is less than desirable and expansion in productive capacity of the economy remains weak.

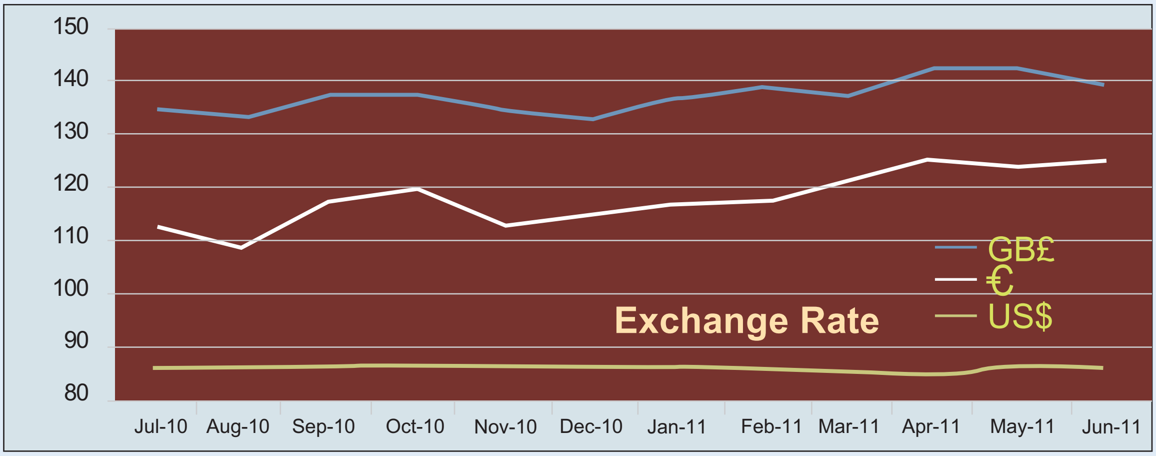
Both these factors help understand the persistence of inflation. The falling productivity due to severe energy shortages and deteriorating law and order conditions together with unanticipated and sporadic adjustments in the administered prices are also adding inertia to inflation.



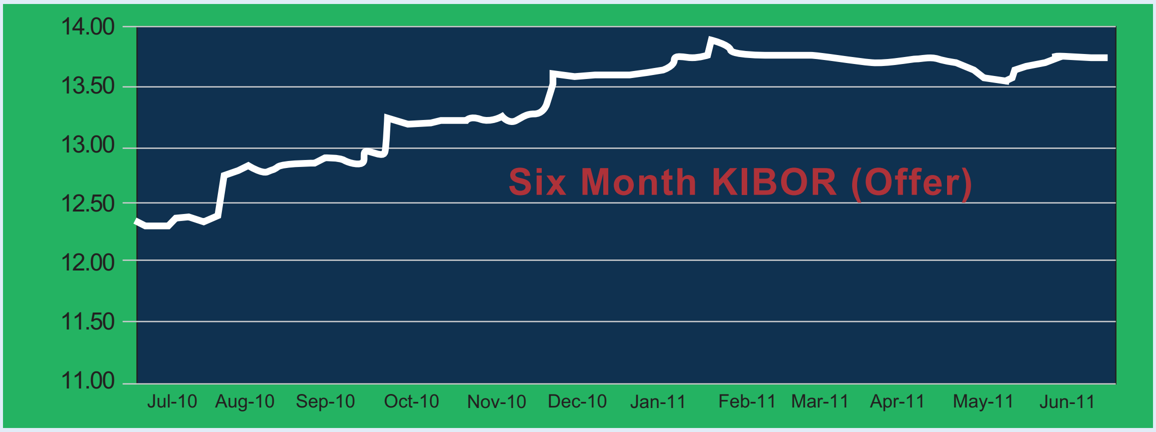


It is anticipated that the decline in fixed investment by the private sector would continue to constrain expansion of the productive capacity of the economy, utilization of which was already beset by severe energy shortages and deteriorating law and order conditions. Thus, despite a moderation in aggregate demand, as evident by the external current account surplus, inflation was expected to persist in double digits as the aggregate supply remained weak.

A reflection of an improved overall external position can also be seen in a relatively stable exchange rate; Pak rupee only marginally depreciated by 0.5 percent against the US dollar in FY11. However, due to a significant depreciation of the US dollar against major international currencies, Pakistan's Nominal Effective Exchange Rate (NEER) depreciated by 8.4 percent in July-May FY11. Thus, despite a higher domestic inflation compared to its trading partners, Pakistan's Real Effective Exchange Rate (REER) depreciated by 0.4 percent.



While the movement in KIBOR is a reflection of monetary policy stance and prevailing liquidity conditions, muted incremental credit demand of the private sector during FY11 partially explains this relatively lower increase in the interest rates.



Monetary Policy Statement for July 2011 – by the State Bank of Pakistan further indicates that:

1. CPI inflation is likely to persist in double digits in FY12, though it is expected that it will be lower than the outcome of FY11.

2. The persistence of inflation essentially indicates that the gap between aggregate demand and supply is still significant and that high inflation expectations are prevalent. Efforts to contain demand through monetary policy have been diluted by an expansionary fiscal policy, while aggregate supply has been affected by falling productivity due to severe energy shortages and deteriorating law and order conditions.

The perceived high country risk, relative to other emerging market economies, is the main factor underlying the reluctance of foreign investors to invest in the country. Most of the estimated foreign loans did not materialize due to delays in implementation of economic reforms.

The global economic environment has largely remained fragile. The advanced economies are still struggling to gain traction after making initial gains in stabilizing financial markets and avoiding the 2008 recession from becoming a 2011 depression. The emerging economies, on the other hand, are unwinding the expansionary policies and debating the trade-off between controlling inflation and handling substantial capital inflows. Further, the turmoil in the oil-rich Middle East and North Africa (MENA) region and damage to the Japanese economy in the wake of an historic earthquake and tsunami have complicated matters further.

Under these volatile and unwieldy circumstances, maintaining good margins would be challenging and these can only be achieved through conscious approach and candid efforts by bringing in price rationalization, production efficiencies, improvement in operations [and keeping motivational thrust alive among stakeholders] and raw material sourcing.

Operating and Financial Results

The management of your Company 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. Moreover, your Company 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.

Following is the summary of comparative financial results*

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

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

(Rupees in thousand)	2011		2010		% Change	
	Treet	Consolidated	Treet	Consolidated	(1) over (3)	(2) over (4)
	(1)	(2)	(3)	(4)		
Sales (net of sales tax)	2,280,950	4,605,309	1,818,627	3,574,921	25.42	28.82
Gross Profit	507,008	1,021,919	330,547	709,028	53.38	44.13
Operating Profit	379,215	568,588	218,917	330,407	73.22	72.09
Profit before taxation	290,118	465,230	200,948	281,535	44.37	65.25
Provision for taxation	(68,714)	(113,064)	1,685	(15,194)		644.14
Profit after taxation	221,404	352,166	202,633	266,341	09.26	32.22
EPS (in Rupees)	5.29	8.42	4.85	6.37		

Sales performance [both local and export] showed excellent growth across the board over the corresponding period of last year that reflects company's successful market development strategy

% Change over Corresponding Period (Consolidated)

	Blade	Soap	Corrugation/ Paper	Total	Local : Export	
					2010-2011	2009-2010
Local Sales	33.21%	36.32%	13.22%	26.74%	70%	66%
Export Sales	12.74%			12.74%	30%	34%
Total Sales	24.44%	36.32%	13.22%	23.26%	**for Blade & Soap Operations**	

Factors having +ve Impact on Operating Profit:

- Increase in sales volume;
- Change in sales mix;
- Economies of scale due to increase in production;
- Better inventory management;
- Change in material mix;
- Effective sales and promotional stratagem;

Other factors that have major impact [+ve or –ve] on net profitability :

Factors having -ve Impact on Net Profit:

- Further impairment loss of Rs. 7.50 million (last year Rs. 31.17 million) in the value of investments of IGI Investment Bank;
- Marked down the value of investment in shares of Techlogix International Limited according to the book value per share and recognized the impairment loss of Rs. 7.04 million.
- Increased financial charges due to borrowing incurred for various projects & increased working capital requirements;
- Increase in depreciation due to addition in fixed assets;
- Provision for doubtful debts;
- Increase in advertisement & promotional expenses;
- Inflationary pressure in the economy squeezed the margin per unit;
- Share of Profits of Associated Company (i.e. ZIL Limited) is decreased due to lower profitability;
- Increase in taxation due to high profitability and deferred taxation;
- Increased charges on account of salaries and wages due to general inflation, increased production, increased manpower and costs related to various insurance schemes;
- General increase in power tariffs and in-house power generations;

Factors having +ve Impact on Net Profit:

- Capital gains [realized/unrealized] on short term investments;
- Gain on disposal of shares of ZIL Limited;
- Dividend Income;

Segment-wise Results:

Blade/Disposable Razors			
Rs. in '000	**2010-2011**	**2009-2010**	**% Change**
Sales Net	2,567,758	2,063,463	24.44%
Inter-group Purchase	(5,906)	(10,092)	(41.48)%
Gross Profit	800,202	563,929	41.90%

Blade/disposable business posted good growth both in local and export markets. Sales strategy was mainly focused on wider market coverage, improved product penetration and strong follow-ups.

However, energy costs [rates and costly in-house power generations due to power shortage], inflationary impact on salaries & wages, international prices of petro-chemical products were the negative factors during the period.

Soaps			
Rs. in '000	**2010-2011**	**2009-2010**	**% Change**
Sales Net	737,500	530,683	38.97%
Inter-group Purchase	(6,626)	(10,889)	(39.15)%
Gross Profit	122,189	72,274	69.06%

Soaps sales showed excellent growth over last period due to effective marketing mix. However, material costs remained volatile [and uncertain] during the period particularly international prices of tallow and palm oil attained the unprecedented hike. Moreover, energy costs [rates and costly in-house power generation due to power shortage] were the major areas of concern during the year. Moreover, consumer buying pattern became highly uncertain and price sensitive.

Corrugation			
Rs. in '000	**2010-2011**	**2009-2010**	**% Change**
Sales Net	954,705	932,653	2.36%
Inter-group Sales	64,468	46,480	38.70%
Inter-group Purchase	(355,506)	(85,676)	314.94%
Gross Profit	82,807	80,225	3.22%

Demand of corrugated packaging material is derived demand stemming from industrial (and to some extent agricultural) growth. Thus industrial growth is pivotal to the growth of the corrugation.
Gross margins are maintained despite of less quantitative volumes through price rationalization and change in product mix. However, operating margins are reduced due to provision against doubtful debts.
Moreover, increase in tariff rates and power outages [and burden is felt in the shape of expensive in-house generation] and inflationary impact on salaries & wages [outsourced services], transportation costs were negative factors on net profitability during the year.
Efforts are being made to broaden the customer base through market diversification. However, raw material costs remained on the rising trend [and uncertain] during the period particularly due to the price hikes in international markets.

Paper & Board			
Rs. in '000	**2010-2011**	**2009-2010**	**% Change**
Sales Net	124,616	30,070	314.42%
Inter-group Sales	355,506	85,676	314.94%
Inter-group Purchase	(51,936)	(25,499)	103.68%
Gross Profit / (Loss)	10,555	(2,814)	

Paper & Board Mill has shown good volume growth during the year and also turned into Green.
The size of the project is capable to produce an average of 30~40 Tons of papers per day but with the some modifications this capacity can be increased.

Fuel cost [that is the major component in the total cost] is the major area of concern. Power outages and non availability of Gas are adding difficulties to this Sector.

Motor Cycle Project			
Rs. in '000	**2010-2011**	**2009-2010**	**% Change**
Sales Net	220,730	18,052	-
Gross Profit / (Loss)	6,166	(4,586)	-

Motor Cycle Assembly Operations [under GET] has completed not only its initial start-up phase (e.g. approvals from relevant authorities, procurement, plant installation etc.) but also started assembly of Motor Cycles. Initially, 70cc motor cycles are being introduced. Other models will be added in due course of time.

Appropriations:

Rs. in million	**2010-2011**	**2009-2010**
Un-Appropriated Profit b/f	507,752	696,455
Realization of Revaluation Surplus - Net	5,974	5,975
Profit during the period	221,404	202,633
Profit available for appropriation	735,130	905,063
Dividend Distributed Interim: NIL (last year : 50% Interim-excluding bonus)	-	20,911
Bonus Issue : Nil (Last Year: 900% Interim)	-	376,400
Un-Appropriated Profit c/f	735,120	507,752
Dividend Declared (Final)	41,822	Nil

Production

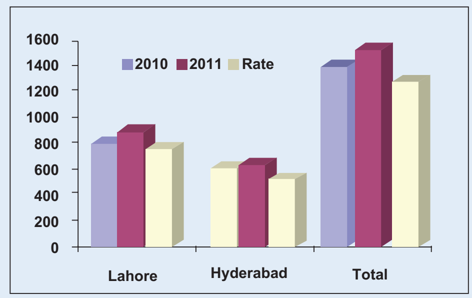
This year illustrated an increase of 8.76% in the production of razor/blades over the last year as follows:

Plant Capacity & Production:

(in millions)	Rated	2011	2010
Hyderabad	525	632	602
Lahore	750	895	802
	1275	1527	1404

Dividend

The Directors of your company have recommended a cash dividend of Re. 1 per share i.e 10%.



Code of Corporate Governance

The requirements of the Code of Corporate Governance, as introduced by the Securities and Exchange Commission of Pakistan (and set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Rules), have been duly complied with. A statement to this effect is annexed with the report.

Compliance with Code of Corporate Governance

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

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company 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 Company is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Company, 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.

Employee Benefit Funds

Values of investments (in Rs. Million) of employees' retirement funds as per their respective audited accounts for the year ended on June 30, 2011 are as follows:

Provident Fund	243.722
Gratuity Fund	86.922
Superannuation Fund	90.065
Service Fund	49.749
Housing Fund	4.422

Audit Committee

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

1.	Mr. Jalees Ahmed Siddiqui	Chairman
2.	Mr. Imran Azim	Member
3.	Syed Sheharyar Ali	Member
4.	Mr. Munir K. Bana	Member

Internal Audit

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

Transfer Pricing

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, but company should, subject to approval of Board of Directors and Audit Committee, justify (and duly jot down & present in the financial statements) its rationale and financial impact of the departure from the arm's length transaction.

Risk Management Policy

The Board plays a key role in risk management principally through the Risk Management Committee. Programs have been established to consider and manage operational, strategic, technological, scientific, reputation, environmental health and safety and other risks to the Company's businesses. These are reviewed with the committees on a regular basis.

All operational units incorporate Risk Management into their planning process:

- To minimize risk within the Company.
- To ensure Risk Management is incorporated into the corporate governance systems and management structure of the Company.
- To ensure that significant Risks within the Company are identified and appropriate strategies are in place to manage them.
- To develop effective and efficient Risk Management procedures

Strategic Planning

It is company's mainstay policy to position itself strategically in order to achieve its vision of being recognized as a world-class manufacturer of top quality products and to deliver value to its consumer; and

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.

2. To identify and consider opportunities for the Company to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.
4. To ensure that the Company has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

Human Resources

The company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at-large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment. Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits.
Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.
We consider our employees to be our most valuable asset and to get their commitment and efforts, your Company firmly believes in providing them conducive environment and making them feel a sense of security.
Currently Company is providing various insurance plans/schemes for its employees to financially secure them and/or their family in the event of any mishap and also runs various retirement benefit funds.

Disposal of Shares

The Management of your Company disposed partially its holding in the shares of ZIL Limited to realize the capital gain in this financial year but has a plan to reinvest in the shares of the same at appropriate time in the future.

Meetings of the Board of Directors

During the year, the Board of Directors of your company has met four times and the attendance at each of these meetings is as follows:-

Total No. of Meetings Held = 04	**No. of meetings attended**	
SYED SHAHID ALI	03	Leave of Absence
MRS. FERIEL ALI MEHDI	01	Leave of Absence
DR. MRS. NILOUFER MAHDI	01	Leave of Absence
SYED SHEHARYAR ALI	04	
MR. MUHAMMAD SHAFIQUE ANJUM	03	Leave of Absence
MR. IMRAN AZIM	03	Leave of Absence
MR. MUNIR K. BANA	04	
MR. JALEES AHMED SIDDIQUI	02	Leave of Absence

Election of Directors

The tenure of present directors was ended on June 30, 2011 and accordingly election was held on June 14, 2011 to elect eight directors of the Company for next term of three years commencing from July 01, 2011. The retiring directors being eligible filed their intentions to contest the Election and following persons were elected directors for next term of three years:-

1. Syed Shahid Ali
2. Dr. Mrs. Niloufer Mahdi
3. Mrs. Feriel Ali Mehdi
4. Syed Sheharyar Ali
5. Mr. Jalees Ahmed Siddiqui
6. Mr. Munir Karim Bana
7. Mr. Imran Azim
8. Mr. Muhammad Shafique Anjum

Pattern of Shareholding

The pattern of shareholding of your Company as on June 30, 2011 is annexed with this report. This statement is in accordance with the amendments made through the Code.

Share Trading

All trades in the shares of the Company, carried out by its directors, CEO, CFO, Company Secretary, their spouses and minor children is also disclosed in Form 34 annexed with this report.

Auditors

The Audit Committee of your company has recommended that, the present auditors, M/s KPMG Taseer Hadi & Company Chartered Accountants due to retire and being eligible, are offering themselves for reappointment, may be appointed as auditors of your Company for another term.

Future Outlook

The balance of economic power and influence over global policy issues is tilting in favor of emerging economies, in particular China, India, and Brazil. Smaller economies like Pakistan need to understand the implications of these subtle yet important changes.

Starting with Greece in 2010, the concerns over unsustainable fiscal deficit and sovereign debt positions have now spread to Ireland, Portugal, Spain, and even Italy. The differences over solutions, in terms of stringent fiscal austerity versus debt re-structuring, have kept the euro zone economies distracted from a unified approach towards avoiding a relapse in economic recovery. Similarly, given the size of the US economy and the use of US Dollar as an international reserve currency, the implications of a US debt default, if it actually transpires, can have far reaching consequences for the global economy. It not only could influence prospects of global recovery but the negative impact on global financial markets and commodity prices would be difficult to ignore.

Pakistan’s economy is currently facing three broad challenges in the shape of persistence of inflation at a high level, falling private investment and low growth, and rising total debt due to a low tax to GDP ratio. At the same time, severe energy shortages and dismal law and order conditions have rendered the domestic economic environment least conducive for productive activities.

At the same time, factors such as deteriorating law and order conditions and severe energy conditions are seriously affecting the real productive economic activity. This is constraining the current utilization; and future expansion of the economy’s productive capacity.

Thus, a meaningful reduction in inflation would require consistent and credible implementation of monetary and fiscal policies…

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.

A comprehensive growth strategy is being evolved, to increase productivity, efficiency, and competitiveness of the Company, and to ensure high growth rates that are both sustainable as well as more profitable.

Blades:

Focused sales & marketing strategy worked out well this year to cope with imminent threats from competition from unorganized sector and we are able to increase the local sales volume considerably and efforts are also being made not only to develop new markets but to tap new sources of inexpensive raw material as well. Management is confident that new sales & marketing strategy will not only thwart the smuggled blades but also firm a strong foothold in the market.

Our strategy on inventory management worked out well in bringing material costs down [and thus improving our throughputs].

Soaps:

Tallow Prices [along with Palm Oil Prices] are expected to calm down in the coming financial year that would have positive impact on the margins. Moreover, alternate sources for energy are being sought. Moreover, improvement plan in the manufacturing process has been chalked out and will be implemented this year. Despite the above factors your Company is able to increase the sales volume [and profitability] due to prompt response and stratagem.

Corrugated Packaging:

As mentioned earlier, growth in overall growth is not encouraging due to various reasons. Moreover, the falling productivity due to severe energy shortages and deteriorating law and order conditions together with unanticipated and sporadic adjustments in the administered prices [that are also adding inertia to inflation] do not portray healthy picture. Industrial growth is pivotal to the growth of this sector since the demand of Corrugation is derived demand stemming from industrial [and to some extent agriculture] growth. However, sustained efforts are being made to increase the sale volumes and margins.

Paper & Board:

In the short run, pulp prices, which rose rapidly due to some supply problems and strong Asian demand, are expected to decelerate but to stay on high levels. However, prices of waste paper are likely to stabilize but electricity shortage, fuel costs etc. are the major area of concerns. Moreover, Company is focusing on tighter operating controls and efficient working capital management to improve the margins.

Motorcycles:

Motor Cycle industry in Pakistan has shown phenomenal growth over last few years. Apart from the growth stemming from population growth, potential market is available particularly due to growth of rural community.

General:

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.

However, Pakistan's market size is a massive plus for the country with a population of 180 million people. This mammoth number presents tremendous potential and scope for market development and expansion. Pakistan is brimming with potential but sadly that has long been the case without much effort in the direction to effectively tap this potential.

