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: http\\www.treetonline.com

SHARE REGISTRAR

Scarlet I.T. Systems (Private) Limited
Hassan Plaza, 6/A Jail 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 : 0221-880846, 883058 & 883174
Fax : 0221-880172

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 Saturday October 30, 2010 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 March 10, 2010.

2. To receive, consider and adopt the statement of audited accounts for the year ended June 30, 2010 along with the reports of Directors and Auditors thereon.

3. To approve the interim dividend already paid @ 50% [i.e. Rs. 5.00 per share] and interim bonus share already issued @ 900% [i.e. 9 shares for every 1 share held] announced by the Board of Directors of the Company for the financial year 2009-2010.

4. To appoint Auditors of the Company for the year ending June 30, 2011 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

(AYAZ AHMED)
Company Secretary

LAHORE:
October 04, 2010

Notes:

a. The share transfer Books of the Company will remain closed from October 23, 2010 to October 30, 2010 (both days inclusive).
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 Share Registrar of any change in their addresses.

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

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 MaufacturingModaraba [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 :

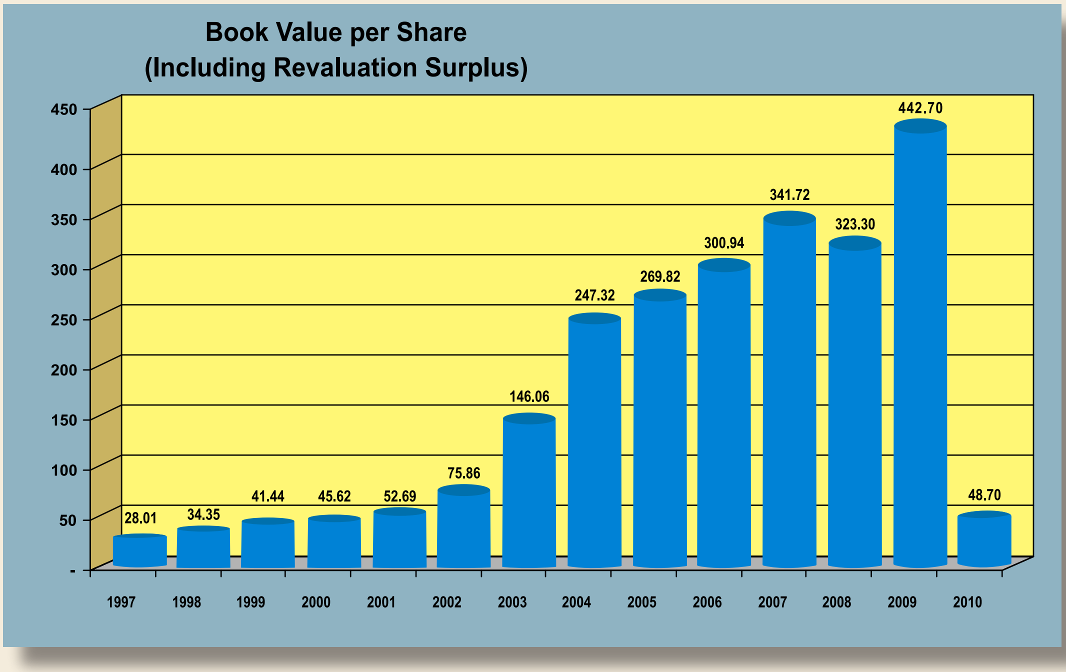
· Lahore Factory	:	72-B KotLakhpat, Industrial Area, Lahore
· Hyderabad Factory	:	Hali Road, P.O.Box No. 308, Hyderabad
· Packaging Solutions	:	Kacha Tiba Rohi Nala, 22-KM, Ferozpur Road, Lahore.
· Paper & Board Mill	:	33 KM Lahore-Sheikhupra Road, Sheikupura
· Import House/warehouse	:	Kacha Tiba Rohi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

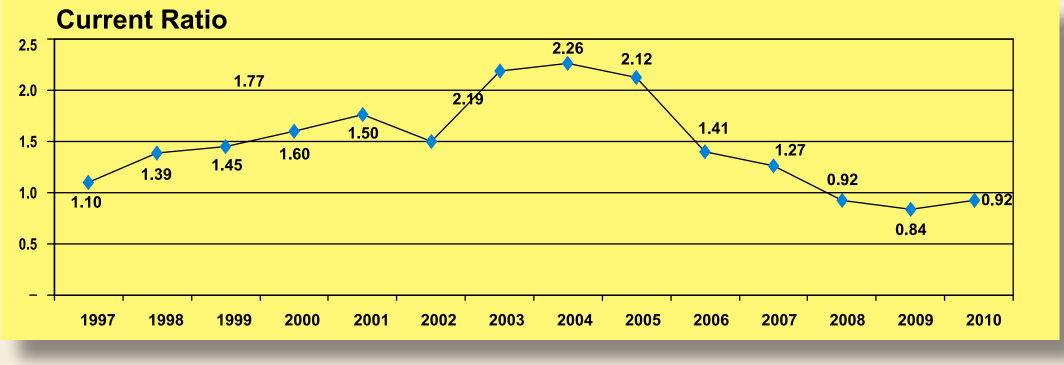
Others / Future Expansion :