In the short run, recent devastating rains and floods, political uncertainty/unrest would have negative impact on economic activities in the country and this in turn may adversely affect the performance of the Company in the coming year.

Financing

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].

Your Company's plan to raise funds through Participation Term Certificates (PTC) is under finalization stage and will be issued by way of right to the existing shareholders [with renounceable right] after approval of the Securities & Exchange Commission of Pakistan, Stock Exchanges and any other relevant authority. The amount raised through the PTC issue will be utilized to replace existing bank borrowings to that extent. After retirement of the debt of the Company's profitability and earnings per share are expected to increase.

Acknowledgements

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

For and on behalf of the Board

Syed Shahid Ali
Chief Executive Officer

LAHORE:
October 06, 2011

Statement of Compliance With Best Practices of the Code of Corporate Goverenance for the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of the stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes one independent non-executive director.

2. The directors have confirmed that none of them is serving as a director in more then ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year.

5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company out of which some policies are in the process of finalization. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on the material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. 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.

10. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

11. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

12. The Company has complied with all the corporate and financial reporting requirements of the code.

13. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

14. The Board has set-up an effective internal audit function and persons responsible to it are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on full time basis.

15. The statutory auditors of the Company have 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 shares of the Company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of Ethics as adopted by ICAP.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

17. We confirm that all other material principles contained in the Code have been complied with except formulation of some policies which are in the process of finalization.

For and on behalf of the Board of Directors

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Review Report to the Members on Statement of Compliance with Best Practices of 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 Treet Corporation Limited ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the 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 Company'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 Company personnel and review of various documents prepared by the Company to comply with the Code. As part of our audit of 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 system 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- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company 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 under taken at arm's length price.

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 Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

KPMG Taseer Hadi & Co.

KPMG & CO.
Chartered Accountants
(Farid Uddin Ahmad)

LAHORE:
October 06, 2011

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Treet Corporation Limited ("the Company") and its subsidiary companies (herein after referred as the "Group") as at 30 June 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Treet Corporation Limited and its subsidiary company, Global Econo Trade (Private) Limited. The financial statements of other subsidiary companies, First Treet Manufacturing Modaraba, TCL Labor Hire Company (Private) Limited, Treet Services (Private) Limited and Treet Power Limited, were audited by another firm of chartered accountants, whose audit reports have been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the audit reports of other auditor.

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with 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 above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the consolidated financial position of the Group as at 30 June 2011 and the consolidated results of its operations, its consolidated comprehensive income, its consolidated cash flow statement and consolidated statement of changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co

Lahore
Date: October 06, 2011

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

Consolidated Balance Sheet

as at June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	2,016,863	2,008,580
Investment property	7	56,689	139,424
Long term investments	8	73,411	99,287
Long term loans and deposits	9	60,450	63,168
		2,207,413	2,310,459
Current assets			
Stores and spares	10	169,734	153,071
Stock-in-trade	11	781,338	494,954
Trade debts	12	392,664	255,201
Short term investments	13	399,899	499,884
Loans, advances, deposits, prepayments and other receivables	14	587,356	299,259
Cash and bank balances	15	310,690	217,720
		2,641,681	1,920,089
Non-current assets held for sale	16	225,285	-
		2,866,966	1,920,089
Liabilities			
Current liabilities			
Short term borrowings	17	1,877,415	1,709,066
Trade and other payables	18	597,972	354,883
Accrued mark-up on short term borrowings		42,310	40,442
Provision for taxation		92,477	27,820
		2,610,174	2,132,211
Net current assets / (liabilities)		256,792	(212,122)
Non-current liabilities			
Long term deposits	19	2,491	2,491
Deferred taxation	20	82,651	59,243
		85,142	61,734
Contingencies and commitments	21		
		2,379,063	2,036,603
Represented by:			
Authorized capital			
70,000,000 (2010: 70,000,000) ordinary shares of Rs. 10 each		700,000	700,000
10,000,000 (2010: 10,000,000) preference shares of Rs. 10 each		100,000	100,000
		800,000	800,000
Issued, subscribed and paid up capital	22	418,222	418,222
Reserves	23	361,221	299,607
Unappropriated profit		839,836	553,535
Shareholders' equity		1,619,279	1,271,364
Non-controlling interest		1,400	881
		1,620,679	1,272,245
Surplus on revaluation of property - net of tax	24	758,384	764,358
		2,379,063	2,036,603

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Profit and Loss Account

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	25	4,605,309	3,574,921
Cost of sales	26	3,583,390	2,865,893
Gross profit		1,021,919	709,028
Administrative expenses	27	105,348	84,936
Distribution expenses	28	347,983	293,685
		453,331	378,621
Operating profit		568,588	330,407
Finance cost	29	237,940	210,796
Other operating expenses	30	14,541	33,965
		252,481	244,761
Other operating income	31	161,561	202,876
Share of profit of associate		5,355	8,662
		483,023	297,184
Workers' profit participation fund (WPPF)		15,714	11,031
Workers' welfare fund (WWF)		2,079	4,618
		17,793	15,649
Profit before taxation		465,230	281,535
Taxation:			
- Group	32	111,015	12,115
- Associate		2,049	3,079
		113,064	15,194
Profit from continuing operations		352,166	266,341
Attributable to:			
Equity holders of the parent		351,954	266,247
Non-controlling interest		212	94
		352,166	266,341
Earnings per share - basic and diluted (Rupees)	39	8.42	6.37

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Statement of Comprehensive Income

for the year ended June 30, 2011

	2011	2010
	(Rupees in thousand)	
Profit for the year	352,166	266,341
Other comprehensive income / (loss) - net of taxes	-	-
Total comprehensive income for the year	352,166	266,341
Attributable to :		
Equity holders of the parent	351,954	266,247
Non-controlling interest	212	94
	352,166	266,341

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Cash Flow Statement

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Cash generated from operations	36	472,130	393,136
Finance cost paid		(236,072)	(209,770)
Taxes paid		(86,876)	(57,797)
WPPF and WWF paid		(10,154)	2,677
Payment to gratuity fund		(11,492)	(8,701)
Payment to superannuation fund		(11,661)	(9,381)
		(356,255)	(282,972)
Net cash inflow from operating activities		115,875	110,164
Cash flows from investing activities			
Fixed capital expenditure		(263,027)	(256,787)
Proceeds from sale of property, plant and equipment		16,576	9,348
Long term investments		15,297	145,050
Long term loans and deposits		2,718	(18,458)
Interest received		16,961	13,031
Dividend received		19,914	11,287
Net cash outflow from investing activities		(191,561)	(96,529)
Cash flows from financing activities			
Long term deposits		-	68
Proceeds from issue of shares		343	-
Short term borrowings		(172,645)	468,737
Dividend paid		(36)	(22,084)
Net cash (outflow) / inflow from financing activities		(172,338)	446,721
Net (decrease) / increase in cash and cash equivalents		(248,024)	460,356
Cash and cash equivalents at the beginning of year		(281,063)	(741,419)
Cash and cash equivalents at the end of year	37	(529,087)	(281,063)

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Statement of Changes in Equity

for the year ended June 30, 2011

	Share capital	Capital Reserve	General Reserve	Fair value Reserve	Statutory Reserve	Un-appropriated profit	Total equity attributable to shareholders of parent company	Non - controlling Interest	Total shareholders equity
	(-------------------				Rupees in	thousand			-------------------)
Balance as at 01 July 2009	41,822	8,949	266,400	60,281	-	702,882	1,080,334	787	1,081,121
Interim cash dividend @ 50% for the year ended 30 June 2010	-	-	-	-	-	(20,911)	(20,911)	-	(20,911)
Interim stock dividend @ 900% for the year ended 30 June 2010	376,400	-	-	-	-	(376,400)	-	-	-
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	-	5,975	5,975	-	5,975
Transferred to statutory reserve	-	-	-	-	24,258	(24,258)	-	-	-
Realized gain on disposal of available for sale investments transferred to profit and loss	-	-	-	(60,281)	-	-	(60,281)	-	(60,281)
Total comprehensive income for the year	-	-	-	-	-	266,247	266,247	94	266,341
Balance as at 30 June 2010	418,222	8,949	266,400	-	24,258	553,535	1,271,364	881	1,272,245
Balance as at 01 July 2010	418,222	8,949	266,400	-	24,258	553,535	1,271,364	881	1,272,245
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	-	5,974	5,974	-	5,974
Unappropriated profit relating to partial disposal of investment in associated company	-	-	-	-	-	(10,013)	(10,013)	-	(10,013)
Additional capital subscribed by non-controlling interest	-	-	-	-	-	-	-	343	343
Transferred to statutory reserve	-	-	-	-	61,614	(61,614)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	351,954	351,954	212	352,166
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(36)	(36)
Balance as at 30 June 2011	418,222	8,949	266,400	-	85,872	839,836	1,619,279	1,400	1,620,679

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Notes to the Financial Statements
for the year ended June 30, 2011

1. Status and nature of the business

The group comprises of :

Holding Company

- Treet Corporation Limited

Subsidiary companies

	2011	2010
	(Holding Percentage)	
- Global Econo Trade (Private) Limited	100.00%	100.00%
- First Treet Manufacturing Modaraba	99.80%	99.70%
- TCL Labor-Hire (Private) Limited	100.00%	100.00%
- Treet Services (Private) Limited	100.00%	100.00%
- Treet Power Limited	100.00%	100.00%
Associated Company		
- ZIL Limited	13.71%	17.96%

Treet Corporation Limited (the holding company) was incorporated in Pakistan on 22 January 1977 as a public limited company under the Companies Act, 1913. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the holding company is to manufacture and sell razors and razor blades along with sale of soaps. The registered office of the holding company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Global Econo Trade (Private) Limited was incorporated in Pakistan on 21 October 2004 as a private limited company under the Companies Ordinance, 1984. Global Econo Trade (Private) Limited commenced its commercial operations from 01 January 2005. The principal activity of Global Econo Trade (Private) Limited is marketing and sale of razors and razor blades manufactured by the group. Global Econo Trade (Private) Limited is also engaged in the business of manufacturing and sale of soaps and bikes. Its registered office is situated at 72 - B Industrial Area, Kot Lakhpat, Lahore.

First Treet Manufacturing Modaraba is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 on 27 July 2005 and rules framed there under and is managed by GET, incorporated in Pakistan under the Companies Ordinance, 1984 and registered with registrar of Modaraba Companies. Its registered office is situated at 72-B Industrial Area, Kot Lakhpat, Lahore. First Treet Manufacturing Modaraba is listed on Lahore stock exchange and is engaged in the manufacture and sale of corrugated boxes, paper and soap.

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

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

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

Basis of Consolidation

These consolidated financial statements comprise the financial statements of the holding company and its subsidiary companies as at 30 June 2011.

(a) Subsidiaries

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the holding company have been eliminated against the shareholders' equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the holding company, using consistent accounting policies.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognised in assets, are eliminated in full.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the holding company obtains control, and continue to be consolidated until the date that such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

(b) Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the holding company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group and are recorded in the income statement.

(c) Associates

Associates are all entities over which the group has significant influence but not control. The group's share of its associate's post-acquisition profit or loss is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investments classified as investment at fair value through profit or loss and available for sale which are stated at fair value and obligations in respect of superannuation and gratuity schemes which are measured at present value, while land and buildings are stated at revalued amounts. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentational currency

These consolidated financial statements are presented in Pakistani Rupees which is also the group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand of rupees.

3. Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to group's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Retirement and other benefits	5.1
- Taxation	5.2
- Residual values and useful lives of depreciable assets	5.3
- Provisions	5.17
- Derivative financial instruments	5.18

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2011.

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011) . The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

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

- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments 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.

- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the group's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Employee retirement benefits

Defined contribution plans

A recognized contributory provident fund scheme namely "Treet Corporation Limited - Group Employees Provident Fund" is in operation covering all permanent employees. Equal contributions are made monthly both by the group and employees in accordance with the rules of the scheme at 10% of the basic pay.

Another recognized contributory fund scheme namely "Treet Corporation Limited - Group Employee Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the group and employees at 10% of basic pay from the date the employee gets permanent status. Additional contributions may be made by the group for those employees who have at the most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of the basic pay at any time.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme are also in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employees Superannuation Fund" respectively. According to the policy, provisions are made annually to cover the obligation on the basis of actuarial valuation using Projected Unit Credit Method and are charged to income currently, related details of which are given in note 18.4 to the financial statements.

Actuarial gains/losses are recorded based on actuarial valuation that is carried out annually. A portion of accumulated actuarial gain/losses is recognised in profit and loss account to the extent that net cumulative unrecognised actuarial gains/losses at the end of previous period exceeded the greater of:

(i) 10% of the present value of the defined benefit obligation (before deducting plan assets); and
(ii) 10% of the fair value of any plan assets.

These limits shall be calculated and applied separately for each defined benefit plan.

5.2 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account available tax credits and tax rebates. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised for using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and, or carry-forward of unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.3 Property, plant and equipment

Cost

These are carried at cost except for land and buildings, which are stated at revalued amount. However, land and buildings which were purchased subsequent to last revaluation date are carried at cost.

Gain/(loss) on disposal

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit and loss account.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	**Rupees**
Building on freehold land	50,000
Plant and machinery	10,000
Office equipments	8,000
Furniture and fixture	10,000
Others	10,000

Incremental depreciation

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings during the year.

Method of depreciation

Depreciation on fixed assets other than freehold land is charged on straight-line basis, whereby the cost of assets is written-off over their useful life. The rates of depreciation are specified in note 6.1.

Depreciation on additions is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to expense as and when incurred.

5.4 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.

5.5 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. The investment property of the group comprises land and buildings and are valued using the cost method and are stated at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property other than freehold land is charged to profit and loss account on straight-line method so as to write-off the depreciable amount of building over its estimated useful life at the rate of 5 percent per annum. Depreciation on additions is charged from the day on which the property becomes available for use till the day the property is fully depreciated or disposed off.

The property's residual values, depreciation method and useful life are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

On disposal, the cost of the property and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit and loss account.

5.6 Investments

Investment in subsidiaries

Investments in subsidiaries are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the profit and loss account.

Investments available for sale

Investments classified as investments available for sale are initially recognised at cost, being the fair value of consideration given. At subsequent dates, these investments are re-measured at fair values (quoted market price), unless fair value cannot be measured. The investment for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Unrealized gains and losses arising from changes in fair values are directly recognized in equity in the period in which these arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Held to maturity investments

Investments with a fixed maturity that the group has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the group on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profits from short term fluctuations in price or dealer margin are classified as “Investments at fair value through profit or loss account” these are initially recognized on trade date at cost and derecognized by the group on the date it commits to sell them off. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/(decrease) in fair value is recognized in the profit and loss account for the year.

Investments are treated as current assets where the intention is to hold these for less than twelve months from the balance sheet date, otherwise investments are treated as long-term assets.

5.7 Impairment of assets

The group assesses at each balance sheet date, whether there is any indication that asset may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognised in income currently. The recoverable amount is higher of an asset’s fair value less costs to sell and value in use.

Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. 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 initial cost of the asset. A reversal of the impairment loss is recognized in income.

5.8 Stores and spares

These are valued at the 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. Adequate provision is made for slow moving items. The group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.9 Stock-in-trade

Stock of raw materials, packing materials, work-in-process and finished goods is valued at lower of moving average cost and net realizable value except for stock-in-transit which is valued at invoice price and related expenses. Cost in relation to work-in-process and finished goods includes prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs to complete and to make the sale.

5.10 Trade debts

Trade debts are carried at original invoice amount less an allowance for doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified.

5.11 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pakistani Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates at the balance sheet date. Foreign exchange gains and losses are taken to the profit and loss account.

5.12 Revenue recognition

(i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

(ii) Interest / mark-up is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.

(iii) Dividend income is recognized when the right to receive payment is established.

(iv) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

(v) Other revenues are recorded on accrual basis.

5.13 Borrowing cost

Borrowing costs are interest or other costs incurred by the group in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that asset.

5.14 Financial instruments

(i) Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

(ii) Financial assets are de-recognised when the group loses control of the contractual rights that comprise the financial asset.

(iii) Financial liabilities are de-recognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired.

(iv) The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

(v) Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the company.

5.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

5.17 Provisions

Provisions are recognised when the group 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.

5.18 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates.

Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

5.19 Research and development costs

Research and development costs are charged to income as and when incurred.

5.20 Group Employees Housing Fund

An unrecognized contributory fund scheme namely, “Treet Corporation Limited - Group Employees Housing Fund Scheme” (“the Scheme”) is in operation covering permanent management employees with minimum five years of service with the group. Equal contributions are made monthly both by the group and employees in accordance with the rules of the Scheme at 20% of the basic pay.

5.21 Dividends

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved.

5.22 Segment reporting

Operating segments are reported in manner consistent with internal reporting structure. Management monitors the operating results of its business units separately for the purpose making decisions regarding the resource allocation and performance assessment.

Segment results, asset and liabilities include items directly attributable to segment as well as those that can be allocated on reasonable basis. Segment assets consists primarily of stores and spares, stock-in-trade, trade debts. Segment liabilities consist of operating liabilities and exclude items such as taxation and corporate.

5.23 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognized until their realization become virtually certain.

5.24 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or

- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

	Note	2011	2010
		(Rupees in thousand)	

6. PROPERTY, PLANT AND EQUIPMENTS

	Note	2011	2010
Operating fixed assets	6.1	1,935,365	1,861,375
Transfer to non-current assets held for sale	16	(143,300)	-
		1,792,065	1,861,375
Capital work-in-progress	6.2	224,798	147,205
		2,016,863	2,008,580

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost as at 01 July 2010	Additions/ (Deletions)	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(---------------------------------------R u p e e s	i n	t h o u s a n d	-------------------------------------)			
Freehold land	-	965,815	-	965,815	-	-	-	965,815
Building	5	550,816	14,370	565,186	90,942	26,445	117,387	447,799
Plant and machinery	10	809,852	137,701 (3,191)	944,362	444,761	55,947 (950)	499,758	444,604
Furniture and equipment	10 - 25	39,201	4,532 (1,112)	42,621	24,380	3,708 (570)	27,518	15,103
Vehicles	20	99,220	28,831 (19,080)	108,971	43,446	18,651 (15,170)	46,927	62,044
2011		2,464,904	185,434 (23,383)	2,626,955	603,529	104,751 (16,690)	691,590	1,935,365

	Annual rate of depreciation	Cost as at 01 July 2009	Additions/ (Deletions)	Cost as at 30 June 2010	Accumulated depreciation as at 01 July 2009	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2010	Book value as at 30 June 2010
	%	(---------------------------------------R u p e e s	i n	t h o u s a n d	-------------------------------------)			
Freehold land	-	947,815	18,000	965,815	-	-	-	965,815
Buildings	5	312,547	238,269	550,816	72,815	18,127	90,942	459,874
Plant and machinery	10	674,137	135,715	809,852	401,917	42,844	444,761	365,091
Furniture and equipment	10 - 25	36,011	3,403 (213)	39,201	20,665	3,803 (88)	24,380	14,821
Vehicles	20	80,868	31,255 (12,903)	99,220	38,203	14,396 (9,153)	43,446	55,774
2010		2,051,378	426,642 (13,116)	2,464,904	533,600	79,170 (9,241)	603,529	1,861,375

6.1.1 Land and buildings were first revalued on 17 November 2003 by an independent valuer M/s Indus Surveyors (Member of Insurance Surveyors Association of Pakistan). Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. Subsequently, land and buildings were revalued on 30 June 2009 by BFA (Private) Limited (Member of Insurance Surveyors Association of Pakistan) resulting in surplus of Rs. 642.57 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value.

6.1.2 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

	2011	2010
	(Rupees in thousand)	
Land	247,500	247,500
Buildings	212,921	214,686
	460,421	462,186

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit	Mode of disposal	Sold to	
		(------------------------------------ Rupees in thousand				------------------------------------)		
Vehicles								
Suzuki Mehran	320	307	13	320	307	Group scheme	Mr. Zahid Anwar	
Land Cruiser	5,000	4,504	496	4,010	3,514	Negotiation	Mohammad Azam	
Toyota Corolla	969	962	7	318	311	Group scheme	Mr. Shafique Anjum	
Toyota Corolla	879	748	131	439	308	Group scheme	Mr. Khawar Siddique	
Toyota Corolla	879	795	84	578	494	Group scheme	Mr. Shahid Saeed Arian	
Toyota Mark X	2,230	1,506	724	2,900	2,176	Group scheme	Syed Shahid Ali	
Suzuki Mehran	555	555	-	465	465	Group scheme	Mr. Arshad Chaudhry	Employees
Honda City	831	831	-	272	272	Group scheme	Mr. Saadat Khera	
Kia Classic	423	412	11	139	128	Group scheme	Mr. Kalim Durani	
Suzuki Baleno	835	90	745	705	(40)	Group scheme	Mr. Khalid Adeeb	
Honda City	1,092	345	747	910	163	Group scheme	Mr. Shahid Zubair	
Suzuki Cultus	655	625	30	215	185	Negotiation	Mohammad Rabi	
Suzuki Bolan	319	319	-	225	225	Negotiation	Mr. Habib Khan	
Suzuki Bolan	404	302	102	404	302	Insurance claim	IGI	
Toyota Corolla	849	849	-	178	178	Negotiation	Mr. Israr ul haq	
	16,240	13,150	3,090	12,078	8,988			
Plant & machinery								
Generator	2,174	485	1,689	681	(1,008)	Negotiation	Manharton & Co.	
Transformer	395	56	339	341	2	Insurance claim	IGI	
Rockwell Hardness Testing Machine	525	346	179	510	331	Insurance claim	IGI	
	3,094	887	2,207	1,532	(675)			
Computer								
Wireless Bridge	498	223	275	199	(76)	Insurance claim	IGI	
Other assets with book value less than Rs. 50,000	3,552	2,430	1,122	2,767	1,645	Negotiation	Miscellaneous	
2011	23,384	16,690	6,694	16,576	9,882			
2010	13,116	9,241	3,875	9,348	5,473			

	Note	2011	2010
		(Rupees in thousand)	
6.1.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	26.1	49,459	42,232
Cost of goods sold - soap	26.2	548	17
Cost of goods sold - packaging material	26.3	12,854	11,954
Cost of goods sold - bike	26.4	1,190	394
Cost of goods sold - paper and board	26.5	12,742	5,201
		76,793	59,798
Administrative expenses	27	21,955	13,935
Distribution expenses	28	6,003	5,437
		104,751	79,170
6.2 Capital work-in-progress			
Building		42,113	29,921
Plant and machinery		182,685	117,284
		224,798	147,205

7. INVESTMENT PROPERTY

	Annual rate of depreciation	Cost as at 01 July 2010	Transfer to non-current assets held for sale	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(--------------------	----------	Rupees in	thousand	----------	----------	--------------------)
Freehold land	-	127,985	(81,985)	46,000	-	-	-	46,000
Building on freehold land	5	15,000	-	15,000	3,561	750	4,311	10,689
2011		142,985	(81,985)	61,000	3,561	750	4,311	56,689

	Annual rate of depreciation	Cost as at 01 July 2009	Transfer to non-current assets held for sale	Cost as at 30 June 2010	Accumulated depreciation as at 01 July 2009	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2010	Book value as at 30 June 2010
	%	(--------------------	----------	Rupees in	thousand	----------	----------	--------------------)
Freehold land	-	127,985	-	127,985	-	-	-	127,985
Building on freehold land	5	15,000	-	15,000	2,811	750	3,561	11,439
2010		142,985	-	142,985	2,811	750	3,561	139,424

7.1 Depreciation charge for the year has been allocated to administrative expenses

7.2 The approximate market value of investment property as at 30 June 2011 amounts to Rs. 108 million (2010: Rs. 180 million).

	Note	2011	2010
		(Rupees in thousand)	
8. LONG TERM INVESTMENTS			
Available for sale investments	8.1	36,968	51,509
Investments in associated company - ZIL Limited	8.2	36,443	47,778
		73,411	99,287

	Note	2011	2010
		(Rupees in thousand)	
8.1 Available for sale investments			
Quoted investments	8.1.1	25,263	32,766
Un-quoted investments	8.1.2	11,705	18,743
		36,968	51,509

	Note	Latest available audited financial statements for the year ended	2011 Number	2010 Number	Cost 2011	Cost 2010	Market value 2011	Market value 2010	Percentage of holding 2011 %	Percentage of holding 2010 %
					............(Rupees in thousand)...........					
8.1.1 Quoted investments										
IGI Investment Bank Limited		30 June 2010	15,311,000	15,311,000	63,931	63,931	25,263	32,766	7.22	7.22
Less: Provision for impairment					(38,668)	(31,165)				
					25,263	32,766	25,263	32,766		

	Note	Latest available audited financial statements for the year ended	Number of ordinary shares of Rs. 10 each 2011 Number	Number of ordinary shares of Rs. 10 each 2010 Number	Cost 2011 (Rupees in thousand)	Cost 2010 (Rupees in thousand)	Percentage of holding 2011 %	Percentage of holding 2010 %
8.1.2 Un-quoted investments								
Techlogix International Limited	8.1.2.1	31 Dec 2010	748,879	748,879	8,593	8,593	0.74	0.74
Less: Provision for impairment					(7,038)	-		
					1,555	8,593		
Systems Limited	8.1.2.1	31 Dec 2010	637,448	637,448	10,150	10,150	1.27	1.27
					11,705	18,743		

8.1.2.1 The breakup value per share as per latest available audited financial statements for Techlogix International Limited and Systems Limited is Rs. 2.08 (2010: Rs. 1.97) and Rs. 20.92 (2010: Rs. 16.63) per share respectively.

	2011	2010
	(Rupees in thousand)	
8.2 Investments in associated company - ZIL Limited		
Cost	5,418	5,418
Partial disposal of investment	(1,281)	-
	4,137	5,418
Post acquisition profit :		
Brought forward	42,360	40,254
Less: Relating to part of investment disposed off	(10,013)	-
	32,347	40,254
Profit for the year before taxation	5,355	8,662
Less: provision for taxation	(2,049)	(3,079)
	3,306	5,583
	39,790	51,255
Less: Dividends received during the year	(3,347)	(3,477)
Balance as at 30 June 2011	36,443	47,778

8.2.1 At 30 June 2011, the group held equity of 730,100 (2010: 956,110) fully paid ordinary shares of Rs. 10 each, which is 13.71 % (2010: 17.96 %) of the total issued and subscribed share capital of ZIL Limited. The group has got significant influence over ZIL Limited, as a result of which its investment has been accounted for under equity method.

The holding company pledged 420,000 shares of ZIL Limited with Dadabhoy Leasing company Limited for Modaraba finance facility granted to ZIL Limited. ZIL Limited repaid the financing facility on 17 July 1996, however, the above shares were not released by Dadabhoy Leasing Company Limited. The holding company filed a legal suit for recovery of these shares in October 1999, which is still pending. Management is of the view that the outcome of the case will be in the favour of the holding company. Furthermore, the management has sought an independent legal opinion which states that on the favourable outcome of the legal suit and in the event the share certificates are not returned by Dadabhoy Leasing Company Limited, the holding company will eventually have the right to request ZIL Limited to cancel the original share certificates and issue duplicate share certificates to the holding company.

	Note	2011	2010
		(Rupees in thousand)	
9. LONG TERM LOANS AND DEPOSITS			
Loan to Loads Limited - a related party	9.1	40,000	40,000
Loan to housing fund - unsecured		5,733	7,345
Loans to employees - secured, considered good	9.2	3,547	5,750
Utility deposits		15,577	16,119
Less : current portion			
Loan to housing fund - unsecured	14	(1,802)	(1,648)
Loan to employees - secured, considered good	14	(2,986)	(4,446)
		(4,788)	(6,094)
Deposit against rented plant and premises	9.5	343	-
Others		38	48
		60,450	63,168

9.1 This represents unsecured loan given to Loads Limited bearing mark-up at the rate of 14.91 % (2010: 14.91 %).

9.2 These are interest free loans to the group's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 0.343 million (2010: Rs. 0.655 million) receivable from the executives of the group. There is no amount that is receivable from directors and chief executive.

9.3 Reconciliation of the carrying amount of loans to executives:

	2011	2010
	(Rupees in thousand)	
Balance as at 01 July	655	520
Disbursements	3,907	3,937
Repayments	(4,219)	(3,802)
Balance as at 30 June	343	655

9.4 The maximum amount due from the executives at the end of any month during the year was Rs. 0.91 million (2010: Rs. 1.05 million).

9.5 This represents interest free security deposit given to Khatoon Industries Limited for the use of assets by Global Econo Trade (Private) Limited for a period of five years.

	Note	2011	2010
		(Rupees in thousand)	
10. STORES AND SPARES			
Stores		48,776	28,662
Spares	10.1	120,958	124,409
		169,734	153,071

10.1 It includes spares in transit amounting to Rs. 29.03 million (2010: Rs. 37.39 million).

Stores and spares includes items which may result in fixed capital expenditure but are not distinguishable.

	Note	2011	2010
		(Rupees in thousand)	
11. STOCK-IN-TRADE			
Blades:			
Raw materials and packing material	11.1	242,475	208,757
Work-in-process		44,587	33,292
Finished goods	11.2	79,097	31,343
		366,159	273,392
Slow moving raw material stock written off	26.1	(940)	-
		365,219	273,392
Soaps:			
Raw and packing materials	11.3	131,435	71,186
Work-in-process		14,681	23,868
Finished goods		22,862	23,894
		168,978	118,948
Packing material:			
Raw and packing materials	11.4	165,696	35,988
Work-in-process		3,575	5,108
Finished goods		3,317	3,549
		172,588	44,645
Bike:			
Raw and packing materials		14,942	26,770
Work-in-process		10,359	3,071
Finished goods		114	4,052
		25,415	33,893
Paper and board:			
Raw and packing materials	11.5	42,450	21,179
Work-in-process		-	
Finished goods		6,688	2,897
		49,138	24,076
		781,338	494,954

11.1 It includes raw material in transit amounting to Rs. 36.593 million (2010: Rs. 39.693 million).

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs. 2.181 million (2010: Rs. 2.314 million).

11.3 It includes raw material in transit amounting to Rs. 38.29 million (2010: Rs.25.94 million) and raw material amounting to Rs. 37.23 million (2010: Nil) held by third party.

11.4 It includes raw material in transit amounting to Rs. 23.080 million (2010: Rs. 2.473 million).

11.5 It includes raw material in transit amounting to Rs. 0.038 million (2010: Rs. 8.801 million).

	Note	2011	2010
		(Rupees in thousand)	
12. TRADE DEBTS			
Secured against letters of credit		19,540	35,268
Unsecured - considered good		373,124	219,933
		392,664	255,201
Considered doubtful – others	12.1	12,464	-
		405,128	255,201
Provision for doubtful debt		(12,464)	-
		392,664	255,201

12.1 The movement in provision for doubtful debts for the year is as follows:

	Note	2011	2010
Balance as at 01 July		-	-
Provision for the year	28	(12,464)	-
Bad debt written-off against provision		-	-
Balance as at 30 June		(12,464)	-

13. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss

	Note	2011	2010
Listed equity securities	13.1	328,995	219,013
Mutual funds	13.2	65,904	275,866
Un-listed equity securities		-	5
Term Finance Certificates - Engro Chemicals Pakistan Limited		5,000	5,000
		399,899	499,884

13.1 Details of investment in listed equity securities are stated below:

	Share certificates		Market value	
	2011 Number	2010 Number	2011 (Rupees in thousand)	2010
Sector /Companies				
Banks				
Standard Chartered Bank (Pakistan) Limited	-	52,000	-	382
NIB Bank Limited	600,000	-	906	-
Cement				
Lafarge Pakistan Cement Limited	-	288,000	-	789
Fauji Cement Limited	180,000	-	742	-
Power generation and distribution				
Karachi Electric Supply Company Limited	-	139,500	-	311
Kohinoor Energy Limited	1,476,562	623,610	24,363	16,519

	Share certificates		Market value	
	2011	2010	2011	2010
	Number	Number	(Rupees in thousand)	
Modaraba				
First Habib Bank Modaraba	444,854	100,000	3,559	503
First National Bank Modaraba	2,570,555	1,719,501	15,192	12,810
Standard Chartered Modaraba	-	52,099	-	479
Allied Rental Modaraba	9,991	-	175	-
Industrial Metal and Mining				
Crescent Steel and Allied Products Limited	1,185,965	33,251	30,977	835
Sugar and allied industry				
Shahtaj Sugar Mills Limited	113,852	107,960	7,167	7,040
Al-Noor Sugar Mills Limited	613,788	379,922	24,091	13,879
The Thal Industries Corporation Limited	32,067	21,813	1,740	1,287
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	39,250	33,218	42,555	34,532
Food and personal care products				
Murree Brewery Company Limited	-	14,972	-	1,252
Textile				
Indus Dyeing and Manufacturing Company Limited	388,001	308,189	148,011	64,412
Closed end mutual funds				
Al-Meezan Mutual Fund Limited	-	186,250	-	1,239
Industrial Transport				
Pakistan National Shipping Corporation Limited	19,876	57,669	477	2,300
Financial services				
IGI Investment Bank Limited	4,393,969	3,508,468	7,250	7,508
Non Life Insurance				
IGI Insurance Company Limited	259,386	620,100	18,805	43,153
Petroleum				
Pakistan Petroleum Limited	8,000	-	1,657	-
Miscellaneous				
BIAFO Industries Limited	-	12,399	-	439
Descon Oxychem Limited	-	1,514,497	-	6,906
Tri Pack Films Limited	-	25,000	-	2,438
Amtex Limited	524,898	-	1,328	-
			328,995	219,013

13.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2011 Number	2010 Number	2011 (Rupees in thousand)	2010
UTP Islamic Fund	-	1	-	1
MCB FSL Trustee Namco Income Fund	7,068	-	736	
IGI Islamic Income Fund		30,230		3,178
First Habib Cash Fund	101,194	-	10,426	-
Trustee Pakistan Cash Management	16,114	-	824	-
Trustee KASB Cash Fund		10,635		1,088
Askari Sovereign Cash Fund	32,650	-	3,286	-
MCFSL - Trustee KASB Cash Fund	11,767	-	1,216	-
Pakistan Cash Management Fund	32,229	-	1,647	-
Trustee Nafa Cash Fund	114,187	1,000	1,183	1,061
MCB Cash Management Optimiser	21,137	-	2,118	-
Atlas Money Market Fund	-	12,179	-	10,422
NIT Government Bond	4,000,000	5,000,000	44,468	53,240
National Investment Trust Limited	-	20,000,000	-	206,876
			65,904	275,866

	Note	2011 (Rupees in thousand)	2010
14. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to housing fund - unsecured	9	1,802	1,648
Current portion of loan to employees - secured, considered good	9	2,986	4,446
		4,788	6,094
Advances to employees - secured, considered good	14.1	3,648	2,348
Advances - unsecured, considered good			
Suppliers		300,800	94,745
Income tax		181,539	117,613
		482,339	212,358
Margin deposits - Letter of credits		3,218	5,142
Prepayments		9,555	16,932
Insurance claim receivable		300	1,507
Interest accrued		1,446	3,181

	Note	2011	2010
		(Rupees in thousand)	
Advances to related parties	14.2		
Wazir Ali Industries Limited		13	25
Loads Limited		72	-
Packages Limited		30	-
IGI Investment Bank Limited		1,250	-
ZIL Limited		-	10
		1,365	35
Receivable from statutory authorities			
Export rebate		7,884	9,266
Freight subsidy		6,359	6,359
Collector of customs		1,885	252
Sales tax		57,767	30,185
		73,895	46,062
Receivable from broker against sale of investments		-	141
Dividend receivable		947	13
Service fund		391	-
Miscellaneous		5,464	5,446
		587,356	299,259

14.1 These are interest free advances to group's employees in respect of salary, medical and traveling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 1.962 million (2010: Rs. 0.664 million) receivable from executives of the group.

14.2 This represents advances given to these companies for purchase of goods under normal business trade as per the agreed terms.

15. CASH AND BANK BALANCES

	Note	2011	2010
		(Rupees in thousand)	
Cash in hand		3,216	-
Cash at bank - local currency			
Current accounts		71,440	69,522
Saving accounts	15.1	236,034	148,198
		307,474	217,720
		310,690	217,720

15.1 These carry mark-up at the rates ranging from 5 to 12 percent per annum (2010: 5 to 11.2 percent per annum).

	Note	2011	2010
		(Rupees in thousand)	
16. NON-CURRENT ASSETS HELD FOR SALE			
Carrying value of freehold land previously classified under property, plant and equipment	6	143,300	-
Carrying value of freehold land previously classified under investment property	7	81,985	-
		225,285	-

16.1 The group has entered into various agreements to sell the above mentioned freehold land. Under these agreements sale is expected to complete within one year upon receipt of the full amount and registration of the sale deed.

16.2 The approximate market value of non-current assets held for sale as at 30 June 2011 amounts to Rs. 278 million.

	Note	2011	2010
		(Rupees in thousand)	
17. SHORT TERM BORROWINGS			
Short term running finance - secured	17.1	839,777	498,783
Demand finance		-	200,000
Money market loans - secured	17.2	565,000	700,000
Export refinance - secured	17.3	472,638	310,283
		1,877,415	1,709,066

17.1 The group has arranged facilities for short-term running finance from various banks under mark-up arrangement to the extent of Rs. 2,001 million (2010: Rs. 1,540 million). These carry mark-up at the rates ranging from 12.24 to 15.73 percent per annum (2010: 12.85 to 16.04 percent per annum).

17.2 This represents money market loans obtained from commercial banks. These carry mark-up at the rates ranging from 13.04 to 14.75 percent per annum (2010: 12.67 to 15.49 percent per annum). These loans are for periods ranging from 30 to 180 days.

17.3 The group has arranged facilities of export refinance from various banks under mark-up arrangement to the extent of Rs. 700 million (2010: Rs. 700 million). These carry mark-up at the rates ranging from 9.5 to 11 percent per annum (2010: 7.50 to 9 percent per annum).

17.4 All short term borrowings of the group are secured by way of joint first pari passu hypothecation charge of Rs. 3,753 million on the entire present and future current assets of the group.

	Note	2011	2010
		(Rupees in thousand)	
18. TRADE AND OTHER PAYABLES			
Trade creditors			
Packages Limited - a related party		120	1,495
Others		30,325	57,188
		30,445	58,683
Other creditors			
Related parties	18.1	1,573	1,657
Others		32,350	16,544
		33,923	18,201
Payable against letter of credit		15,764	34,320
Accrued liabilities		222,143	119,263
Advances from customers		39,612	48,939
Advance against non-current assets held for sale		160,319	-
Payable to broker		5,891	12
Workers' profit participation fund	18.2	15,714	5,534
Workers' welfare fund	18.3	2,079	4,620
Payable to employees provident fund		1,619	14,210
Employees deposits		26,838	19,461
Payable to employees housing fund		286	344
Payable to gratuity fund	18.4	13,012	11,492
Payable to superannuation fund	18.4	12,311	11,661
Payable to service fund		-	638
Unclaimed dividend		776	776
Payable to employees		375	-
Sales tax payable		6,306	2,927
Withholding tax payable		-	-
Income tax deducted at source		2,715	660
Other payables		7,844	3,142
		597,972	354,883

	Note	2011	2010
		(Rupees in thousand)	
18.1 Related parties			
ZIL Limited		87	181
IGI Insurance Limited		13	13
IGI Investment Bank Limited		1,463	1,463
Orient Trading (Private) Limited		10	-
		1,573	1,657
18.2 Workers' profit participation fund			
Balance as at 01 July		5,534	(9,925)
Add: Allocation for the year		15,714	11,031
		21,248	1,106
Less: (Paid) / received during the year		(5,534)	4,428
Balance as at 30 June		15,714	5,534
18.3 Workers' welfare fund			
Balance as at 01 July		4,620	1,753
Add: Allocation for the year		2,079	4,618
		6,699	6,371
Less: Paid during the year		(4,620)	(1,751)
Balance as at 30 June		2,079	4,620

18.4 Employee benefits

a) Movement in the liability recognized in the balance sheet in respect of following funded schemes is given below:

	2011			
	Gratuity	Super-annuation	Total	2010
	(Rupees in thousand)			
Net liability as at 01 July	11,492	11,661	23,153	18,082
Expense for the year	13,012	12,311	25,323	23,153
Contributions made by the company during the year	(11,492)	(11,661)	(23,153)	(18,082)
Net liability as at 30 June	13,012	12,311	25,323	23,153

b) Reconciliation of the liability recognized in the balance sheet in respect of these funded schemes is shown below:

	2011			
	Gratuity	**Super-annuation**	**Total**	2010
	(Rupees in thousand)			
Present value of defined benefit obligation	107,825	103,779	211,604	183,723
Fair value of plan assets	(73,910)	(74,633)	(148,543)	(133,315)
Un-recognized actuarial losses	(20,903)	(16,835)	(37,738)	(27,255)
Closing liability	13,012	12,311	25,323	23,153

c) **Movement in present value of defined benefits obligation is as follows:**

	Gratuity	Super-annuation	Total	2010
Present value of defined benefit obligation as at 01 July	91,088	92,635	183,723	166,160
Current service cost	9,656	8,935	18,591	16,822
Interest cost	10,931	11,116	22,047	19,939
Benefits paid during the year	(11,218)	(12,079)	(23,297)	(18,379)
Actuarial loss / (gain) on present value of defined benefit obligation	7,368	3,172	10,540	(819)
Present value of defined benefit obligation as at 30 June	107,825	103,779	211,604	183,723

d) **Movement in fair value of plan assets is as follows:**

	Gratuity	Super-annuation	Total	2010
Fair value of plan assets as at 01 July	65,999	67,315	133,314	120,799
Expected return on plan assets	7,920	8,078	15,998	14,496
Contribution paid during the year	11,492	11,661	23,153	18,082
Benefits paid during the year	(11,218)	(12,079)	(23,297)	(18,379)
Actuarial loss on plan assets	(283)	(342)	(625)	(1,684)
Fair value of plan assets as at 30 June	73,910	74,633	148,543	133,314

Plan assets comprise of:

	Gratuity	Super-annuation	Total	2010
Term finance certificates	17,065	20,992	38,057	40,522
Listed securities	8,010	8,776	16,786	11,455
Deposits with banks	7,245	708	7,953	26,299
Investment in mutual funds	3,829	2,390	6,219	23,191
Government securities	37,500	39,000	76,500	29,000
Payable to other fund	261	-	261	1,424
Other	-	2,767	2,767	1,423
	73,910	74,633	148,543	133,314

e) The following amounts have been charged to the profit and loss account during the current year in respect of these funded schemes.