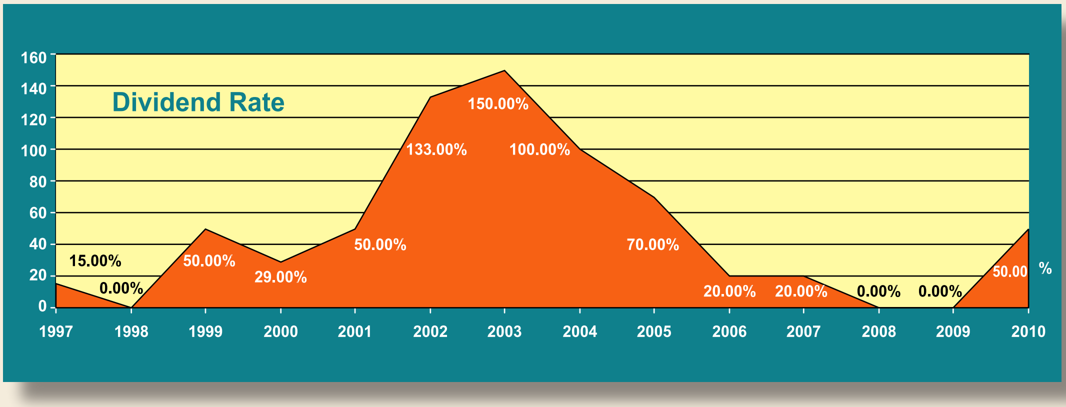
- Land [233 Kanals] at 34 KM Ferozepur Road, Lahore.
- Investment Property [rented out] 67-C-II, Gulberg III, Lahore.
- Land [131 Kanals] at Mauza Kaachha, RohiNaala, Lahore.
- Land [12 Kanals] at Multan Road, Lahore.

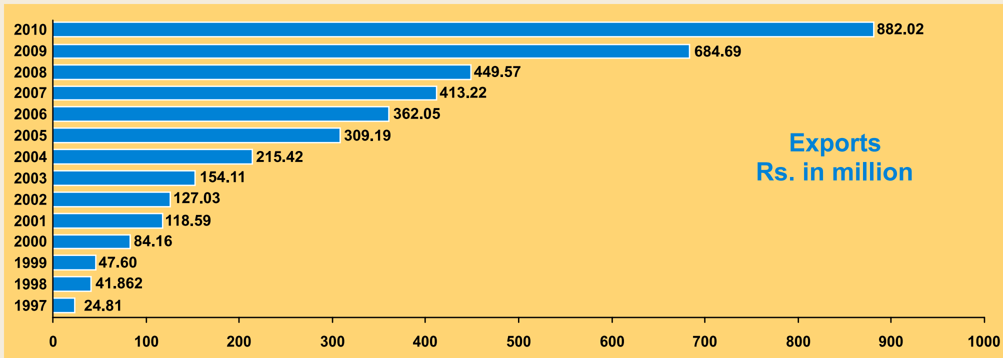
LEGAL STRUCTURE OF GROUP COMPANIES

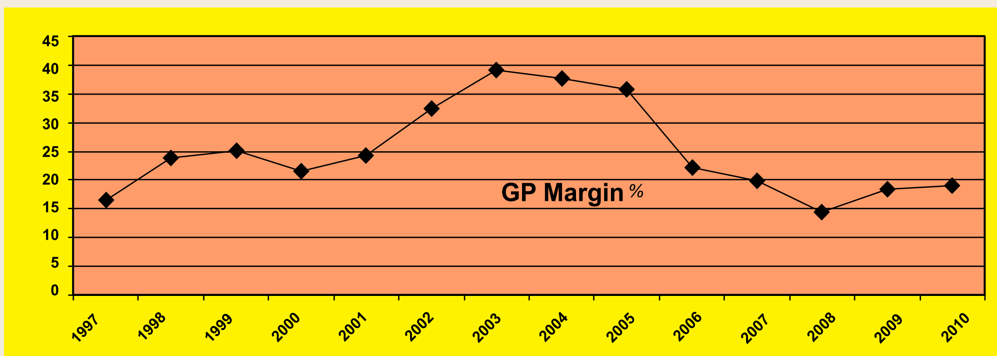
	Shareholdings	
	Holding Companies	
Subsidiaries	**Treet Corporation Limited**	**Global Econo Trade (Private) Limited**
Global Econo Trade (Private) Limited	100.00%	-
First Treet Manufacturing Modaraba	89.99%	10.01%
TCL Labor-Hire Company (Private) Limited	-	100.00%
Treet Services (Private) Limited	-	100.00%
Treet Power Limited	-	100.00%

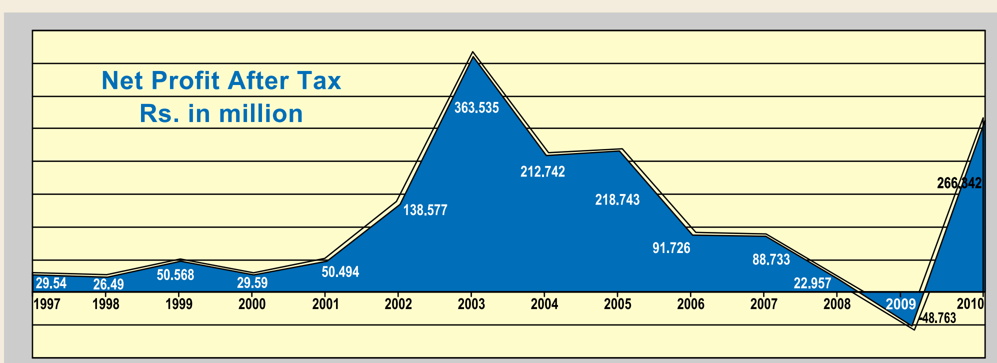

Book Value per Share
(Including Revaluation Surplus)
450
400
350
300
250
200
150
100
50
-
28.01
34.35
41.44
45.62
52.69
75.86
146.06
247.32
269.82
300.94
341.72
323.30
442.70
48.70
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