	2011			
	Gratuity	**Super-annuation**	**Total**	2010
	(---------Rupees in thousand------------)			
Current service cost	9,656	8,935	18,591	17,550
Interest cost	10,931	11,116	22,047	20,874
Expected return on assets	(7,920)	(8,078)	(15,998)	(15,310)
Actuarial loss	345	338	683	689
Net amount chargeable to profit and loss account	13,012	12,311	25,323	23,803

f) Actuarial valuation of these plans were carried out as of 30 June 2011 using the projected unit credit method, the principal actuarial assumptions used are as follows:

	2011	**2010**
Expected rate of increase in salary level	13%	11%
Valuation discount rate	14%	12%
Rate of return on plan assets	12%	12%

g) **Historical Information**

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	As at 30 June				
	2011	**2010**	**2009**	**2008**	**2007**
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	107,825	91,088	81,314	68,354	61,021
Fair value of plan assets	73,910	65,999	60,264	56,932	58,323
Deficit	(33,915)	(25,089)	(21,050)	(11,422)	(2,698)
Experience adjustment arising on obligation loss	7,368	78	4,463	2,452	7,288
Experience adjustment arising on plan assets (loss)/gain	(283)	(1,521)	(3,070)	(3,024)	786

The present value of defined benefit obligation, the fair value of plan assets and the deficit of funded superannuation scheme fund is as follows:

	As at 30 June				
	2011	2010	2009	2008	2007
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	103,779	92,635	84,846	72,027	65,450
Fair value of plan assets	74,633	67,315	60,535	55,102	57,026
Deficit	(29,146)	(25,320)	(24,311)	(16,925)	(8,424)
Experience adjustment arising on obligation (gain)/loss	3,172	(897)	4,414	1,806	7,536
Experience adjustment arising on plan assets gain/(loss)	(342)	(163)	(1,043)	(3,546)	3,024

19. LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.

	2011	2010
	(Rupees in thousand)	
20. DEFERRED TAXATION		
Debit / (credit) balances arising from:		
Accelerated tax depreciation	82,814	64,934
Provision for doubtful debts	(163)	(5,691)
	82,651	59,243

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies - the holding company

- The holding company is in appeal before the Appellate Tribunal Inland Revenue (ATIR) Lahore against the order passed by Additional Commissioner of Income Tax Large Tax payer unit (LTU) u/s 12(9A) of the repealed Income Tax Ordinance, 1979 for the assessment year 2000-01. As a result of this order, an income tax demand of Rs. 12.794 million along with an additional tax of Rs. 2.011 million had been created against the company. Since the order of Additional Commissioner is out of jurisdiction, the company is of the view that no tax demand will ultimately arise or become payable.

- The holding company is in second appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner of Income Tax (Appeals) on the issue of proportion of profits between local and export sales for tax year 2003 and 2006, involving income tax demand of Rs. 16.051 million. However, the holding company has filed a rectification application on account of incorrect computation, there by the actual tax demand without concealing the legitimate position on this issue is Rs.5.759 million instead of 16.052 million. The management is of the view that no tax demand will ultimately arise or become payable.

- The holding company is in appeal before Commissioner of Income Tax Lahore against the order passed by Additional Commissioner Inland Revenue Lahore on the issue of proportion of profits between local and export sales for the tax year 2005, involving income tax demand of Rs. 7.858 million. The management is of the view that no tax demand will ultimately arise or become payable.

- The holding company is in appeal before Commissioner of Income Tax (Appeals) Lahore against the order passed by Additional Commissioner Inland Revenue Lahore for the tax year 2005, arbitrarily demanding income tax of Rs. 13.397 million. The management is of the view that no tax demand will arise or become payable.

21.2 Commitments

- Outstanding letters of credit as at 30 June 2011 amounted to Rs. 124.054 million (2010: Rs. 101.235 million).

22. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		2011	2010
(Number of Shares)			(Rupees in thousand)	
2,594,075	2,594,075	Ordinary shares of Rs. 10 each fully paid-up in cash	25,940	25,940
1,095,000	1,095,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	10,950	10,950
38,133,175	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	381,332
41,822,250	41,822,250		418,222	418,222

22.1 Reconciliation of number of shares

	2011	2010
	(Number of Shares)	
Number of shares as at 01 July	41,822,250	4,182,225
Bonus shares issued during the year	-	37,640,025
Number of shares as at 30 June	41,822,250	41,822,250

IGI Insurance Limited and Loads Limited (associated companies), respectively hold 5,442,060 and 2,731,000 (2010: 5,442,060 and 2,731,000) ordinary shares of Rs. 10 each fully paid in cash in the holding company.

	Note	2011	2010
		(Rupees in thousand)	
23. RESERVES			
Capital reserves	23.1	8,949	8,949
General reserves		266,400	266,400
Statutory reserves		85,872	24,258
		361,221	299,607
23.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium		8,320	8,320
		8,949	8,949
24. SURPLUS ON REVALUATION OF PROPERTY - NET OF TAX			
Net surplus as at 01 July		764,358	770,333
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year		(9,191)	(9,191)
Related deferred tax as a result of incremental depreciation charged during the current year		3,217	3,216
		(5,974)	(5,975)
Net surplus as at 30 June		758,384	764,358
25. SALES - NET			
Blades	25.1	2,567,758	2,063,463
Soaps	25.2	737,500	530,683
Packing material	25.3	954,705	932,653
Bike	25.4	220,730	18,052
Paper and board mill	25.5	124,616	30,070
		4,605,309	3,574,921
25.1 Blades			
Local sales		1,891,116	1,480,939
Export sales		996,659	884,005
		2,887,775	2,364,944
Less: Sales tax		273,441	189,854
Trade discount		25,357	101,171
Excise duty		21,219	10,456
		320,017	301,481
		2,567,758	2,063,463

	2011	2010
	(Rupees in thousand)	
25.2 Soaps		
Local Sales	902,334	642,213
Export Sales	934	2,027
	903,268	644,240
Less: Sales tax	154,890	108,586
Trade discount	1	54
Excise duty	10,877	4,917
	165,768	113,557
	737,500	530,683
25.3 Packing material		
Local Sales	1,120,966	1,087,464
Less: Sales tax	152,673	145,483
Excise duty	13,588	9,328
	166,261	154,811
	954,705	932,653
25.4 Bike		
Local Sales	267,861	21,150
Less: Sales tax	38,503	2,916
Trade discount	4,879	-
Excise duty	3,749	182
	47,131	3,098
	220,730	18,052
25.5 Paper and board mill		
Local Sales	147,958	35,191
Less: Sales tax	21,185	4,820
Excise duty	2,157	301
	23,342	5,121
	124,616	30,070

	Note	2011	2010
		(Rupees in thousand)	
26. COST OF GOODS SOLD			
Blades	26.1	1,761,650	1,489,442
Soaps	26.2	608,685	447,520
Packing material	26.3	580,860	813,232
Bike	26.4	214,564	22,638
Paper and board mill	26.5	417,631	93,061
		3,583,390	2,865,893
26.1 Cost of goods sold - blades			
Opening stock of raw material and packing material		169,064	196,885
Purchases		1,123,036	857,771
Slow moving raw material stock written off	11	940	-
Less: Closing stock of raw and packing material		(205,882)	(169,064)
Raw and packing materials consumed		1,087,158	885,592
Stores and spares consumed		103,341	93,626
Salaries, wages and other benefits	26.1.1	361,944	304,431
Fuel and power		129,682	87,120
Repair and maintenance		22,535	17,513
Rent, rates and taxes		3,082	2,548
Insurance		23,521	23,114
Product research and development		187	105
Traveling and conveyance		15,937	12,032
Printing and stationery		2,113	2,424
Postage and telephone		4,433	3,478
Legal and professional charges		323	216
Entertainment		936	1,348
Staff training		364	776
Subscriptions		2,864	404
Depreciation on property, plant and equipment	6.1.4	49,459	42,232
Other expenses		12,820	10,003
		1,820,699	1,486,962
Opening stock of work-in-process		33,292	34,651
Closing stock of work-in-process	11	(44,587)	(33,292)
Cost of goods manufactured		1,809,404	1,488,321
Opening stock of finished goods		31,343	32,464
Closing stock of finished goods	11	(79,097)	(31,343)
		1,761,650	1,489,442

26.1.1 Salaries, wages and other benefits include Rs. 22.78 million (2010: Rs. 21.28 million) and Rs. 13.32 million (2010: Rs. 12.14 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2011	2010
		(Rupees in thousand)	
26.2 Cost of goods sold - soaps			
Opening stock of raw material and packing material		71,186	-
Purchases		498,683	456,388
Closing stock of raw material and packing material		(55,918)	(71,186)
Raw material and packing material consumed		513,951	385,202
Stores and spares consumed		6,094	4,970
Salaries, wages and other benefits		23,573	18,967
Rent, rates and taxes		-	1,032
Fuel and power		38,621	25,869
Traveling and conveyance		7	9
Repair and maintenance		637	617
Plant rental		7,740	6,900
Insurance		507	137
Fee and Subscriptions		167	27
Depreciation on property, plant and equipment	6.1.4	548	17
Product research and development		-	333
Expenses for computerization		-	39
Manufacturing charges		-	3,975
Other expenses		6,622	1,288
		598,467	449,382
Opening stock of work-in-process		23,868	45,900
Closing stock of work-in-process		(14,682)	(23,868)
Cost of goods manufactured		607,653	471,414
Opening stock of finished goods		23,894	-
Closing stock of finished goods		(22,862)	(23,894)
		608,685	447,520
26.3 Cost of goods sold - packing material			
Opening stock of raw material and packing material		33,515	218,830
Purchases		540,735	501,411
Closing stock of raw material and packing material		(142,616)	(33,515)
Raw material and packing material consumed		431,634	686,726
Stores and spares consumed		29,945	20,157
Salaries, wages and other benefits		58,084	53,726
Fuel and power		38,572	22,382
Repair and maintenance		4,064	2,574
Freight and forwarding		-	11,783
Rent, rates and taxes		83	218
Insurance		1,332	3,891
Traveling and conveyance		1,038	744
Depreciation on property, plant and equipment	6.1.4	12,854	11,954
Other expenses		1,489	1,725
		579,095	815,880

	Note	2011	2010
		(Rupees in thousand)	
Opening stock of work-in-process		5,108	1,914
Closing stock of work-in-process		(3,575)	(5,108)
Cost of goods manufactured		580,628	812,686
Opening stock of finished goods		3,549	4,095
Closing stock of finished goods		(3,317)	(3,549)
		580,860	813,232

26.4 Cost of goods sold - bike

	Note	2011	2010
Opening stock of raw material and packing material		26,770	-
Purchases		192,461	48,737
Closing stock of raw material and packing material		(14,942)	(26,770)
Raw material and packing material consumed		204,289	21,967
Stores and spares consumed		1,078	969
Salaries and wages		8,399	2,957
Fuel and power		6	-
Repair and maintenance		876	2,611
Rent, rates and taxes		5	130
Postage		69	65
Printing and stationery		557	329
Legal and professional		6	-
Entertainment		54	8
Traveling and conveyance		540	218
Depreciation on property, plant and equipment	6.1.4	1,190	394
Product research and development		181	63
Other expenses		664	50
		217,914	29,761
Opening stock of work-in-process		3,071	-
Closing stock of work-in-process		(10,359)	(3,071)
Cost of goods manufactured		210,626	26,690
Opening stock of finished goods		4,052	-
Closing stock of finished goods		(114)	(4,052)
		214,564	22,638

	Note	2011	2010
		(Rupees in thousand)	
26.5 Cost of goods sold - paper and board mill			
Opening stock of raw material and packing material		12,378	-
Purchases		279,593	53,186
Closing stock of raw material and packing material		(42,412)	(12,378)
Raw material and packing material consumed		249,559	40,808
Stores and spares consumed		16,158	3,286
Salaries and wages		35,934	19,253
Fuel and power		99,678	23,435
Repair and maintenance		5,152	1,326
Rent, rates and taxes		192	129
Insurance		1,017	-
Freight and forwarding		-	1,876
Depreciation on property, plant and equipment	6.1.4	12,742	5,201
Other manufacturing expenses		990	644
Cost of goods manufactured		421,422	95,958
Opening stock of finished goods		2,897	-
Closing stock of finished goods		(6,688)	(2,897)
		417,631	93,061

27. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and other benefits	27.1	53,632	42,234
Electricity and gas		1,141	431
Repair and maintenance		601	251
Rent, rates and taxes		350	246
Traveling and conveyance		2,008	2,145
Entertainment		941	844
Insurance		544	84
Staff training		242	73
Postage and telephone		685	735
Printing and stationery		1,134	397
Legal and professional charges	27.2	16,491	16,261
Donations	27.3	854	395
Computer expenses		3,460	2,996
Directors' fee	33.2	260	183
Subscription		146	2,771
Depreciation on property, plant and equipment	6.1.4	21,955	13,935
Depreciation on investment property	7.1	750	750
Other expenses		154	205
		105,348	84,936

27.1 Salaries and other benefits include Rs. 0.81 million (2010: Rs. 0.98 million) and Rs. 1.92 million (2010: Rs. 1.93 million) in respect of defined benefit schemes and defined contribution schemes respectively.

27.2 Legal and professional charges include the following in respect of auditors' remuneration:

	2011	2010
	(Rupees in thousand)	
Statutory audit	1,655	1,455
Half yearly review	500	235
Certification fee	1,409	40
Out of pocket expenses	205	126
	3,769	1,856

27.3 This include an amount of Rs. 0.1 million (2010: Nil) donated to Ghulab Devi Chest Hospital, whose trustees include Syed Shahid Ali (Chief Executive of the group).

	Note	2011	2010
		(Rupees in thousand)	
28. DISTRIBUTION EXPENSES			
Salaries and other benefits	28.1	88,576	96,670
Repair and maintenance		3,459	1,582
Freight, octroi and handling		86,739	72,360
Electricity and gas		1,213	1,036
Export commission		13,816	14,078
Marketing expenses		97,032	67,949
Provision for doubtful debt	12.1	12,464	-
Rent, rates and taxes		5,992	2,062
Insurance		25	66
Product development		280	11
Traveling and conveyance		19,305	17,203
Entertainment		163	138
Meeting and conferences		596	1,009
Subscription		711	17
Staff training		35	-
Printing and stationery		1,527	770
Postage and telephone		4,058	3,356
Depreciation on property, plant and equipment	6.1.4	6,003	5,437
Computer expenses		143	88
Legal and professional charges		420	746
Other expenses		5,426	9,107
		347,983	293,685

28.1 Salaries and other benefits include Rs. 1.74 million (2010: Rs. 1.71 million) and Rs. 2.25 million (2010: Rs. 1.87 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2011	2010
		(Rupees in thousand)	
29. FINANCE COST			
Mark-up on short term borrowings		226,925	200,929
Bank charges		10,833	9,867
Interest on workers' profit participation fund		182	-
		237,940	210,796
30. OTHER OPERATING EXPENSES			
Write-off of investments at fair value through profit or loss		-	1,675
Impairment loss on un-quoted long term investments available for sale		7,038	-
Impairment loss due to fair value adjustment of quoted long term investments available for sale		7,503	31,234
Exchange loss		-	1,056
		14,541	33,965
31. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		11,737	10,434
Profit on disposal of long term investments		14,016	60,050
Interest income from Loads Limited		3,489	2,982
Unrealised gain on short term investments at fair value through profit or loss		53,471	25,066
Realized gain on disposal of short term investments at fair value through profit or loss		8,912	48,900
Commission from National Investment Trust Limited		-	1,031
Dividend from short term investments		15,305	7,549
Dividend from long term investments		2,196	2,471
		109,126	158,483
Income from non-financial assets			
Profit on disposal of property, plant and equipment		9,882	5,473
Rental income from investment property		10,666	9,887
Scrap sale		19,020	15,482
Export rebate		15,746	10,069
Realised exchange (loss) / gain		(3,343)	216
Unrealised exchange gain		148	463
Others	31.1	316	2,803
		52,435	44,393
		161,561	202,876

31.1 This includes Rs. 0.307 million (2010: Rs. 1.169 million) in respect of unclaimed dividend.

	2011	2010
	(Rupees in thousand)	

32. TAXATION

	2011	2010
Current		
- For the year	92,477	27,820
- For prior years	(4,870)	326
Deferred		
- For the year	23,408	(16,031)
	111,015	12,115

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive, full time working directors and executives of the group is as follows:

	Chief Executive		Director		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Remuneration	5,455	5,455	9,458	4,202	61,253	37,474
Provident fund	-	-	584	457	2,826	2,263
Service fund	-	-	584	457	2,826	2,263
Housing fund	-	-	-	133	1,242	290
Bonus	-	-	3,072	1,816	12,691	8,216
Entertainment	494	1,028	-	-	-	-
Utilities	545	545	584	457	2,995	2,444
Medical	545	434	584	457	2,995	2,444
	7,039	7,462	14,866	7,979	86,828	55,394
Number of persons	1	1	3	3	39	32

33.1 The chief executive officer, directors and executives are provided with free use of group maintained cars and telephone facility, according to their entitlement.

33.2 Six (2010: six) non-executive directors were paid fee aggregating Rs. 0.260 million (2010: Rs. 0.183 million).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the group, key management personnel and post employment benefit plans. The group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes and remuneration of directors and key management personnel are disclosed in note 33. Other significant transactions with related parties are as follows:

	Relationship with the group	Nature of transactions	2011	2010
			(Rupees in thousand)	
I	**Associated undertakings**			
	Load Limited	Purchase of goods	5,569	4,231
	Packages Limited	Purchase of goods	119,943	60
		Sale of goods	64	134,451
	ZIL Limited	Purchase of goods	1,209	1,165
	Orient Trading (Private) Limited	Purchase of services	10	-
	Wazir Ali Industries Limited	Purchase of goods and services	-	411
	Specialized Motorcycles (Private) Limited	Purchase of goods	2,250	828
	IGI Insurance Limited	Purchase of services	2,289	3,617
	International General Insurance	Purchase of services	736	138
	Cutting Edge (Private) Limited	Purchase of services	2,360	-
II	**Post employment benefit plans**			
	Superannuation fund	Contribution	12,311	11,661
	Gratuity fund	-do-	13,012	11,492
	Provident fund	-do-	11,580	9,831
	Service fund	-do-	6,148	5,228
	Housing fund	-do-	2,436	884

35. FINANCIAL INSTRUMENTS

The group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment of group's risk management framework. The Board is also responsible for developing and monitoring the group's risk management policies.

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Exports sales are either secured through letter of credit or a foreign bank guarantee is obtained.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. As the group is the sole manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2011	2010
	(Rupees in thousand)	
Long term investment	73,411	99,287
Loans and deposits	65,238	69,262
Trade debts	392,664	255,201
Short term investments	399,899	499,884
Loans, advances, deposits, prepayments and other receivables	13,336	7,874
Bank balance	307,474	217,720
	1,252,022	1,149,228

All the trade debtors at the balance sheet date represent domestic and foreign parties.

The maximum exposure to credit risk before any enhancements for trade debts at the reporting date by type of customer was:

	2011	2010
	(Rupees in thousand)	
- Local parties	373,124	219,933
- Foreign parties	19,540	35,268
	392,664	255,201

	2011	2010
	(Rupees in thousand)	
The aging of trade debts at the reporting date is:		
Less than 30 days	44,197	707
Past due 1 - 3 months	300,746	239,629
Past due 3 - 6 months	24,138	-
Past due 6 - 9 months	22,504	12,479
Above one year	1,079	2,386
	392,664	255,201

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating	2011	2010
Banks	Short term	Long term	Agency	(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	9,474	92,126
Faysal Bank Limited	A-1+	AA	PACRA & JCR	67,942	104
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	11,013
Bank Al-Habib Limited	A1+	AA+	PACRA	-	1
United Bank Limited	A-1+	AA+	JCR-VIS	107,370	46,614
BankIslami Pakistan Limited	A1	A	PACRA	846	5
Habib Bank Limited	A-1+	AA+	JCR-VIS	6,917	21,709
MCB Bank Limited	A1+	AA+	PACRA	501	2
Askari Commercial Bank Limited	A1+	AA	PACRA	46	152
Citibank N.A.	A-1	A+	Standard & Poor's	332	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,917	2,635
Barclays Bank PLC	A-1+	AA-	Standard & Poor's	97,938	43,355
Royal Bank of Scotland	A1+	AA	PACRA	-	3
Bank Alflah Limited	A-1+	AA	PACRA & JCR	10,014	1
Samba Bank Limited	A-1	A+	JCR-VIS	177	-
				307,474	217,720

35.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The group is not materially exposed to liquidity risk as substantially all obligations / commitments of the company are short term in nature and are restricted to the extent of available liquidity. In addition, the group has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2011				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial Liabilities					
Trade and other payables	572,595	572,595	572,595	-	-
Long term deposits	2,491	2,491	-	2,491	-
Short term borrowings	1,877,415	1,877,415	1,877,415	-	-
Accrued mark-up on short term borrowings	42,310	42,310	42,310	-	-
	2,494,811	2,494,811	2,492,320	2,491	-

	2010				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial Liabilities					
Trade and other payables	342,986	342,986	342,986	-	-
Long term deposits	2,491	2,491	-	2,491	-
Short term borrowings	1,709,066	1,709,066	1,709,066	-	-
Accrued mark-up on short term borrowings	40,442	40,442	40,442	-	-
	2,094,985	2,094,985	2,092,494	2,491	-

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

35.4 Currency risk

The group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars and on foreign currency bank accounts. The group's exposure to foreign currency risk for US Dollars is as follows.

	2011	2010
	(Rupees in thousand)	
Outstanding letters of credit	15,764	34,320

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2011	2010	2011	2010
Rupees per USD	86.25	84.17	86.05	85.60

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher / lower by Rs. 1.576 million (2010: Rs. 3.432 million), mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the group.

35.5 Interest rate risk

At the reporting date the interest rate profile of the group's significant interest bearing financial instruments were as follows:

Financial liabilities	2011	2010	2011	2010
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	5 - 12	5 - 11.2	236,034	148,098
Financial liabilities				
Floating rate instruments				
Short term borrowings	9.5 - 15.73	7.5 - 16.04	1,877,415	1,709,066

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, loss after taxation for the year would have been Rs 18.77 million (2010: Rs 1.709 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

35.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the group diversifies its portfolio and continuously monitors developments in equity markets. In addition the group actively monitors the key factors that affect stock price movement.

A 10% increase in redemption and share prices at the year end would have increased the group's profit in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investment as follows:

	2011	2010
	(Rupees in thousand)	
Effect on profit and loss	(39,990)	49,988
Effect on equity	(2,526)	3,277
Effect on investments	(42,516)	53,265

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / equity and assets of the group.

35.6.1 Fair value of financial instruments

The carrying value of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Financial instruments carried at fair value are categorized as follows:

- Level 1: Quoted market prices
- Level 2: Valuation techniques (market observable)
- Level 3: Valuation techniques (non-market observable)

	2011			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
Short term investments at fair value through profit or loss	399,899	-	-	399,899
Long term investments available for sale	25,263	-	11,705	36,968
	425,162	-	11,705	436,867

	2010			
	Level 1	Level 2	Level 3	Total
		Rupees		
Assets				
Short term investments at fair value through profit or loss	499,884	-	-	499,884
Long term investments available for sale	32,766	-	18,743	51,509
	532,650	-	18,743	551,393

35.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the group's operations.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the group. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards

35.8 Financial instruments by categories

	Available for sale		At fair value through profit and loss	
	2011	2010	2011	2010
	(Rupees in thousand)			
Financial assets as per balance sheet				
Long term investments	36,968	51,509	-	-
Loans and deposits	-	-	-	-
Trade debts	-	-		
Short term investments	-	-	399,899	499,884
Loans, advances, deposits, prepayments and other receivables	-	-	-	-
Bank balances	-	-	-	-
	36,968	51,509	399,899	499,884

	Loans and receivables		Investment at equity method	
	2011	2010	2011	2010
	(Rupees in thousand)			
Long term investments	-	-	36,443	47,778
Loans and deposits	65,238	69,262	-	-
Trade debts	392,664	255,201	-	-
Short term investments	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	13,336	7,874	-	-
Bank balances	307,474	217,720	-	-
	778,712	550,057	36,443	47,778

	Total	
	2011	2010
	(Rupees in thousand)	
Long term investments	73,411	99,287
Loans and deposits	65,238	69,262
Trade debts	392,664	255,201
Short term investments	399,899	499,884
Loans, advances, deposits, prepayments and other receivables	13,336	7,874
Bank balances	307,474	217,720
	1,252,022	1,149,228

	Other financial liabilities 2011	2010
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	572,595	342,986
Long term deposits	2,491	2,491
Short term borrowings	1,877,415	1,709,066
Accrued mark-up on short term borrowings	42,310	40,442
	2,494,811	2,094,985

35.9 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitors the return on capital employed, which the group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The group monitors capital on the basis of the debt-to-equity ratio of total debt-to-equity.

The debt-to-equity ratios as at 30 June 2011 and at 30 June 2010 were as follows:

	2011	2010
	(Rupees in thousand)	
Total debt	1,877,415	1,709,066
Total equity and debt	3,496,694	2,980,430
Debt-to-equity ratio	54%	57%

There were no changes in the group's approach to capital management during the year and the group is not subject to externally imposed capital requirements.

	Note	2011	2010
		(Rupees in thousand)	
36. CASH GENERATED FROM OPERATIONS			
Profit before taxation		465,230	281,535
Adjustments for non cash and other items:			
Finance cost		237,940	210,796
Depreciation on property, plant and equipment	6.1	104,751	79,170
Depreciation on investment property	7	750	750
Provision for gratuity		13,012	11,492
Provision for superannuation fund scheme		12,311	11,661
Profit on bank deposits		(15,226)	(13,416)
Provision for doubtful debt		12,464	-
Slow moving raw material stock written-off		940	-
Impairment on long term investments		14,541	31,234
Profit on sale of property, plant and equipment		(9,882)	(5,473)
Profit on disposal of long term investments		(14,016)	-
Provision for WPPF and WWF		17,793	15,649
Unrealized gain on investment at fair value through profit or loss		(53,471)	(25,066)
		321,907	316,797
Cash generated from operations			
Transfer to profit and loss account on sale of available for sale long term investments		-	(60,212)
Unrealized exchange gain		(148)	-
Share of profit from associate		(5,355)	(8,662)
Dividend income		(17,501)	(11,051)
		(23,004)	(79,925)
Operating profit before working capital changes		764,133	518,407
Decrease / (increase) in current assets			
Stores and spares		(16,663)	(65,994)
Stock-in-trade		(287,324)	128,007
Trade debtors		(149,779)	(73,137)
Short term investment		153,456	(277,786)
Loans, advances, deposits, prepayments and other receivables		(224,972)	27,587
		(525,282)	(261,323)
Increase in current liabilities			
Trade and other payables		233,279	136,052
		472,130	393,136
37. CASH AND CASH EQUIVALENT			
Cash and bank balances	15	310,690	217,720
Short term running finance - secured	17.1	(839,777)	(498,783)
		(529,087)	(281,063)

38. OPERATING SEGMENTS

38.1 Significant sales are made by the company in the following countries:

	2011	2010
	(Rupees in thousand)	
Pakistan	3,607,716	2,688,889
Iran	224,557	165,711
Saudi Arabia	199,927	153,058
China	107,584	146,226
Bangladesh	99,686	95,203
Jordan	67,250	13,828
Syria	55,120	103,295
Brazil	54,458	36,145
Yemen	24,869	25,398
Morocco	31,171	21,984
Angola	24,170	9,595
United Arab Emirates	20,457	25,761
Taiwan	16,153	13,868
Vietnam	13,517	23,890
Egypt	11,558	6,479
Other countries	47,116	45,591
	4,605,309	3,574,921

Sales are attributed to countries on the basis of the customers' location.

38.2 Business segments

As at 30 June 2011 the group is engaged into following main business segments:

(i) Manufacture and sale of blades;
(ii) Manufacture and sale of soaps;
(iii) Manufacture and sale of packing material;
(iv) Assembling and sale of motor bikes; and
(v) Manufacture and sale of paper and board.

	Note	Blades 2011	Blades 2010	Soaps 2011	Soaps 2010	Packing material 2011	Packing material 2010	Bike 2011	Bike 2010	Paper & board 2011	Paper & board 2010	Total 2011	Total 2010
		(------	------	------	------	------	------	Rupees in thousand	------	------	------	------	------)
Sales		2,887,775	2,364,944	903,268	644,240	1,120,966	1,087,464	267,861	21,150	147,958	35,191	5,327,828	4,152,989
Less : Sales tax		273,441	189,854	154,890	108,586	152,673	145,483	38,503	2,916	21,185	4,820	640,692	451,659
Trade discount		25,357	101,171	1	54	-	-	4,879	-	-	-	30,237	101,225
Excise duty		21,219	10,456	10,877	4,917	13,588	9,328	3,749	182	2,157	301	51,590	25,184
		320,017	301,481	165,768	113,557	166,261	154,811	47,131	3,098	23,342	5,121	722,519	578,068
Net sales		2,567,758	2,063,463	737,500	530,683	954,705	932,653	220,730	18,052	124,616	30,070	4,605,309	3,574,921
Cost of sales		1,761,650	1,489,442	608,685	447,520	580,860	813,232	214,564	22,638	417,631	93,061	3,583,390	2,865,893
Gross profit		806,108	574,021	128,815	83,163	373,845	119,421	6,166	(4,586)	(293,015)	(62,991)	1,021,919	709,028
Inter company / inter segment - net sales		-	-	-	-	64,468	46,480	-	-	355,506	85,676	419,974	132,156
Inter company / inter sement - purchases		(5,906)	(10,092)	(6,626)	(10,889)	(355,506)	(85,676)	-	-	(51,936)	(25,499)	(419,974)	(132,156)
Gross profit - segment wise		800,202	563,929	122,189	72,274	82,807	80,225	6,166	(4,586)	10,555	(2,814)	1,021,919	709,028
Administrative expenses (Note 27)		57,100	48,367	17,860	13,176	22,165	22,241	5,296	433	2,926	720	105,348	84,936
Distribution cost (Note 28)		188,613	167,241	58,996	45,558	73,215	76,902	17,495	1,496	9,664	2,489	347,983	293,685
Operating profit/segment results		554,489	348,321	45,333	13,540	(12,573)	(18,918)	(16,625)	(6,515)	(2,035)	(6,023)	568,588	330,407
Finance cost (Note 29)												237,940	210,796
Other operating expenses (Note 30)												14,541	33,965
Other operating income (Note 31)												161,561	202,876
												477,668	288,522
Share of profit of associate												5,355	8,662
Workers' profit participation fund (WPPF)												15,714	11,031
Workers' welfare fund (WWF)												2,079	4,618
Profit before income tax												465,230	281,535
Income tax charges												113,064	15,194
Profit for the year												352,166	266,341
38.3 Segment assets	38.3.1	503,090	432,225	172,538	125,635	433,646	279,707	131,501	35,901	102,961	38,223	1,343,736	911,691
Unallocated assets												3,730,643	3,318,857
Total Assets												5,074,379	4,230,548
38.4 Segment liabilities	38.4.1	2,160,585	1,382,689	245,374	444,095	74,592	256,259	24,096	12,310	12,274	8,262	2,516,921	2,103,615
Unallocated liabilities												178,395	90,330
												2,695,316	2,193,945

38.3.1 Unallocated assets includes property, plant and equipment, investment property, long term investment, loans, advances, deposits, prepayments and other receivables, short term investments, cash and bank and long term security deposits.

38.4.1 Unallocated liabilities include income tax payable, unclaimed dividend, deferred taxation and long term deposits.

39. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the group, which is based on:

		2011	2010
Profit for the year after taxation	Rupees in thousand	351,954	266,247
Weighted average number of shares	Number in thousand	41,822	41,822
Earnings per share	Rupees	8.42	6.37

40. PLANT CAPACITY AND PRODUCTION

	Note	Production capacity	Actual production	
		(Unit in millions)	2011 (Units in millions)	2010
Blades - units in millions		-	1,527	1,404
Soap - in metric tones		5,000	4,800	4,786
Packing material - in metric tones	40.1	30,000	19,187	23,494
Bike - in units	40.2	12,000	6,654	526
Paper and board - in metric tones	40.3	15,000	9,907	3,289

40.1 Drop in production of packing material during the year is mainly due to change in product mix.

40.2 As the bike project has been started recently, the production capacity could not be achieved during the year.

40.3 This plant became operational in Feburary 2010 due to which only four and half months' capacity was attained in last year.

41. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 06 October 2011 by the Board of Directors of the holding company.

42. GENERAL

42.1 Corresponding figures

Corresponding figures, where necessary, have been rearranged for the purposes of comparison. Only significant reclassification for better presentation is :

- Loan to Loads Limited amounting to Rs. 40 million, previously included in 'Loans, advances, prepayments and other receivables' under Current Assets now presented in 'Long term loans and deposits' under Non-Current Assets.

42.2 Dividend - post balance sheet event

The Board of Directors in its meeting held on 06 October 2011 has proposed a final cash dividend of Re. 1 per share (2010: Re. 0.50 per share) for the year ended 30 June 2011 amounting to Rs. 41.822 million (2010: Rs. 20.911 million) for the approval of the members at the Annual General Meeting to be held on 31 October 2011. These consolidated financial statements do not reflect this proposed dividend payable.

LAHORE:	Syed Shahid Ali	Muhammad Shafique Anjum
October 06, 2011	Chief Executive Officer	Director

Auditors' Report to the Members

We have audited the annexed balance sheet of Treet Corporation Limited ("the Company") as at 30 June 2011 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, 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.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. 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 above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said 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 Company as required by the Companies Ordinance, 1984;

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 Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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 Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co.

Lahore
Date: October 06, 2011

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

Balance Sheet
as at June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	1,660,191	1,668,741
Investment property	7	56,689	139,424
Long term investments	8	848,742	565,283
Long term loans and deposits	9	8,453	7,689
		2,574,075	2,381,137
Current assets			
Stores and spares	10	112,572	113,511
Stock-in-trade	11	360,247	271,940
Trade debts	12	706,993	319,421
Short term investments	13	359,494	434,663
Loans, advances, deposits, prepayments and other receivables	14	247,682	171,511
Cash and bank balances	15	78,549	83,095
		1,865,537	1,394,141
Non-current assets held for sale	16	225,285	-
		2,090,822	1,394,141
Liabilities			
Current liabilities			
Short term borrowings	17	1,877,415	1,422,574
Trade and other payables	18	386,082	240,973
Accrued mark-up on short term borrowings		42,310	37,637
Provision for taxation		50,023	15,979
		2,355,830	1,717,163
Net current liabilities		(265,008)	(323,022)
Non-current liabilities			
Long term deposits	19	2,341	2,341
Deferred taxation	20	80,563	57,142
		82,904	59,483
Contingencies and commitments	21		
		2,226,163	1,998,632
Represented by:			
Authorised capital			
70,000,000 (2010: 70,000,000) ordinary shares of Rs. 10 each		700,000	700,000
10,000,000 (2010: 10,000,000) preference shares of Rs. 10 each		100,000	100,000
		800,000	800,000
Issued, subscribed and paid-up capital	22	418,222	418,222
Reserves	23	314,427	308,300
Unappropriated profit		735,130	507,752
Shareholders' equity		1,467,779	1,234,274
Surplus on revaluation of property - net of tax	24	758,384	764,358
		2,226,163	1,998,632

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Profit and Loss Account

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	25	2,280,950	1,818,627
Cost of sales	26	1,773,942	1,488,080
Gross profit		507,008	330,547
Administrative expenses	27	74,678	60,085
Distribution expenses	28	53,115	51,545
		127,793	111,630
Operating profit		379,215	218,917
Finance cost	29	225,437	169,631
Other operating expenses	30	14,541	32,909
		239,978	202,540
Other operating income	31	168,188	199,378
		307,425	215,755
Workers' profit participation fund (WPPF)		15,371	10,788
Workers' welfare fund (WWF)		1,936	4,019
		17,307	14,807
Profit before taxation		290,118	200,948
Taxation	32	68,714	(1,685)
Profit for the year from continuing operations		221,404	202,633
Earnings per share - basic and diluted (Rupees)	39	5.29	4.85

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

for the year ended June 30, 2011

	2011	2010
	(Rupees in thousand)	
Profit for the year	221,404	202,633
Other comprehensive income / (loss):		
Unrealized gain on available for sale investments	13,916	-
Diminution in the value of available for sale investments	-	(16,651)
Other comprehensive income / (loss) - net of taxes	13,916	(16,651)
Total comprehensive income for the year	235,320	185,982

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Cash Flow Statement

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Cash generated from operations	37	280,569	178,791
Finance cost paid		(220,764)	(170,387)
Taxes paid		(46,452)	(34,036)
WPPF and WWF paid		(9,807)	3,680
Payment to gratuity fund		(7,884)	(5,552)
Payment to superannuation fund		(9,398)	(7,136)
		(294,305)	(213,431)
Net cash outflow from operating activities		(13,736)	(34,640)
Cash flows from investing activities			
Fixed capital expenditure		(218,859)	(129,179)
Proceeds from sale of property, plant and equipment		16,576	9,348
Long term investments		(284,835)	141,572
Long term loans and deposits		(764)	(6,452)
Interest received		3,941	6,442
Dividend received		38,290	12,955
Net cash (outflow) / inflow from investing activities		(445,651)	34,686
Cash flows from financing activities			
Long term deposits		-	68
Short term borrowings		27,355	568,737
Dividend paid		-	(22,084)
Net cash inflow from financing activities		27,355	546,721
Net (decrease) / increase in cash and cash equivalents		(432,032)	546,767
Cash and cash equivalents at the beginning of year		(329,196)	(875,963)
Cash and cash equivalents at the end of year	38	(761,228)	(329,196)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Changes in Equity

for the year ended June 30, 2011

	Share Capital	Capital Reserve	General Reserve	Fair value Reserve	Un-appropriated profit	Total
	(---------------R u p e e s	i n	t h o u s a n d	--------------)		
Balance as at 01 July 2009	41,822	8,949	266,400	109,883	696,455	1,123,509
Interim cash dividend @ 50% for the year ended 30 June 2010	-	-	-	-	(20,911)	(20,911)
Interim stock dividend @ 900% for the year ended 30 June 2010	376,400	-	-	-	(376,400)	-
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	5,975	5,975
Realized gain on disposal of available for sale investments transfer to profit and loss	-	-	-	(60,281)	-	(60,281)
Total comprehensive income for the year	-	-	-	(16,651)	202,633	185,982
Balance as at 30 June 2010	418,222	8,949	266,400	32,951	507,752	1,234,274
Balance as at 01 July 2010	418,222	8,949	266,400	32,951	507,752	1,234,274
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	5,974	5,974
Realized gain on disposal of available for sale investments transfer to profit and loss	-	-	-	(7,789)	-	(7,789)
Total comprehensive income for the year	-	-	-	13,916	221,404	235,320
Balance as at 30 June 2011	418,222	8,949	266,400	39,078	735,130	1,467,779

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Notes to the Financial Statements
for the year ended June 30, 2011

1. STATUS AND NATURE OF THE BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments classified as investment at fair value through profit or loss and available for sale which are stated at fair value and obligations in respect of superannuation and gratuity schemes which are measured at present value, while land and buildings are stated at revalued amounts. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentational currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Retirement and other benefits	5.1
- Taxation	5.2
- Residual values and useful lives of depreciable assets	5.3
- Provisions	5.17
- Derivative financial instruments	5.18

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2011.

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

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

- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments 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.

- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the company's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Employee retirement benefits

Defined contribution plans

A recognized contributory provident fund scheme namely "Treet Corporation Limited - Group Employees Provident Fund" is in operation covering all permanent employees. Equal contributions are made monthly both by the Company and employees in accordance with the rules of the scheme at 10% of the basic pay.

Another recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions will be made both by the company and employees at 10% of basic pay from the date the employee gets permanent status. Additional contributions may be made by the company for those employees who have at the most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of the basic pay at any time.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme are also in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employees Superannuation Fund" respectively. According to the policy, provisions are made annually to cover the obligation on the basis of actuarial valuation using Projected Unit Credit Method and are charged to income currently, related details of which are given in note 18.5 to the financial statements.

Actuarial gains/losses are recorded based on actuarial valuation that is carried out annually. A portion of accumulated actuarial gain/losses is recognised in profit and loss account to the extent that net cumulative unrecognised actuarial gains/losses at the end of previous period exceeded the greater of:

(i) 10% of the present value of the defined benefit obligation (before deducting plan assets); and
(ii) 10% of the fair value of any plan assets.