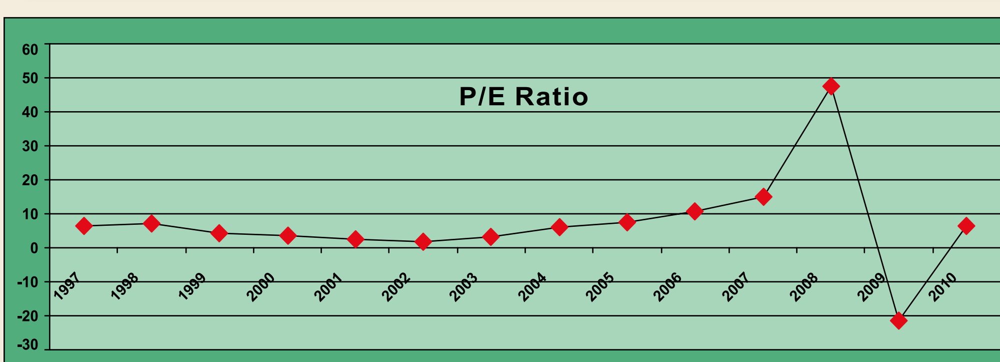

Current Ratio
2.5
2.0
1.5
1.0
0.5
–
1.10
1.39
1.45
1.77
1.60
1.50
2.19
2.26
2.12
1.41
1.27
0.92
0.84
0.92
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

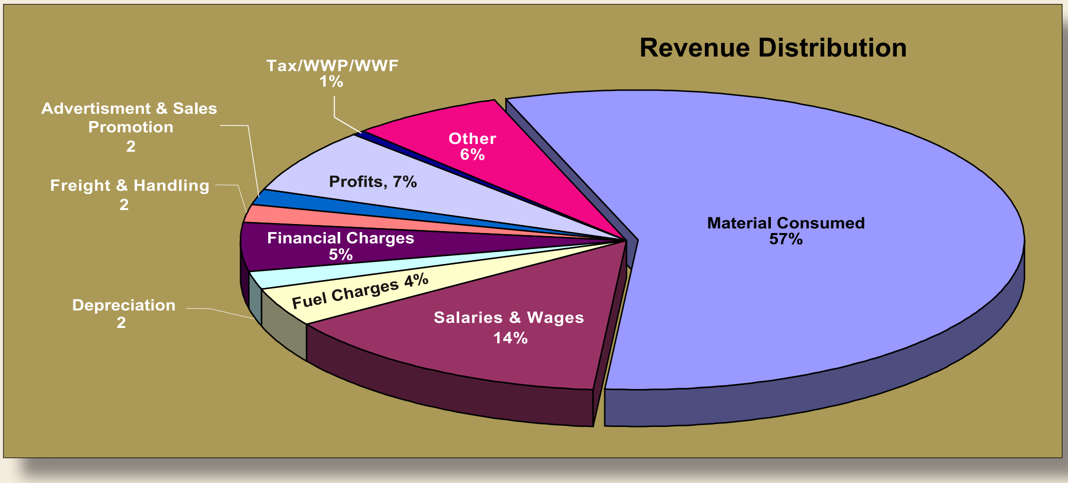

Dividend Rate
160
140
120
100
80
60
40
20
0
15.00%
0.00%
50.00%
29.00%
50.00%
133.00%
150.00%
100.00%
70.00%
20.00%
20.00%
0.00%
0.00%
50.00
%
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010


Exports
Rs. in million
2010 882.02
2009 684.69
2008 449.57
2007 413.22
2006 362.05
2005 309.19
2004 215.42
2003 154.11
2002 127.03
2001 118.59
2000 84.16
1999 47.60
1998 41.862
1997 24.81
0 100 200 300 400 500 600 700 800 900 1000

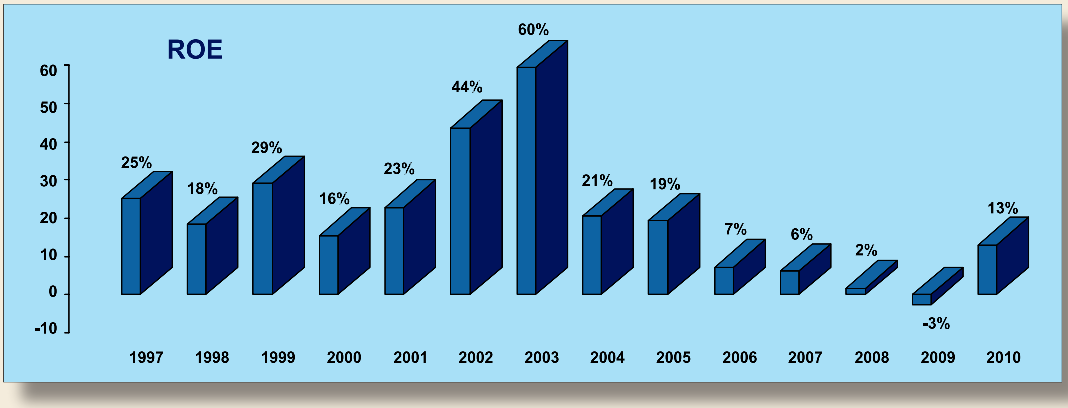

GP Margin %
45 40 35 30 25 20 15 10 5 0
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010


Net Profit After Tax
Rs. in million
29.54 26.49 50.568 29.59 50.494 138.577 363.535 212.742 218.743 91.726 88.733 22.957 48.763 266.342
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

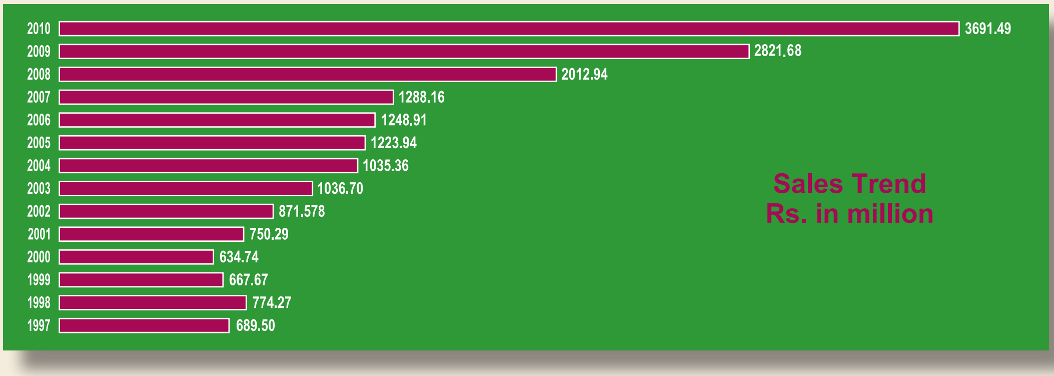

P/E Ratio
60 50 40 30 20 10 0 -10 -20 -30
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010



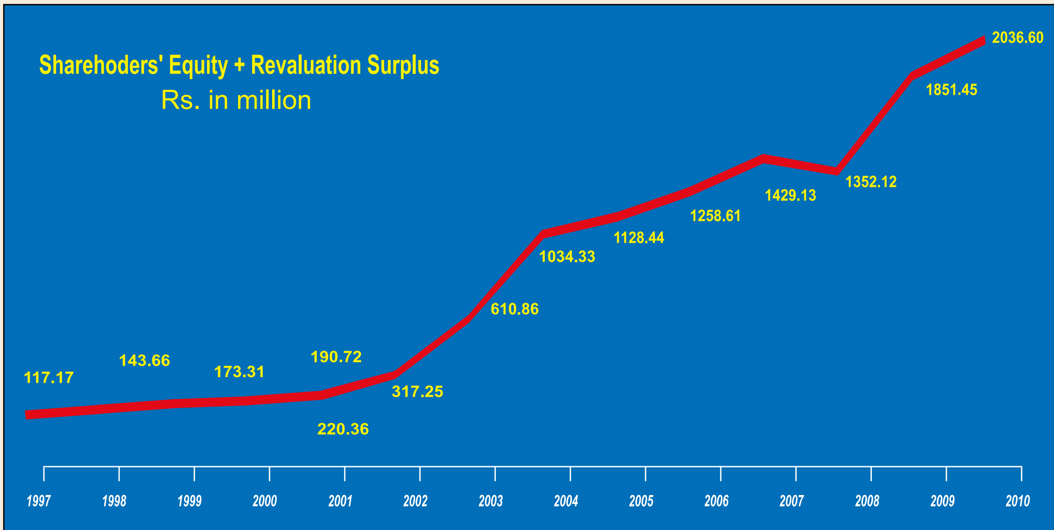
Revenue Distribution
Tax/WWP/WWF 1%
Advertisment & Sales Promotion 2
Freight & Handling 2
Other 6%
Profits, 7%
Material Consumed 57%
Financial Charges 5%
Fuel Charges 4%
Depreciation 2
Salaries & Wages 14%