These limits shall be calculated and applied separately for each defined benefit plan.

5.2 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account available tax credits and tax rebates. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised for using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.3 Property, plant and equipment

Cost

These are carried at cost except for land and buildings, which are stated at revalued amount. However, land and buildings which were purchased subsequent to last revaluation date are carried at cost.

Gain/(loss) on disposal

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit and loss account.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	**Rupees**
Building on freehold land	50,000
Plant and machinery	10,000
Office equipments	8,000
Furniture and fixture	10,000
Others	10,000

Incremental depreciation

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings during the year.

Method of depreciation

Depreciation on fixed assets other than freehold land is charged on straight-line basis, whereby the cost of assets is written off over their useful life. The rates of depreciation are specified in note 6.1.

Depreciation on additions is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to expense as and when incurred.

5.4 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.

5.5 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. The investment property of the company comprises land and buildings and are valued using the cost method and are stated at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property other than freehold land is charged to profit and loss account on straight-line method so as to write-off the depreciable amount of building over its estimated useful life at the rate of 5 percent per annum. Depreciation on additions is charged from the day on which the property becomes available for use till the day the property is fully depreciated or disposed off.

The property's residual values, depreciation method and useful life are reviewed at each balance sheet date and adjusted if the impact on depreciation is significant.

On disposal, the cost of the property and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the profit and loss account.

5.6 Investments

Investment in subsidiaries

Investments in subsidiaries are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the profit and loss account.

Investments available for sale

Investments classified as investments available for sale are initially recognised at cost, being the fair value of consideration given. At subsequent dates, these investments are re-measured at fair values (quoted market price), unless fair value cannot be measured. The investment for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

Unrealized gains and losses arising from changes in fair values are directly recognized in equity in the period in which these arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Held to maturity investments

Investments with a fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profits from short term fluctuations in price or dealer margin are classified as “Investments at fair value through profit or loss account” these are initially recognized on trade date at cost and derecognized by the company on the date it commits to sell them off. At each balance sheet date, fair value is determined on the basis of year-end bid prices obtained from stock exchange quotations. Any resultant increase/(decrease) in fair value is recognized in the profit and loss account for the year.

Investments are treated as current assets where the intention is to hold these for less than twelve months from the balance sheet date, otherwise investments are treated as long-term assets.

5.7 Impairment of assets

The company assesses at each balance sheet date, whether there is any indication that asset may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognised in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life. 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 initial cost of the asset. A reversal of the impairment loss is recognized in income.

5.8 Stores and spares

These are valued at the 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. Adequate provision is made for slow moving items. The company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.9 Stock-in-trade

Stock of raw materials, packing materials, work-in-process and finished goods is valued at lower of moving average cost and net realizable value except for stock-in-transit which is valued at invoice price and related expenses. Cost in relation to work-in-process and finished goods includes prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs to complete and to make the sale.

5.10 Trade debts

Trade debts are carried at original invoice amount less an allowance for doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified.

5.11 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pakistani Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates at the balance sheet date. Foreign exchange gains and losses are taken to the profit and loss account.

5.12 Revenue recognition

(i) Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risks and rewards of owner ship of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

(ii) Interest / mark-up is accrued on a time proportionate basis by reference to the principal outstanding and the applicable rate of return.

(iii) Dividend income is recognized when the right to receive payment is established.

(iv) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

(v) Other revenues are recorded on accrual basis.

5.13 Borrowing cost

Borrowing costs are interest or other costs incurred by the company in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that asset.

5.14 Financial instruments

(i) Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

(ii) Financial assets are de-recognised when the company loses control of the contractual rights that comprise the financial asset.

(iii) Financial liabilities are de-recognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired.

(iv) The particular measurement methods adopted are disclosed in the individual policy statement associated with each item.

(v) Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the company.

5.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

5.17 Provisions

Provisions are recognised when the company 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.

5.18 Derivative financial instruments and hedging activities

These are initially recorded at fair value on the date on which a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates.

Any gains or losses arising from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

5.19 Research and development costs

Research and development costs are charged to income as and when incurred.

5.20 Group Employees Housing Fund

An unrecognized contributory fund scheme namely, “Treet Corporation Limited - Group Employees Housing Fund Scheme” (“the Scheme”) is in operation covering permanent management employees with minimum five years of service with the company. Equal contributions are made monthly both by the company and employees in accordance with the rules of the Scheme at 20% of the basic pay.

5.21 Dividends

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved.

5.22 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

	Note	2011	2010
		(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets	6.1	1,612,546	1,532,651
Transfer to non-current assets held for sale	16	(143,300)	-
		1,469,246	1,532,651
Capital work-in-progress	6.2	190,945	136,090
		1,660,191	1,668,741

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost as at 01 July 2010	Additions/ (Deletions)	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(-----------------------------------R u p e e s	i n	t h o u s a n d	----------------------------------)			
Freehold land	-	923,014	-	923,014	-	-	-	923,014
Building	5	432,637	9,579 -	442,216	80,382	20,535 -	100,917	341,299
Plant and machinery	10	597,819	121,177 (3,191)	715,805	410,011	34,736 (950)	443,797	272,008
Furniture and equipment	10 - 25	38,102	4,417 (1,112)	41,407	24,303	3,495 (570)	27,228	14,179
Vehicles	20	99,220	28,831 (19,080)	108,971	43,446	18,649 (15,170)	46,925	62,046
2011		2,090,792	164,004 (23,383)	2,231,413	558,142	77,415 (16,690)	618,867	1,612,546

	Annual rate of depreciation	Cost as at 01 July 2009	Additions/ (Deletions)	Cost as at 30 June 2010	Accumulated depreciation as at 01 July 2009	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2010	Book value as at 30 June 2010
	%	(-----------------------------------R u p e e s	i n	t h o u s a n d	----------------------------------)			
Freehold land	-	923,014	-	923,014	-	-	-	923,014
Bulidings	5	256,588	176,049	432,637	66,284	14,098 -	80,382	352,255
Plant and machinery	10	582,927	14,892	597,819	380,625	29,386 -	410,011	187,808
Furniture and equipment	10 - 25	36,011	2,304 (213)	38,102	20,666	3,724 (88)	24,302	13,800
Vehicles	20	80,868	31,255 (12,903)	99,220	38,203	14,396 (9,153)	43,446	55,774
2010		1,879,408	224,500 (13,116)	2,090,792	505,778	61,604 (9,241)	558,141	1,532,651

6.1.1 Land and buildings were first revalued on 17 November 2003 by an independent valuer M/s Indus Surveyors (Member of Insurance Surveyors Association of Pakistan). Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. Subsequently, land and buildings were revalued on 30 June 2009 by BFA (Private) Limited (Member of Insurance Surveyors Association of Pakistan) resulting in surplus of Rs. 642.57 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value.

6.1.2 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:

	2011	2010
	(Rupees in thousand)	
Land	247,500	247,500
Buildings	212,921	214,686
	460,421	462,186

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit	Mode of disposal	Sold to	
	(------------------------------------ Rupees in thousand					------------------------------------)		
Vehicles								
Suzuki Mehran	320	307	13	320	307	Company scheme	Mr. Zahid Anwar	Employees
Land Cruiser	5,000	4,504	496	4,010	3,514	Negotiation	Mohammad Azam	Employees
Toyota Corolla	969	962	7	318	311	Company scheme	Mr. Shafique Anjum	Employees
Toyota Corolla	879	748	131	439	308	Company scheme	Mr. Khawar Siddique	Employees
Toyota Corolla	879	795	84	578	494	Company scheme	Mr. Shahid Saeed Arian	Employees
Toyota Mark X	2,230	1,506	724	2,900	2,176	Company scheme	Syed Shahid Ali	Employees
Suzuki Mehran	555	555	-	465	465	Company scheme	Mr. Arshad Chaudhry	Employees
Honda City	831	831	-	272	272	Company scheme	Mr. Saadat Khera	Employees
Kia Classic	423	412	11	139	128	Company scheme	Mr. Kalim Durani	Employees
Suzuki Baleno	835	90	745	705	(40)	Company scheme	Mr. Khalid Adeeb	Employees
Honda City	1,092	345	747	910	163	Company scheme	Mr. Shahid Zubair	Employees
Suzuki Cultus	655	625	30	215	185	Negotiation	Mohammad Rabi	Employees
Suzuki Bolan	319	319	-	225	225	Negotiation	Mr. Habib Khan	Employees
Suzuki Bolan	404	302	102	404	302	Insurance claim	IGI	
Toyota Corolla	849	849	-	178	178	Negotiation	Mr. Israr ul haq	
	16,240	13,150	3,090	12,078	8,988			
Plant & machinery								
Generator	2,174	485	1,689	681	(1,008)	Negotiation	Manharton & Co.	
Transformer	395	56	339	341	2	Insurance claim	IGI	
Rockwell Hardness Testing Machine	525	346	179	510	331	Insurance claim	IGI	
	3,094	887	2,207	1,532	(675)			
Computer								
Wireless Bridge	498	223	275	199	(76)	Insurance claim	IGI	
Other assets with book value less than Rs 50,000	3,552	2,430	1,122	2,767	1,645	Negotiation	Miscellaneous	
2011	23,384	16,690	6,694	16,576	9,882			
2010	13,116	9,241	3,875	9,348	5,473			

	Note	2011	2010
		(Rupees in thousand)	
6.1.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	26.1	49,459	42,232
Administrative expenses	27	21,953	13,935
Distribution expenses	28	6,003	5,437
		77,415	61,604
6.2 Capital work-in-progress			
Building		20,490	18,806
Plant and machinery		170,455	117,284
		190,945	136,090

7. INVESTMENT PROPERTY

	Annual rate of depreciation	Cost as at 01 July 2010	Transfer to non-current assets held for sale	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(--Rupees in thousand						--------------------------------------)
Freehold land	-	127,985	-	46,000	-	-	-	46,000
			(81,985)					
Building on freehold land	5	15,000	-	15,000	3,561	750	4,311	10,689
2011		142,985	(81,985)	61,000	3,561	750	4,311	56,689

	Annual rate of depreciation	Cost as at 01 July 2009	Transfer to non-current assets held for sale	Cost as at 30 June 2010	Accumulated depreciation as at 01 July 2009	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2010	Book value as at 30 June 2010
	%	(--Rupees in thousand						--------------------------------------)
Freehold land	-	127,985	-	127,985	-	-	-	127,985
Building on freehold land	5	15,000	-	15,000	2,811	750	3,561	11,439
2010		142,985	-	142,985	2,811	750	3,561	139,424

7.1 Depreciation charge for the year has been allocated to administrative expenses

7.2 The approximate market value of investment property as at 30 June 2011 amounts to Rs. 108 million (2010: Rs. 180 million).

	Note	2011	2010
		(Rupees in thousand)	
8. Long term investments			
Subsidiary companies - at cost	8.1	768,559	475,405
Available for sale investments	8.2	80,183	89,878
		848,742	565,283

	Note	2011	2010
		(Rupees in thousand)	
8.1 Subsidiary companies - at cost			
Global Econo Trade (Private) Limited	8.1.1	50,000	50,000
First Treet Manufacturing Modaraba	8.1.2	718,559	425,405
		768,559	475,405

8.1.1 It represents 4,999,996 (2010: 4,999,998) ordinary shares of Rs. 10 each in Global Econo Trade (Private) Limited (GET). The company holds 99.99% (2010: 99.99%) equity shares in GET.

8.1.2 It represents 71,855,897 (2010: 42,540,537) ordinary certificates of Rs. 10 each in First Treet Manufacturing Modaraba (FTMM). The company holds 89.82% (2010: 85.08%) issued certificates in FTMM.

	Note	2011	2010
8.2 Available for sale investments			
Quoted investments	8.2.1	68,478	71,135
Un-quoted investments	8.2.2	11,705	18,743
		80,183	89,878

	Note	Latest available audited financial statements for the year ended			Cost		Market value		Percentage of holding	
			2011	2010	2011	2010	2011	2010	2011	2010
			Number	Number	............(Rupees in thousand)...........				%	%
8.2.1 Quoted investments										
Associated companies										
ZIL Limited	8.2.1.1	30 June 2011	730,100	956,110	4,137	5,418	43,215	38,369	13.71	17.96
Add: Unrealized gain					39,078	32,951				
					43,215	38,369				
Others - related party										
IGI Investment Bank Limited		30 June 2010	15,311,000	15,311,000	63,931	63,931	25,263	32,766	7.22	7.22
Less: Provision for impairment					(38,668)	(31,165)				
					25,263	32,766				
					68,478	71,135	68,478	71,135		

8.2.1.1 The company pledged 420,000 shares of ZIL Limited with Dadabhoy Leasing Company Limited (DLCL) for Modaraba finance facility granted to ZIL Limited. ZIL Limited repaid the financing facility on 17 July 1996, however, the above shares were not released by DLCL. The company filed a legal suit for recovery of these shares in October 1999, which is still pending. Management is of the view that the outcome of the case will be in the favour of the company. Furthermore, the management has sought an independent legal opinion which states that on the favourable outcome of the legal suit and in the event the share certificates are not returned by DLCL, the company will eventually have the right to request ZIL Limited to cancel the original share certificates and issue duplicate share certificates to the company.

	Note	Latest available audited financial statements for the year	Number of ordinary shares of Rs. 10 each 2011 Number	2010 Number	Cost 2011	2010 (Rupees in thousand)	Percentage of holding 2011 %	2010 %
8.2.2 Un-quoted investments								
Techlogix International Limited	8.2.2.1	31 Dec 2010	748,879	748,879	8,593	8,593	0.74	0.74
Less: Provision for impairment					(7,038)	-		
					1,555	8,593		
Systems Limited	8.2.2.1	31 Dec 2010	637,448	637,448	10,150	10,150	1.27	1.27
					11,705	18,743		

8.2.2.1 The breakup value per share as per latest available audited financial statements for Techlogix International Limited and Systems Limited is Rs. 2.08 (2010: Rs. 1.97) and Rs. 20.92 (2010: Rs. 16.63) per share respectively.

	Note	2011 (Rupees in thousand)	2010
9. LONG TERM LOANS AND DEPOSITS			
Loan to housing fund - unsecured		5,733	7,345
Loans to employees - secured, considered good	9.1	3,547	5,750
Less : current portion			
Loan to housing fund - unsecured	14	(1,802)	(1,648)
Loan to employees - secured, considered good	14	(2,986)	(4,446)
		(4,788)	(6,094)
Utility deposits		3,961	688
		8,453	7,689

9.1 These are interest free loans to the company's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 0.343 million (2010: Rs. 0.655 million) receivable from the executives of the company. There is no amount that is receivable from directors and chief executive.

	2011 (Rupees in thousand)	2010
9.2 Reconciliation of the carrying amount of loans to executives:		
Balance as at 01 July	655	520
Disbursements	3,907	3,937
Repayments	(4,219)	(3,802)
Balance as at 30 June	343	655

9.3 The maximum amount due from the executives at the end of any month during the year was Rs. 0.91 million (2010: Rs. 1.05 million).

	Note	2011	2010
		(Rupees in thousand)	
10. STORES AND SPARES			
Stores		12,566	12,071
Spares	10.1	100,006	101,440
		112,572	113,511

10.1 It includes spares in transit amounting to Rs. 27.2 million (2010: Rs. 32.9 million).

10.2 Stores and spares includes items which may result in fixed capital expenditure but are not distinguishable.

	Note	2011	2010
		(Rupees in thousand)	
11. STOCK-IN-TRADE			
Raw materials and packing material	11.1	242,475	208,757
Work-in-process		44,587	33,292
Finished goods		74,125	29,891
		361,187	271,940
Slow moving raw material stock written-off	26.1	(940)	-
		360,247	271,940

11.1 It includes raw material in transit amounting to Rs. 36.593 million (2010: Rs. 39.693 million).

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs. 2.181 (2010: Rs. 2.314 million).

	Note	2011	2010
		(Rupees in thousand)	
12. TRADE DEBTS			
Secured against letters of credit		19,540	35,268
Unsecured - considered good			
Global Econo Trade (Private) Limited - subsidiary company	12.1	686,864	283,099
Others		589	1,054
		706,993	319,421
Considered doubtful – others	12.2	465	-
		707,458	319,421
Provision for doubtful debt		(465)	-
		706,993	319,421

12.1 The maximum aggregate amount due from subsidiary company at the end of any month during the year was Rs. 686.864 million (2010: Rs. 283.099 million).

	Note	2011	2010
		(Rupees in thousand)	
12.2 The movement in provision for doubtful debts for the year is as follows:			
Balance as at 01 July		-	-
Provision for the year - net of recoveries	28	(465)	-
Bad debt written-off against provision		-	-
Balance as at 30 June		(465)	-

13. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss	Note	2011	2010
Listed equity securities	13.1	302,482	168,288
Mutual funds	13.2	57,012	266,370
Un-listed equity securities		-	5
		359,494	434,663

13.1 Details of investment in listed equity securities are stated below:

	Share certificates		Market value	
	2011	2010	2011	2010
	Number	Number	(Rupees in thousand)	
Sector /Companies				
Banks				
Standard Chartered Bank (Pakistan) Limited	-	47,000	-	345
NIB Bank Limited	600,000	-	906	-
Cement				
Lafarge Pakistan Cement Limited	-	278,000	-	762
Fauji Cement Limited	180,000	-	742	-
Power generation and distribution				
Karachi Electric Supply Company Limited	-	139,500	-	311
Kohinoor Energy Limited	1,476,562	623,610	24,363	16,519
Modaraba				
First Habib Bank Modaraba	444,854	100,000	3,559	503
First National Bank Modaraba	2,570,555	1,719,501	15,192	12,810
Standard Chartered Modaraba	-	52,099	-	479
Allied Rental Modaraba	9,991	-	175	-
Industrial Metal and Mining				
Crescent Steel and Allied Products Limited	1,185,965	33,251	30,977	835

	Share certificates		Market value	
	2011 Number	2010 Number	2011 (Rupees in thousand)	2010
Sugar and allied industry				
Shahtaj Sugar Mills Limited	113,852	107,960	7,167	7,040
Al-Noor Sugar Mills Limited	613,788	379,922	24,091	13,879
The Thal Industries Corporation Limited	32,067	21,813	1,740	1,287
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	39,250	33,218	42,555	34,532
Food and personal care products				
Murree Brewery Company Limited	-	14,972	-	1,252
Textile				
Indus Dyeing and Manufacturing Company Limited	386,801	308,189	147,553	64,412
Closed end mutual funds				
Al-Meezan Mutual Fund Limited	-	186,250	-	1,239
Industrial Transport				
Pakistan National Shipping Corporation Limited	19,876	57,669	477	2,300
Petroleum				
Pakistan Petroleum Limited	8,000	-	1,657	-
Miscellaneous				
BIAFO Industries Limited	-	12,399	-	439
Descon Oxychem Limited	-	1,514,497	-	6,906
Tri Pack Films Limited	-	25,000	-	2,438
Amtex Limited	524,898	-	1,328	-
			302,482	168,288

13.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2011 Number	2010 Number	2011 (Rupees in thousand)	2010
UTP Islamic Fund	-	1	-	1
First Habib Cash Fund	101,194	-	10,426	-
MCB Cash Management Optimiser	21,137	-	2,118	-
Atlas Money Market Fund	-	12,179	-	6,253
NIT Government Bond	4,000,000	5,000,000	44,468	53,240
National Investment Trust Limited	-	20,000,000	-	206,876
			57,012	266,370

	Note	2011	2010
		(Rupees in thousand)	
14. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to Housing Fund	9	1,802	1,648
Current portion of loan to employees - secured, considered good	9	2,986	4,446
		4,788	6,094
Advances to subsidiary companies:			
Global Econo Trade (Private) Limited	14.1 & 14.2	1,875	1,926
TCL Labor-Hire Company (Private) Limited - subsidiary of Global Econo Trade (Private) Limited	14.1 & 14.3	19,257	3,486
Advances to employees - secured, considered good	14.4	2,446	2,017
Advances - unsecured, considered good			
Suppliers		44,287	25,972
Income tax		118,785	83,582
		163,072	109,554
Margin deposits - Letter of credits		3,218	5,142
Prepayments		6,428	3,973
Insurance claim receivable from IGI Insurance Limited - a related party		300	1,507
Advances to related parties	14.5		
Wazir Ali Industries Limited		13	25
Loads Limited		72	-
Packages Limited		30	-
IGI Investment Bank		1,250	1,250
Zulfiqar Industries Limited		-	10
		1,365	1,285
Receivable from statutory authorities			
Export rebate		7,884	9,266
Freight subsidy		6,359	6,359
Collector of customs		1,885	229
Sales tax		24,931	18,249
		41,059	34,103
Receivable from broker against sale of investments		-	141
Dividend receivable		947	13
Service fund		391	-
Miscellaneous		2,536	2,270
		247,682	171,511

14.1 This represents amounts receivable from subsidiary companies for reimbursement of expenses and sharing of common expenses under normal business trade as per the agreed terms.

14.2 Maximum aggregate amount due from Global Econo Trade (Private) Limited at the end of any month during the year was Rs. 1.9 million (2010: Rs. 8.6 million).

14.3 Maximum aggregate amount due from TCL Labor-Hire Company (Private) Limited at the end of any month during the year was Rs. 19.257 million (2010: Rs. 3.5 million).

14.4 These are interest free advances to company's employees in respect of salary, medical and traveling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 1.962 million (2010: Rs. 0.664 million) receivable from executives of the company.

14.5 This represents advances given to these companies for purchase of goods under normal business trade as per the agreed terms.

	Note	2011	2010
		(Rupees in thousand)	
15. CASH AND BANK BALANCES			
Cash in hand		2,599	-
Cash at bank - local currency			
Current accounts		15,799	13,078
Saving accounts	15.1	60,151	70,017
		75,950	83,095
		78,549	83,095

15.1 These carry mark-up at the rates ranging from 5 to 12 percent per annum (2010: 5 to 11.2 percent per annum).

	Note	2011	2010
16. NON-CURRENT ASSETS HELD FOR SALE			
Carrying value of freehold land previously classified under property, plant and equipment	6	143,300	-
Carrying value of freehold land previously classified under investment property	7	81,985	-
		225,285	-

16.1 The company has entered into various agreements to sell the above mentioned freehold land. Under these agreements sale is expected to complete within one year upon receipt of the full amount and registration of the sale deed.

16.2 The approximate market value of non-current assets held for sale as at 30 June 2011 amounts to Rs. 278 million.

	Note	2011	2010
		(Rupees in thousand)	
17. SHORT TERM BORROWINGS			
Short term running finance - secured	17.1	839,777	412,291
Money market loans - secured	17.2	565,000	700,000
Export refinance - secured	17.3	472,638	310,283
		1,877,415	1,422,574

17.1 The company has arranged facilities for short-term running finance from various banks under mark-up arrangement to the extent of Rs 2,001 million (2010: Rs. 1,540 million). These carry mark-up at the rates ranging from 12.24 to 15.73 percent per annum (2010: 12.85 to 16.04 percent per annum).

17.2 This represents money market loans obtained from commercial banks. These carry mark-up at the rates ranging from 13.04 to 14.75 percent per annum (2010: 12.67 to 15.49 percent per annum). These loans are for periods ranging from 30 to 180 days.

17.3 The company has arranged facilities of export refinance from various banks under mark-up arrangement to the extent of Rs. 700 million (2010: Rs. 700 million). These carry mark-up at the rates ranging from 9.5 to 11 percent per annum (2010: 7.50 to 9 percent per annum).

17.4 All short term borrowings of the company are secured by way of joint first pari passu hypothecation charge of Rs. 3,753 million on the entire present and future current assets of the company.

	Note	2011	2010
		(Rupees in thousand)	
18. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties	18.1	50	9,971
Others		10,251	18,438
		10,301	28,409
Other creditors			
Related parties	18.2	1,573	1,657
Others		9,094	16,544
		10,667	18,201
Payable against letter of credit		15,764	34,320
Accrued liabilities		85,103	62,892
Advances from customers		19,707	26,324
Advance against non-current assets held for sale		160,319	-
Payable to brokers		5,891	12
Workers' profit participation fund	18.3	15,371	5,788
Workers' welfare fund	18.4	1,936	4,019
Payable to employees provident fund		1,619	14,210
Employees deposits		26,750	19,088
Payable to employees housing fund		286	344
Payable to gratuity fund	18.5	13,012	11,492
Payable to superannuation fund	18.5	12,311	11,661
Payable to service fund		-	638
Unclaimed dividend		776	776
Other payables		6,269	2,799
		386,082	240,973

	Note	2011	2010
		(Rupees in thousand)	
18.1 Related parties			
Subsidiaries			
TCL Labor-Hire Company (Private) Limited		-	8,546
Associated Undertakings			
Packages Limited		50	1,425
		50	9,971
18.2 Related parties			
Associated Undertakings			
ZIL Limited		87	181
IGI Insurance Limited		13	13
IGI Investment Bank		1,463	1,463
Orient Trading (Private) Limited		10	-
		1,573	1,657
18.3 Workers' profit participation fund			
Balance as at 01 July		5,788	(10,000)
Add: Allocation for the year		15,371	10,788
		21,159	788
Interest on funds utilised in the company's business	29	182	-
		21,341	788
Less: (Paid) / received during the year		(5,970)	5,000
Balance as at 30 June		15,371	5,788
18.4 Workers' welfare fund			
Balance as at 01 July		4,019	1,319
Add: Allocation for the year		1,936	4,019
		5,955	5,338
Less: Paid during the year		(4,019)	(1,319)
Balance as at 30 June		1,936	4,019

18.5 Employee benefits

a) Movement in the liability recognized in the balance sheet in respect of following funded schemes is given below:

	2011 Gratuity	2011 Super-annuation	2011 Total	2010
	(Rupees in thousand)			
Net liability as at 01 July	11,492	11,661	23,153	18,082
Expense for the year				
Treet Corporation Limited	9,404	10,048	19,452	17,760
Global Econo Trade (Private) Limited	1,121	754	1,875	1,907
TCL Labor-Hire Company (Private) Limited	2,487	1,509	3,996	3,486
	13,012	12,311	25,323	23,153
Contributions made by the company during the year	(11,492)	(11,661)	(23,153)	(18,082)
Net liability as at 30 June	13,012	12,311	25,323	23,153

b) Reconciliation of the liability recognized in the balance sheet in respect of these funded schemes is shown below:

	2011 Gratuity	2011 Super-annuation	2011 Total	2010
	(Rupees in thousand)			
Present value of defined benefit obligation	107,825	103,779	211,604	183,723
Fair value of plan assets	(73,910)	(74,633)	(148,543)	(133,315)
Un-recognized actuarial losses	(20,903)	(16,835)	(37,738)	(27,255)
Closing liability	13,012	12,311	25,323	23,153

c) Movement in present value of defined benefits obligation is as follows:

	Gratuity	Super-annuation	Total	2010
Present value of defined benefit obligation as at 01 July	91,088	92,635	183,723	166,160
Current service cost	9,656	8,935	18,591	16,822
Interest cost	10,931	11,116	22,047	19,939
Benefits paid during the year	(11,218)	(12,079)	(23,297)	(18,379)
Actuarial loss / (gain) on present value of defined benefit obligation	7,368	3,172	10,540	(819)
Present value of defined benefit obligation as at 30 June	107,825	103,779	211,604	183,723

	2011 Gratuity	2011 Super-annuation	2011 Total	2010
	(Rupees in thousand)			
d) Movement in fair value of plan assets is as follows:				
Fair value of plan assets as at 01 July	65,999	67,315	133,314	120,799
Expected return on plan assets	7,920	8,078	15,998	14,496
Contribution paid during the year	11,492	11,661	23,153	18,082
Benefits paid during the year	(11,218)	(12,079)	(23,297)	(18,379)
Actuarial loss on plan assets	(283)	(342)	(625)	(1,684)
Fair value of plan assets as at 30 June	73,910	74,633	148,543	133,314
Plan assets comprise of:				
Term finance certificates	17,065	20,992	38,057	40,522
Listed securities	8,010	8,776	16,786	11,455
Deposits with banks	7,245	708	7,953	26,299
Investment in mutual funds	3,829	2,390	6,219	23,191
Government securities	37,500	39,000	76,500	29,000
Payable to other fund	261	-	261	1,424
Others	-	2,767	2,767	1,423
	73,910	74,633	148,543	133,314

e) The following amounts have been charged to the profit and loss account during the current year in respect of these funded schemes.

	2011 Gratuity	2011 Super-annuation	2011 Total	2010
	(Rupees in thousand)			
Current service cost	9,656	8,935	18,591	17,550
Interest cost	10,931	11,116	22,047	20,874
Expected return on assets	(7,920)	(8,078)	(15,998)	(15,310)
Actuarial loss	345	338	683	689
Net amount chargeable to profit and loss account	13,012	12,311	25,323	23,803

The expense included in above table includes Rs. 1.12 million (2010: Rs. 1.01 million) relating to Global Econo Trade (Private) Limited and Rs. 2.49 million (2010: Rs. 2.14 million) relating to TCL Labor-Hire Company (Private) Limited.

f) Actuarial valuation of these plans were carried out as of 30 June 2011 using the projected unit credit method, the principal actuarial assumptions used are as follows:

	2011	2010
Expected rate of increase in salary level	13%	11%
Valuation discount rate	14%	12%
Rate of return on plan assets	12%	12%

g) **Historical Information**

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	As at 30 June				
	2011	2010	2009	2008	2007
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	107,825	91,088	81,314	68,354	61,021
Fair value of plan assets	73,910	65,999	60,264	56,932	58,323
Deficit	(33,915)	(25,089)	(21,050)	(11,422)	(2,698)
Experience adjustment arising on obligation loss	7,368	78	4,463	2,452	7,288
Experience adjustment arising on plan assets (loss)/gain	(283)	(1,521)	(3,070)	(3,024)	786

The present value of defined benefit obligation, the fair value of plan assets and the deficit of funded superannuation scheme fund is as follows:

	As at 30 June				
	2011	2010	2009	2008	2007
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	103,779	92,635	84,846	72,027	65,450
Fair value of plan assets	74,633	67,315	60,535	55,102	57,026
Deficit	(29,146)	(25,320)	(24,311)	(16,925)	(8,424)
Experience adjustment arising on obligation (gain)/loss	3,172	(897)	4,414	1,806	7,536
Experience adjustment arising on plan assets gain/(loss)	(342)	(163)	(1,043)	(3,546)	3,024

19. LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.

	2011	2010
	(Rupees in thousand)	
20. DEFERRED TAXATION		
Debit / (credit) balances arising from:		
Accelerated tax depreciation	80,726	57,142
Provision for doubtful debts	(163)	-
	80,563	57,142

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

- The company is in appeal before the Appellate Tribunal Inland Revenue (ATIR) Lahore against the order passed by Additional Commissioner of Income Tax Large Tax payer unit (LTU) u/s 12(9A) of the repealed Income Tax Ordinance, 1979 for the assessment year 2000-01. As a result of this order, an income tax demand of Rs. 12.794 million along with an additional tax of Rs. 2.011 million had been created against the company. Since the order of Additional Commissioner is out of jurisdiction, the company is of the view that no tax demand will ultimately arise or become payable.

- The company is in second appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner of Income Tax (Appeals) on the issue of proportion of profits between local and export sales for tax year 2003 and 2006, involving income tax demand of Rs. 16.051 million. However, the company has filed a rectification application on account of incorrect computation, there by the actual tax demand without concealing the legitimate position on this issue is Rs. 5.759 million instead of Rs. 16.052 million. The management is of the view that no tax demand will ultimately arise or become payable.

- The company is in appeal before Commissioner of Income Tax Lahore against the order passed by Additional Commissioner Inland Revenue Lahore on the issue of proportion of profits between local and export sales for the tax year 2005, involving income tax demand of Rs. 7.858 million. The management is of the view that no tax demand will ultimately arise or become payable.

- The company is in appeal before Commissioner of Income Tax (Appeals) Lahore against the order passed by Additional Commissioner Inland Revenue Lahore for the tax year 2005, arbitrarily demanding income tax of Rs. 13.397 million. The management is of the view that no tax demand will arise or become payable.

21.2 Commitments

- Outstanding letters of credit as at 30 June 2011 amounted to Rs 122.227 million (2010: Rs 96.746 million).

22. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2011	2010		2011	2010
(Number of Shares)			(Rupees in thousand)	
2,594,075	2,594,075	Ordinary shares of Rs. 10 each fully paid-up in cash	25,940	25,940
1,095,000	1,095,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	10,950	10,950
38,133,175	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	381,332
41,822,250	41,822,250		418,222	418,222

	(Number of Shares)	
22.1 Reconciliation of number of shares		
Number of shares as at 01 July	41,822,250	4,182,225
Bonus shares issued during the year	-	37,640,025
Number of shares as at 30 June	41,822,250	41,822,250

IGI Insurance Limited and Loads Limited (associated companies), respectively hold 5,442,060 and 2,731,000 (2010: 5,442,060 and 2,731,000) ordinary shares of Rs. 10 each fully paid in cash in the company.

	Note	2011	2010
		(Rupees in thousand)	
23. RESERVES			
Capital reserves	23.1	8,949	8,949
General reserves		266,400	266,400
Fair value reserves		39,078	32,951
		314,427	308,300
23.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium		8,320	8,320
		8,949	8,949

	Note	2011	2010
		(Rupees in thousand)	
24. SURPLUS ON REVALUATION OF PROPERTY - NET OF TAX			
Net surplus as at 01 July		764,358	770,333
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year		(9,191)	(9,191)
Related deferred tax as a result of incremental depreciation charged during the current year		3,217	3,216
		(5,974)	(5,975)
Net surplus as at 30 June		758,384	764,358
25. SALES - NET			
Blades	25.1	2,280,016	1,816,600
Soaps - export sales		934	2,027
		2,280,950	1,818,627
25.1 Blades			
Local sales		1,624,955	1,210,922
Export sales		996,659	884,005
		2,621,614	2,094,927
Less: Sales tax		235,380	167,871
Trade discount		85,000	100,000
Excise duty		21,218	10,456
		341,598	278,327
		2,280,016	1,816,600

	Note	2011	2010
		(Rupees in thousand)	
26. COST OF GOODS SOLD			
Blades	26.1	1,773,017	1,486,539
Soaps	26.2	925	1,541
		1,773,942	1,488,080
26.1 Cost of goods sold - blades			
Opening stock of raw material and packing material		169,064	196,885
Purchases		1,128,958	867,863
Slow moving raw material stock written-off	11	940	-
Less: Closing stock of raw and packing material		(205,882)	(169,064)
Raw and packing materials consumed		1,093,080	895,684
Stores and spares consumed		103,341	93,622
Salaries, wages and other benefits	26.1.1	363,869	305,944
Fuel and power		129,682	86,999
Repair and maintenance		22,535	17,513
Rent, rates and taxes		3,082	2,548
Insurance		23,521	23,114
Product research and development		187	105
Traveling and conveyance		15,937	12,027
Printing and stationery		2,113	2,424
Postage and telephone		4,433	3,469
Legal and professional charges		323	216
Entertainment		936	1,338
Staff training		364	776
Subscriptions		2,864	404
Depreciation on property, plant and equipment	6.1.4	49,459	42,232
Other expenses		12,820	10,003
		1,828,546	1,498,418
Opening stock of work-in-process		33,292	34,651
Closing stock of work-in-process	11	(44,587)	(33,292)
Cost of goods manufactured		1,817,251	1,499,777
Opening stock of finished goods		29,891	16,653
Closing stock of finished goods	11	(74,125)	(29,891)
		1,773,017	1,486,539

26.1.1 Salaries, wages and other benefits include Rs. 18.78 million (2010: Rs. 17.80 million) and Rs. 9.74 million (2010: Rs. 8.30 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2011	2010
		(Rupees in thousand)	
26.2 Cost of goods sold - soaps			
Opening stock of finished goods		-	-
Purchases		925	1,541
Closing stock of finished goods		-	-
		925	1,541

27. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and other benefits	27.1	31,350	25,584
Electricity and gas		310	431
Repair and maintenance		469	112
Rent, rates and taxes		347	330
Traveling and conveyance		1,380	1,442
Entertainment		886	828
Staff training		242	73
Postage and telephone		561	601
Printing and stationery		905	192
Legal and professional charges	27.2	10,834	9,619
Donations	27.3	854	348
Computer expenses		3,431	2,971
Directors' fee	33.2	260	183
Subscription		146	2,686
Depreciation on property, plant and equipment	6.1.4	21,953	13,935
Depreciation on investment property	7	750	750
		74,678	60,085

27.1 Salaries and other benefits include Rs. 0.67 million (2010: Rs. 0.78 million) and Rs. 1.24 million (2010: Rs. 1.07 million) in respect of defined benefit schemes and defined contribution schemes respectively.

27.2 Legal and professional charges include the following in respect of auditors' remuneration:

	2011	2010
	(Rupees in thousand)	
Statutory audit	800	700
Half yearly review	300	135
Certification fee	1,409	41
Out of pocket expenses	124	60
	2,633	936

27.3 This include an amount of Rs. 0.1 million (2010: Nil) donated to Ghulab Devi Chest Hospital, whose trustees include Syed Shahid Ali (Chief Executive of the company).

	Note	2011	2010
		(Rupees in thousand)	
28. DISTRIBUTION EXPENSES			
Repair and maintenance		34	13
Freight, octroi and handling		25,431	21,945
Export commission		13,816	14,078
Provision for doubtful debt	12.2	465	-
Rent, rates and taxes		11	18
Insurance		25	45
Traveling and conveyance		703	703
Entertainment		44	42
Postage and telephone		493	418
Depreciation on property, plant and equipment	6.1.4	6,003	5,437
Computer expenses		75	13
Others expenses		6,015	8,833
		53,115	51,545
29. FINANCE COST			
Mark-up on short term borrowings		219,184	164,087
Bank charges		6,071	5,544
Interest on workers profit participation fund	18.3	182	-
		225,437	169,631
30. OTHER OPERATING EXPENSES			
Write-off of investments at fair value through profit or loss		-	1,675
Impairment loss on un-quoted long term investments available for sale	8.2.2	7,038	-
Impairment loss due to fair value adjustment of qouted long term investments available for sale	8.2.1	7,503	31,234
		14,541	32,909

	Note	2011	2010
		(Rupees in thousand)	
31. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		3,941	3,810
Profit on disposal of long term investments available for sale		14,016	60,050
Unrealised gain on short term investments at fair value through profit or loss		52,437	28,659
Realized gain on disposal of short term investments at fair value through profit or loss		8,866	52,836
Commission from National Investment Trust Limited		-	1,031
Dividend from short term investments		34,922	7,032
Dividend from long term investments		4,302	4,656
		118,484	158,074
Income from non financial assets			
Profit on disposal of property, plant and equipment		9,882	5,473
Rental income from investment property		10,666	9,887
Scrap sale		16,304	12,212
Export rebate		15,746	10,069
Realised exchange (loss) / gain		(3,358)	216
Unrealised exchange gain		148	463
Others	31.1	316	2,984
		49,704	41,304
		168,188	199,378

31.1 This includes Rs. 0.307 million (2010: Rs. 1.169 million) in respect of unclaimed dividend.

	2011	2010
32. TAXATION		
Current		
- For the year	50,023	15,979
- For prior years	(4,730)	468
Deferred		
- For the year	23,421	(18,132)
	68,714	(1,685)

	2011 %age	2010 %age
32.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Income exempt for tax purposes	(7.36)	-
Income chargeable to tax at lower rate	(3.15)	-
Effect of change in prior year	(1.63)	-
Others	0.82	-
	(11.32)	-
Average effective tax rate charged to profit and loss account	23.68	-

32.2 The provision for taxation for the year ended 30 June 2010 represents minimum tax charged under section 113 of the Income Tax Ordinance, 2001 therefore no tax charge reconciliation has been presented for the last year.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive, full time working directors and executives of the company is as follows:

	Chief Executive		Director		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Remuneration	5,455	5,455	3,253	2,085	34,058	27,111
Provident fund	-	-	203	137	2,052	1,675
Service fund	-	-	203	137	2,052	1,675
Housing fund	-	-	-	-	899	239
Bonus	-	-	1,043	581	10,294	6,714
Entertainment	494	1,028	-	-	-	-
Utilities	545	545	203	137	2,052	1,692
Medical	545	434	203	137	2,052	1,692
	7,039	7,462	5,108	3,214	53,459	40,798
Number of persons	1	1	1	1	27	25

33.1 The chief executive officer, directors and executives are provided with free use of company maintained cars and telephone facility, according to their entitlement.

33.2 Six (2010: six) non-executive directors were paid fee aggregating Rs. 0.260 million (2010: Rs. 0.183 million).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiaries, associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables (14.1 & 14.5) and trade and other payables (18.1 & 18.2) and remuneration of directors and key management personnel are disclosed in note 33. Other significant transactions with related parties are as follows:

Relationship with the Company		Nature of transactions	2011	2010
			(Rupees in thousand)	
I	**Subsidiaries**			
	TCL Labor-Hire Company (Private) Limited	Purchase of services	66,564	52,318
		Reimbursable expenses paid on behalf of subsidiary	9,877	7,883
	Global Econo Trade (Private) Limited	Sale of goods	1,281,925	932,033
		Purchase of goods	16,759	8,440
		Reimbursable expenses paid on behalf of subsidiary	14,753	10,408
	First Treet Manufacturing Modaraba	Purchase of goods	6,831	10,092
II	**Associated undertakings**			
	Loads Limited	Purchase of goods	5,224	1,666
	Packages Limited	Purchase of goods	39,715	16,055
	ZIL Limited	Purchase of goods	1,209	1,165
	Orient Trading (Private) Limited	Purchase of services	10	-
	Wazir Ali Industries Limited	Purchase of goods and services	-	411
	Specialized Motorcycles (Private) Limited	Purchase of goods	-	828
	IGI Insurance Limited	Purchase of services	20,649	2,914
III	**Post employment benefit plans**			
	Superannuation fund	Contribution	10,048	9,417
	Gratuity fund	-do-	9,404	8,343
	Provident fund	-do-	7,560	6,502
	Service fund	-do-	3,428	2,882
	Housing fund	-do-	1,212	411

35. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment of company's risk management framework. The Board is also responsible for developing and monitoring the company's risk management policies.