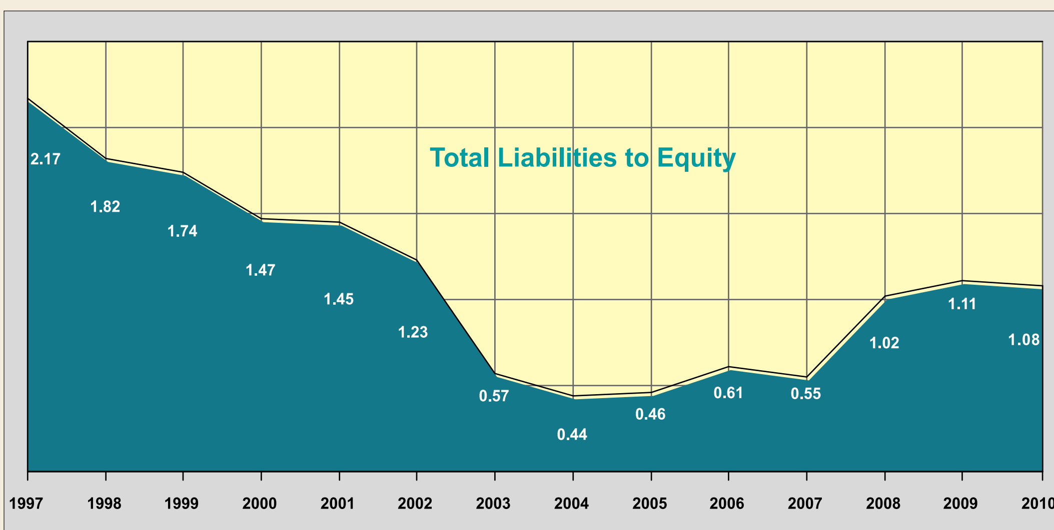


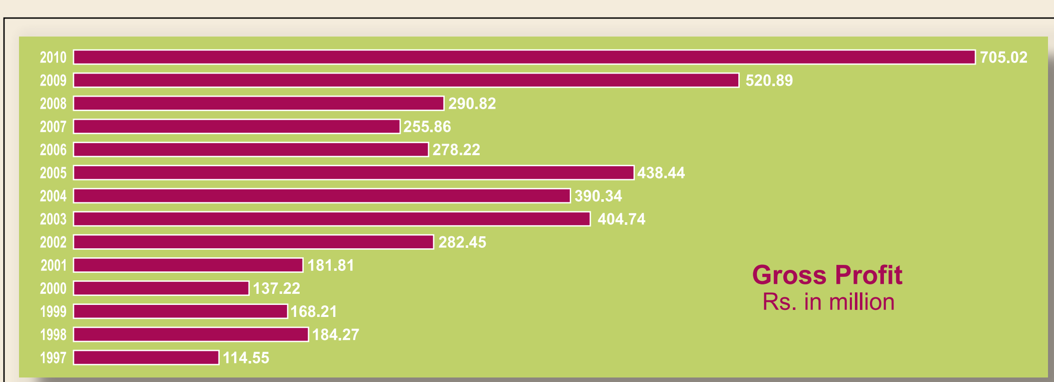
ROE
60
50
40
30
20
10
0
-10
25%
18%
29%
16%
23%
44%
60%
21%
19%
7%
6%
2%
-3%
13%
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