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 2,013 million (2010: Rs. 1,424 million), the financial assets which are subject to credit risk amounted to Rs. 2,013 million (2010: Rs. 1,424 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Exports sales are either secured through letter of credit or a foreign bank guarantee is obtained. Majority of the local sales are made to a wholly owned subsidiary of the company.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. As the company is the sole manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2011	2010
	(Rupees in thousand)	
Long term investments	848,742	565,283
Loans and deposits	13,241	13,783
Trade debts	706,993	319,421
Short term investments	359,494	434,663
Loans, advances, deposits, prepayments and other receivables	8,495	7,874
Bank balances	75,950	83,095
	2,012,915	1,424,119

All the trade debtors at the balance sheet date represent domestic and foreign parties.

The maximum exposure to credit risk before any enhancements for trade debts at the reporting date by type of customer was:

	2011	2010
	(Rupees in thousand)	
- Local parties	687,453	284,153
- Foreign parties	19,540	35,268
	706,993	319,421

The aging of trade debts at the reporting date is:

	2011	2010
Less than 30 days	434,101	192,965
Past due 1 - 3 months	270,761	124,665
Past due 3 - 6 months	-	-
Past due 6 - 9 months	-	737
Above one year	2,131	1,054
	706,993	319,421

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	2011	2010
				(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	2,306	57,449
Faysal Bank Limited	A-1+	AA	PACRA & JCR	1,883	104
Bank Al-Habib Limited	A1+	AA+	PACRA	-	1
United Bank Limited	A-1+	AA+	JCR-VIS	50,014	24
Habib Bank Limited	A-1+	AA+	JCR-VIS	7,949	21,493
Askari Commercial Bank Limited	A1+	AA	PACRA	46	152
Citibank N.A.	A-1	A+	Standard & Poor’s	332	-
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,847	1,435
Barclays Bank PLC	A-1+	AA-	Standard & Poor’s	8,396	2,434
Royal Bank of Scotland	A1+	AA	PACRA	-	3
Samba Bank Limited	A-1	A+	JCR-VIS	177	-
				75,950	83,095

35.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The company is not materially exposed to liquidity risk as substantially all obligations / commitments of the company are short term in nature and are restricted to the extent of available liquidity. In addition, the company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2 0 1 1				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	361,261	361,261	361,261	-	-
Long term deposits	2,341	2,341	-	2,341	-
Short term borrowings	1,877,415	1,877,415	1,877,415	-	-
Accrued mark-up on short term borrowings	42,310	42,310	42,310	-	-
	2,283,327	2,283,327	2,280,986	2,341	-

	2 0 10				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	219,526	219,526	219,526	-	-
Long term deposits	2,341	2,341	-	2,341	-
Short term borrowings	1,422,574	1,422,574	1,422,574	-	-
Accrued mark-up on short term borrowings	37,637	37,637	37,637	-	-
	1,682,078	1,682,078	1,679,737	2,341	-

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

35.4 Currency risk

The company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars and on foreign currency bank accounts. The company's exposure to foreign currency risk for US Dollars is as follows:

	2011	2010
	(Rupees in thousand)	
Outstanding letters of credit	15,764	34,320

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2011	**2010**	**2011**	**2010**
Rupees per USD	86.25	84.17	86.05	85.60

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher / lower by Rs. 1.576 million (2010: Rs. 3.432 million), mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the company.

35.5 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

Financial liabilities	2011	2010	2011	2010
	Effective rate (in Percentage)		(Rupees in thousand)	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	5 - 12	5 - 11.2	60,151	70,017
Financial liabilities				
Floating rate instruments				
Short term borrowings	9.5 - 15.73	7.5 - 16.04	1,877,415	1,422,574

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, loss after taxation for the year would have been Rs. 18.77 million (2010: Rs. 14.225 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

35.6 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the company diversifies its portfolio and continuously monitors developments in equity markets. In addition the company actively monitors the key factors that affect stock price movement.

A 10% increase in redemption and share prices at the year end would have increased the company's profit in case of held for trading investments and increase / decrease surplus on re-measurement of investments in case of 'available for sale' investment as follows:

	2011	2010
	(Rupees in thousand)	
Effect on profit and loss	(35,949)	43,466
Effect on equity	(6,848)	7,113
Effect on investments	(42,797)	50,579

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / equity and assets of the company.

35.6.1 Fair value of financial instruments

The carrying value of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Financial instruments carried at fair value are categorized as follows:

- Level 1: Quoted market prices
- Level 2: Valuation techniques (market observable)
- Level 3: Valuation techniques (non-market observable)

	2 0 1 1			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
Short term investments at fair value through profit or loss	359,494	-	-	359,494
Long term investments available for sale	68,478	-	11,705	80,183
	427,972	-	11,705	439,677

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in thousand)			
Assets				
Short term investments at fair value through profit or loss	434,663	-	-	434,663
Long term investments available for sale	71,135	-	18,743	89,878
	505,798	-	18,743	524,541

35.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

35.8 Financial instruments by categories

	Available for sale		At fair value through profit and loss	
	2011	2010	2011	2010
	(Rupees in thousand)			
Financial assets as per balance sheet				
Long term investments	80,183	89,878	-	-
Loans and deposits	-	-	-	-
Trade debts	-	-		
Short term investments	-	-	359,494	434,663
Loans, advances, deposits, prepayments and other receivables	-	-	-	-
Bank balances	-	-	-	-
	80,183	89,878	359,494	434,663

	Loans and receivables		Investment at cost	
	2011	2010	2011	2010
	(Rupees in thousand)			
Long term investments	-	-	768,559	475,405
Loans and deposits	13,241	13,783	-	-
Trade debts	706,993	319,421	-	-
Short term investments	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	8,495	7,874	-	-
Bank balances	75,950	83,095	-	-
	804,679	424,173	768,559	475,405

	Total	
	2011	2010
	(Rupees in thousand)	
Long term investments	848,742	565,283
Loans and deposits	13,241	13,783
Trade debts	706,993	319,421
Short term investments	359,494	434,663
Loans, advances, deposits, prepayments and other receivables	8,495	7,874
Bank balances	75,950	83,095
	2,012,915	1,424,119

	Other financial liabilities 2011	2010
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	361,261	219,526
Long term deposits	2,341	2,341
Short term borrowings	1,877,415	1,422,574
Accrued mark-up on short term borrowings	42,310	37,637
	2,283,327	1,682,078

35.9 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitors the return on capital employed, which the company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The company monitors capital on the basis of the debt-to-equity ratio of total debt-to-equity.

The debt-to-equity ratios as at 30 June 2011 and at 30 June 2010 were as follows:

	2011	2010
	(Rupees in thousand)	
Total debt	1,877,415	1,422,574
Total equity and debt	3,345,194	2,656,848
Debt-to-equity ratio	56%	54%

There were no changes in the company's approach to capital management during the year and the company is not subject to externally imposed capital requirements.

36. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

36.1 Sales from blades represent 99.96% (2010: 99.89%) of total sales of the company.

36.2 Significant sales are made by the company in the following countries:

	2011	2010
	(Rupees in thousand)	
Pakistan	1,283,357	932,595
Iran	224,557	165,711
Saudi Arabia	199,927	153,058
China	107,584	146,226
Bangladesh	99,686	95,203
Jordan	67,250	13,828
Syria	55,120	103,295
Brazil	54,458	36,145
Yemen	24,869	25,398
Morocco	31,171	21,984
Angola	24,170	9,595
United Arab Emirates	20,457	25,761
Taiwan	16,153	13,868
Vietnam	13,517	23,890
Egypt	11,558	6,479
Other countries	47,116	45,591
	2,280,950	1,818,627

Sales are attributed to countries on the basis of the customers' location.

	Note	2011	2010
		(Rupees in thousand)	

37. CASH GENERATED FROM OPERATIONS

	Note	2011	2010
Profit before taxation		290,118	200,948
Adjustments for non-cash and other items:			
Finance cost		225,437	169,631
Depreciation on property, plant and equipment	6.1	77,415	61,604
Depreciation on investment property	7	750	750
Provision for gratuity		9,404	8,343
Provision for superannuation fund scheme		10,048	9,417
Profit on bank deposits		(3,941)	(3,991)
Provision for doubtful debt		465	-
Slow moving raw material stock written off		940	-
Impairment on long term investments		7,503	31,234
Profit on sale of property, plant and equipment		(9,882)	(5,473)
Provision for WPPF and WWF		17,307	14,807
Unrealized gain on investment at fair value through profit or loss		(52,437)	(28,659)
Transfer to profit and loss account on sale of available for sale long term investments		-	(60,212)
Unrealized exchange gain		(148)	(463)
Dividend income		(39,224)	(12,719)
		243,637	184,269
Operating profit before working capital changes		533,755	385,217
Decrease / (increase) in current assets			
Stores and spares		939	(42,070)
Stock-in-trade		(89,247)	(20,489)
Trade debtors		(387,889)	(23,939)
Short term investment		127,606	(281,414)
Loans, advances, deposits, prepayments and other receivables		(40,034)	57,034
		(388,625)	(310,878)
Increase / (decrease) in current liabilities			
Trade and other payables		135,439	104,452
		280,569	178,791

38. CASH AND CASH EQUIVALENT

	Note	2011	2010
Cash and bank balances	15	78,549	83,095
Short term running finance - secured	17.1	(839,777)	(412,291)
		(761,228)	(329,196)

39. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the company, which is based on:

		2011	2010
Profit for the year after taxation	Rupees in thousand	221,404	202,633
Weighted average number of shares	Number in thousand	41,822	41,822
Earnings per share	Rupees	5.29	4.85

40. PLANT CAPACITY AND PRODUCTION

	Production capacity	Actual production	
	(Unit in millions)	2011	2010
		(Units in millions)	
Hyderabad plant	525	632	602
Lahore plant	750	895	802
		1,527	1,404

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 October 2011 by the Board of Directors of the company.

42. GENERAL

42.1 Corresponding figures

Corresponding figures have been re-arranged or reclassified wherever necessary, for the purposes of comparison. However, no significant re-arrangements or re-classification have been made.

42.2 Dividend - post balance sheet event

The Board of Directors in its meeting held on 06 October 2011 has proposed a final cash dividend of Re. 1 per share (2010: Re. 0.50 per share) for the year ended 30 June 2011 amounting to Rs. 41.822 million (2010: Rs. 20.911 million) for the approval of the members at the Annual General Meeting to be held on 31 October 2011. These financial statements do not reflect this proposed dividend payable.

LAHORE:
October 06, 2011

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Key Operating Financial Data

Rs.(000)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Sales	4,605,309	3,574,921	2,830,565	2,012,941	1,288,155	1,248,908	1,223,935	1,035,357	1,036,704	871,577	750,293
Export Sales	997,593	886,032	684,688	449,572	413,219	362,053	309,188	215,422	154,114	127,027	118,592
Gross Profit	1,021,919	709,028	520,888	290,816	255,862	278,222	438,435	390,336	404,735	282,452	181,808
Profit before Taxation	465,230	281,535	(10,493)	32,340	102,261	101,201	287,344	282,082	437,210	197,385	94,376
Profit after Taxation	352,166	266,341	(48,763)	22,957	88,733	91,726	218,743	212,742	363,535	138,577	50,494
Shareholders' Equity +											
Revaluation Surplus	2,379,063	2,036,603	1,851,453	1,352,119	1,429,131	1,258,609	1,128,438	1,034,330	610,855	317,254	220,357
Fixed Assets - Net	2,073,552	2,148,004	1,975,012	1,095,561	871,003	678,552	347,448	392,538	177,244	118,690	127,876
Total Assets	5,074,379	4,230,548	3,903,684	2,735,425	2,212,719	2,032,245	1,649,520	1,488,980	960,204	706,308	539,545
Total Liabilities	2,695,316	2,193,945	2,052,231	1,383,306	783,185	773,636	521,082	454,650	349,349	389,054	319,188
Current Assets	2,641,681	1,920,089	1,653,905	1,238,574	958,036	1,044,803	1,091,205	921,615	660,629	571,422	397,760
Current Liabilities	2,610,174	2,132,211	1,974,534	1,346,486	756,760	743,630	514,882	407,749	301,570	380,163	224,899
Cash Dividend	10%	50%	0%	0%	20%	20%	70%	100%	150%	133%	50%
Stock Dividend	0%	900%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Shares Outstanding	41,822,250	41,822,250	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225

Important Ratios

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Profitability											
Gross Profit	22.19%	19.83%	18.40%	14.45%	19.86%	22.28%	35.82%	37.70%	39.04%	32.41%	24.23%
Profit before Tax	10.10%	7.88%	-0.37%	1.61%	7.94%	8.10%	23.48%	27.24%	42.17%	22.65%	12.58%
Profit after Tax	7.65%	7.45%	-1.72%	1.14%	6.89%	7.34%	17.87%	20.55%	35.07%	15.90%	6.73%
Return to Equity											
Return on Equity before Tax	19.56%	13.82%	-0.57%	2.39%	7.16%	8.04%	25.46%	27.27%	71.57%	62.22%	42.83%
Return on Equity after Tax	14.80%	13.08%	-2.63%	1.70%	6.21%	7.29%	19.38%	20.57%	59.51%	43.68%	22.91%
Earning per Shares	8.42	6.37	(11.66)	5.49	21.22	21.93	52.30	50.87	86.92	33.13	12.07
Liquidity/Leverage											
Current Ratio	1.01	0.90	0.84	0.92	1.27	1.41	2.12	2.26	2.19	1.50	1.77
Break-up Value per Share	56.89	48.70	442.70	323.30	341.72	300.94	269.82	247.32	146.06	75.86	52.69
Total Liabilities to Equity	1.13	1.08	1.11	1.02	0.55	0.61	0.46	0.44	0.57	1.23	1.45

% Change	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Sales	28.82%	26.30%	40.62%	56.27%	3.14%	2.04%	18.21%	-0.13%	18.95%	16.16%	18.21%
Export Sales	12.59%	29.41%	52.30%	8.80%	14.13%	17.10%	43.53%	39.78%	21.32%	7.11%	40.91%
Gross Profit	44.13%	36.12%	79.11%	13.66%	-8.04%	-36.54%	12.32%	-3.56%	43.29%	55.36%	32.49%
Profit before Taxation	65.25%	-2783.07%	-132.45%	-68.38%	1.05%	-64.78%	1.87%	-35.48%	121.50%	109.15%	82.75%
Profit after Taxation	32.22%	-646.19%	-312.41%	-74.13%	-3.26%	-58.07%	2.82%	-41.48%	162.33%	174.44%	70.65%
Shareholders' Equity +											
Revaluation Surplus	16.82%	10.00%	36.93%	-5.39%	13.55%	11.54%	9.10%	69.32%	92.54%	43.97%	15.51%
Fixed Assets - Net	-3.47%	8.76%	80.27%	25.78%	28.36%	95.30%	-11.49%	121.47%	49.33%	-7.18%	-10.92%
Total Assets	19.95%	8.37%	42.71%	23.62%	8.88%	23.20%	10.78%	55.07%	35.95%	30.91%	14.53%
Total Liabilities	22.85%	6.91%	48.36%	76.63%	1.23%	48.47%	14.61%	30.14%	-10.21%	21.89%	13.87%
Current Assets	37.58%	16.09%	33.53%	29.28%	-8.30%	-4.25%	18.40%	39.51%	15.61%	43.66%	28.51%
Current Liabilities	22.42%	7.99%	46.64%	77.93%	1.77%	44.43%	26.27%	35.21%	-20.67%	69.04%	16.20%
Dividend	-80.00%			-100.00%	0.00%	-71.43%	-30.00%	-33.33%	12.78%	166.00%	72.41%
Shares Outstanding	0.00%	900.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Pattern of Shareholding as at June 30, 2011

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD
1,210	1	100	48,583
858	101	500	243,929
414	501	1,000	351,187
517	1,001	5,000	1,265,550
94	5,001	10,000	686,330
40	10,001	15,000	492,009
15	15,001	20,000	261,630
6	20,001	25,000	131,049
6	25,001	30,000	165,266
2	30,001	35,000	67,790
7	35,001	45,000	288,530
8	45,001	55,000	389,552
1	55,001	65,000	55,260
2	65,001	75,000	143,876
2	75,001	85,000	163,600
3	85,001	95,000	261,539
2	95,001	125,000	221,190
1	170,001	195,000	190,990
1	195,001	255,000	250,530
1	255,001	385,000	337,997
1	385,001	395,000	394,080
1	395,001	601,000	600,290
3	601,001	640,000	1,845,030
1	760,001	2,645,000	1,884,363
1	2,645,001	2,735,000	2,731,000
1	2,735,001	3,475,000	3,474,000
1	3,475,001	3,555,000	3,550,640
1	3,555,001	5,445,000	5,442,060
1	5,445,001	5,500,000	5,500,000
1	5,500,001	11,000,000	10,384,400
3,202			**41,822,250**

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage %
ASSOCIATED COMPANIES & UNDERTAKINGS			
IGI INSURANCE LIMITED	1	5,442,060	13.01
LOADS LIMITED	1	2,731,000	6.53
NIT & ICP			
NATIONAL BANK OF PAKISTAN	4	4,026,471	9.63
CEO, DIRECTORS, SPOUSE & MINOR CHILDREN			
SYED SHAHID ALI	1	10,384,400	24.83
DR. MRS. NILOUFER MAHDI	1	603,170	1.44
MRS. FERIEL ALI MEHDI	1	250,530	0.60
SYED SHEHARYAR ALI	1	3,474,000	8.31
MR. MUHAMMAD SHAFIQUE ANJUM	1	25,050	0.06
EXECUTIVES	1	180	-
			-
INVESTMENT COMPANIES	1	1,000	-
JOINT STOCK COMPANIES	38	333,974	0.80
BANKS, DEVELOPMENT FINANCE INSTITUTION,	10	2,650,331	6.34
NON-BANKING FINANCE INSTITUTIONS, INSURANCE			-
FOREIGN COMPANY	1	5,500,000	13.15
PUBLIC SECTOR & CORPORATIONS	-	-	-
MODARABA'S	2	11,950	0.03
OTHERS	1	10	-
INDIVIDUALS	3,137	6,388,124	15.27
	3,202	41,822,250	100

SHAREHOLDERS HOLDING 10% CERTIFICATES

Sr. No.	Name of Shareholder	Shares
1	IGI INSURANCE LIMITED	5,442,060
2	SYED SHAHID ALI	10,384,400
3	M/S. ESCANABA LTD.	5,500,000

Detail of shares purchased by Syed Shahid Ali

DATE OF PURCHASE	NO. OF SHARES	RATE PER SHARE
30-06-2011	6,003	53.65
19-07-2011	2,579	53.89
TOTAL SHARES PURCHASED	**8,582**	

Form of Proxy

We, ____

of____ CDC A/C NO. / FOLIO NO. _________________________

being a shareholder of the Treet Corporation Limited (The Company) do hereby appoint,

Mr./Miss/Ms. ____

of__________________________________ CDC A/C NO. / FOLIO NO. _________________________ and

or failing him/her ______________________________________ of __________________________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/ us at the Annual General Meeting of the Company to be held on 31 October 2011 (Monday) at 11:00 A. M. at 72-B, Kotlakhpat Industrial Area, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of_________________2011.

Revenue Stamp of Rs. 5/-

Signature ___________________________________

Address ____________________________________

____

No. of shares held ___________________________

Witness:-

Name ______________________________________

Address ____________________________________

____

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at 72-B, Kot Lakhpat Industrial, Area Lahore not later than 48 hours before the time of holding the Annual General Meeting.

For Appointing Proxies

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

TREET CORPORATION LIMITED
72-B Industrial Area, Kot Lakhpat,
Lahore - Pakistan

TREET CORPORATION LIMITED

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

TCL LABOR-HIRE COMPANY (Pvt.) LIMITED
(A wholly owned subsidiary of GLOBAL ECONO TRADE (PVT.) LIMITED)

FIRST TREET MANUFACTURING MODARABA
(Managed & Controlled By Global Econo Trade (Pvt.) Limited)

PACKAGING SOLUTIONS
(A Project Under FTMM)

SOAP DIVISION

MOTOR BIKE PROJECT

Paper and Board Mills
(PACKAGING SOLUTIONS)
A Project Under FTMM