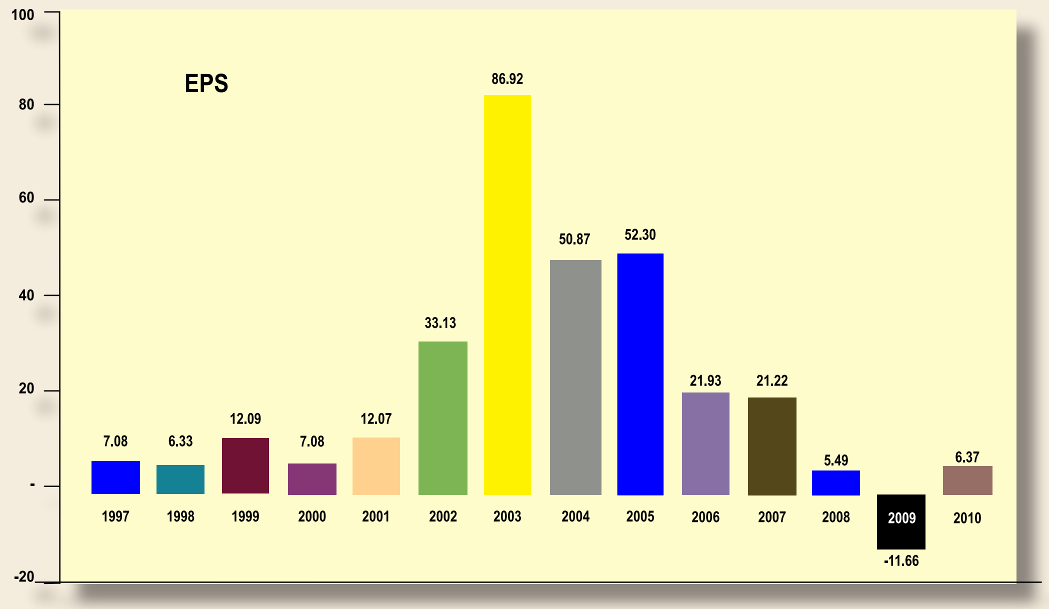


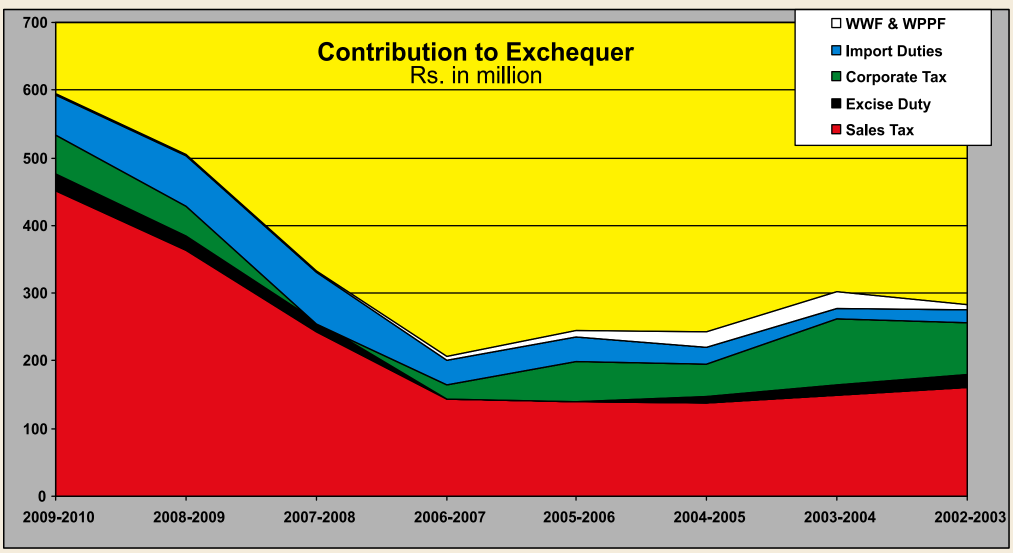
Sales Trend
Rs. in million
2010 3691.49
2009 2821.68
2008 2012.94
2007 1288.16
2006 1248.91
2005 1223.94
2004 1035.36
2003 1036.70
2002 871.578
2001 750.29
2000 634.74
1999 667.67
1998 774.27
1997 689.50

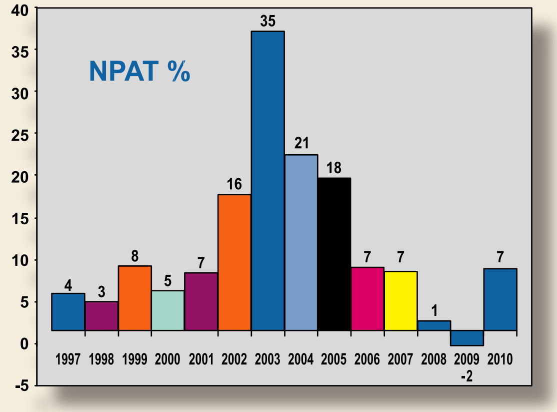

Shareholders' Equity + Revaluation Surplus
Rs. in million
117.17
143.66
173.31
190.72
220.36
317.25
610.86
1034.33
1128.44
1258.61
1429.13
1352.12
1851.45
2036.60
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010


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
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010


Gross Profit
Rs. in million
2010 705.02
2009 520.89
2008 290.82
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 168.21
1998 184.27
1997 114.55


EPS
100
80
60
40
20
-
-20
7.08
6.33
12.09
7.08
12.07
33.13
86.92
50.87
52.30
21.93
21.22
5.49
-11.66
6.37
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010


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


NPAT %
40
35
30
25
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15
10
5
0
-5
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3
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21
18
7
7
1
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7
1997
1998
1999
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2001
2002
2003
2004
2005
2006
2007
2008
2009
2010

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, 2010.

Economic Outlook

Wrecked by political uncertainty and hard hit by multiple economic crises, Pakistan’s economy in general and industry in particular is facing most difficult time. As the new fiscal year begins, concerns of persistence in inflation and fiscal weaknesses are overshadowing the improvement in the external current account deficit and economic recovery. The gap between national savings and investment has narrowed but mainly because of decline in investments. At the same time aggregate domestic demand, led by public sector consumption expenditures, is picking up while prospects of aggregate supply remain weak due to energy shortages and dismal law and order conditions. These developments together with rising total debt are stressing the macroeconomic stability and call for renewed efforts to maintain an upward trajectory in economic growth.

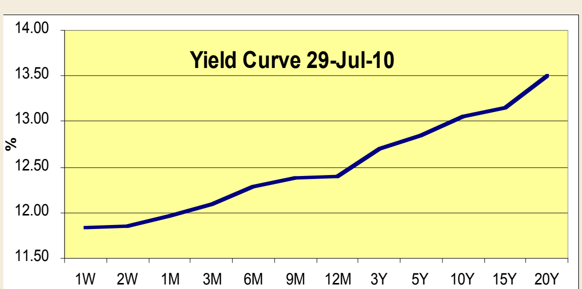
Fiscal developments are inconsistent with the objectives of macroeconomic stability. These have contributed towards aggravating expectations of rising inflation and have kept interest rates under pressure.

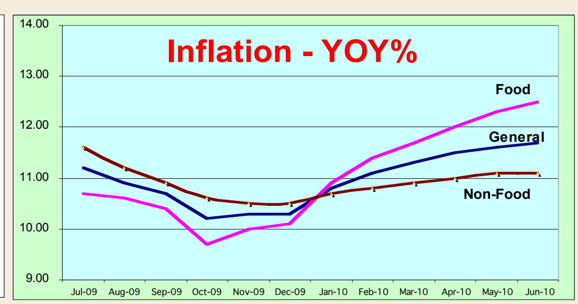
The result is crowding out of private sector credit and increased stress on debt sustainability.

Pakistan’s economy is experiencing fiscal difficulties and its debt burden has started to increase. As the global developments reveal, there are strong inter-linkages between fiscal vulnerabilities and financial stability. If not addressed in time they do have a tendency to spillover to other sectors and disrupt real economic activities. Therefore, emphasis on fiscal reforms, including tax collection enhancement measures and rationalization of current expenditure, is imperative to maintain macroeconomic stability in Pakistan.

Steepening of the yield curve reflects renewed inflation expectations...

Expectation of high inflation can also be gauged by observing an increase in long-term interest rates relative to short-term interest rates in the secondary market. This can be seen in steepening of the yield curve and widening of the yield spread.





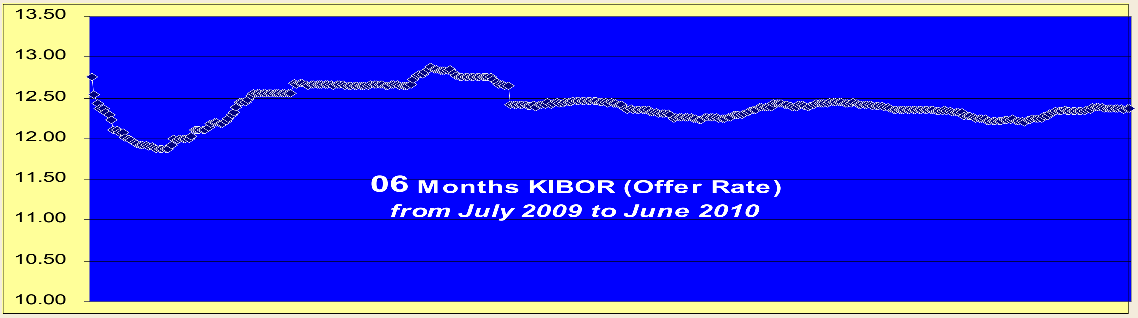
The outlook and sustainability of private sector credit during FY11 seems uncertain. The main reasons for this assessment are the continued risk averse behavior of the banks, large outstanding stocks of credit for commodity financing and Public Sector Enterprises, and government’s increased reliance on scheduled banks for budgetary support.

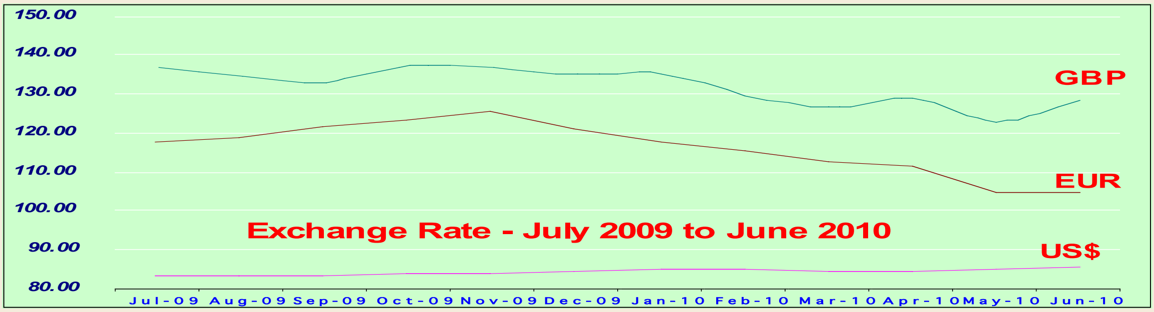
Credit extension for commodity operations and PSEs and rising NPLs is squeezing banks’ ability to lend to the private sector…

Thus, to create space for the private sector, there is an urgent need on the part of the government to revisit the strategy on commodity financing, including reduction in the outstanding stock positions, and to effectively address the circular debt in the energy sector. This would help in easing pressure on interest rates, revive investment by the private sector, and alleviate constraints impeding the production of electricity.

The cost of neglecting these issues would be a lower aggregate supply and persistence of inflation.

The foreign exchange market has remained stable during H2-FY10. Despite the transfer of oil payments to the market, since December 2009, rupee witnessed a marginal depreciation of 1.7 percent against US dollar. However, With Pakistan's inflation remaining consistently higher than its trading partners, the Real Effective Exchange Rate has also appreciated. Given the current and likely developments in Pakistan's balance of payments, this reinforces the need to bring inflation down otherwise this may reduce the competitiveness of our trade sector.





Monetary Policy Statement for July 2010 – by the State Bank of Pakistan further indicates that:

1. Structural bottlenecks are still hindering sustained improvement in aggregate supply. Power outages are a critical factor for domestic economic activities and marginalize the prospects of a sustainable recovery.
2. Related to this is the issue of circular debt, which is still unresolved and is preempting financial resources. A substantial amount of subsidies is yet to be transferred which seems increasingly difficult for the government since power tariffs have already been raised substantially causing increase in cost of doing business and inconvenience to the general public.
3. Inflation is still at considerably high levels and with little change in the share of those items in the CPI basket where inflation persistence is high, the risks of a rebound in inflation expectations remain strong. In addition, the volatile nature of international commodity prices, especially crude oil poses significant risks to domestic inflation. Moreover, food inflation has remained volatile for quite some time now and any adverse development, such as disruption in supply chain, change in weather conditions, food production in neighboring countries, etc. might put pressure on headline CPI inflation.

The prospects of a complete recovery in the major global economies have been overshadowed by concerns over recovery in the European economies, which have been hit hard by the Greek debt crisis. European economies are now more concerned over their public debt which has reached to unsustainable levels endangering a prolonged crisis for their economies, particularly the financial sectors. Almost every major G20 countries have already committed to halve their existing deficits within next three years.

Certain factors that can hamper the investment growth in private sectors are:

1. Weak recovery in the advanced economies would pose serious challenges for exports recovery in Pakistan. The challenge, therefore, would be to offset the dampening effect through stimulating domestic demand, particularly through investment expenditures with a parallel increase in domestic supply.
2. Excessive borrowing by the Government [and stance towards "more government"] can put pressure on interest rates and crowd-out the private sector growth.
3. Recent tax measures [both fiscal & administrative] to makeup the shortfall in the tax revenue within uncertain and fragile environment would further hamper the economic growth and exacerbate the supply side of the economy.

Under these circumstances, maintaining good margins would be challenging and these can only be achieved by bringing in price rationalization, production efficiencies and improvement in operations and raw material sourcing.

It is evident that the degree of risks and extent of vulnerabilities faced by the economy have increased considerably. The challenges to mitigate such risks and vulnerabilities have become more pronounced and require increased vigilance and proactive response to ensure Company's stability in FY-11 and beyond. But the factors like the precarious political/ law & order situation, deteriorating macroeconomic outlook that are beyond Company's control are the most imminent threats.

But 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.

Unprecedented flood and resultant economic crisis that includes food shortage, unemployment [and resultant lack of purchasing power] , escalating fuel costs, a sinking currency [and ensuing massive flight of capital] etc. do not portray healthy picture for the months to come.

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.

Operating and Financial Results

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 hold 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)	2010		2009		% Change	
	Treet	Consolidated	Treet	Consolidated	(1) over (3)	(2) over (4)
	(1)	(2)	(3)	(4)	-	-
Sales (net of sales tax)	**1,814,618**	**3,691,492**	1,573,839	2,821,675	15.30	30.83
Gross Profit	**326,538**	**705,019**	344,339	520,888	(5.17)	35.35
Operating Profit	**228,986**	**340,476**	198,405	226,754	15.41	50.15
Profit/(Loss) before taxation	**200,948***	**281,536**	(10,396)	(10,493)	-	-
Provision for taxation	**1,685**	**(15,194)**	(21,950)	(38,270)	(107.68)	(60.30)
Profit /(Loss) after taxation	**202,633**	**266,342**	(32,346)	(48,763)	-	-
EPS (in Rupees)	**4.85**	**6.37**	(0.77)	(1.16)	-	-

* Your Company has taken conservative view and adopted IAS-39 for recognizing impairment of value of investments in associated company [IGI Investment Bank Limited] and recognized that impairment [of Rs. 31.23 million] in Income Statement, despite that we have overall positive fair value reserves of Rs. 32.95 million [that pertained to ZIL Limited] in the balance sheet. We did not set them off with each other. If we exclude that impairment, our net profitability before taxation is Rs. 232.18 million [Consolidated: Rs. 312.77 million] which is considerably high as compared to last year. Moreover, operational profitability is also improved significantly across the board.

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	
					2009-2010	2008-2009
Local Sales	18.40%	39.86%	44.70%	31.47%	67%	68%
Export Sales	29.20%	(43.16%)	0.00%	28.82%	33%	32%
Total Sales	22.79%	39.22%	44.70%	30.83%	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**:

- Impairment loss of Rs. 31.23 million in value of investments of IGI Investment Bank [as indicated above].
- Increased financial charges due to borrowing incurred for various projects & increased working capital requirements;
- Paper and Board Mill Project under FTMM which is in its infancy stage;
- Increase in depreciation due to addition in fixed assets;
- 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 WPPF & WWF due to high profitability;
- 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**:

- Hefty capital gains [realized/unrealized] on short term investments;
- Gain on disposal of shares of Packages Limited;
- Dividend Income;
- Better Tax Management;

Segment-wise Results:

Blade/Disposable Razors			
Rs. in '000	**2009-2010**	**2008-2009**	**% Change**
Sales Net	**2,059,454**	1,677,262	22.79
Inter-group Purchase	**(10,092)**	(8,429)	19.71
Gross Profit	**559,920**	456,209	22.73

Blade/disposable business posted good growth both in local and export markets. Sales strategy was focused one 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 were the negative factors during the period.

Soaps			
Rs.in '000	**2009-2010**	**2008-2009**	**% Change**
Sales Net	**651,263**	467,777	39.22
Inter-group Purchase	**(10,889)**	(10,917)	(0.25)
Gross Profit	**72,274**	49,596	45.72

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

Corrugation			
Rs.in '000	**2009-2010**	**2008-2009**	**% Change**
Sales Net	**932,653**	676,636	37.84
Inter-group Sales	**46,480**	19,345	140.26
Inter-group Purchase	**(85,676)**	-	-
Gross Profit	**80,226**	15,082	431.84

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.

Corrugation under Modaraba is able to show good volume growth during the period and net profitability is also turned into GREEN due to the following factors:

1. Increase in sales volume;
2. Market penetration;
3. Price rationalization;
4. Increased productivity; and
5. Tapping new sources of raw materials.

Sustained efforts were made to improve the margins through process of continuous improvement and enhancement.

However, increase in tariff rates and power shortages [and burden is fallen on us in the shape of expensive in-house generation] and inflationary impact on salaries & wages [outsourced services], transportation costs and increased Financial Charges were negative factors on net profitability during the year.

Paper & Board			
Rs.in '000	**2009-2010**	**2008-2009**	**% Change**
Sales Net	**30,070**	-	-
Inter-group Sales	**85,676**	-	-
Inter-group Purchase	**(25,499)**	-	-
Gross Profit	**(2,814)**	-	-

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

Motor Cycle Project			
Rs.in '000	**2009-2010**	**2008-2009**	**% Change**
Sales Net	**18,052**	-	-
Gross Loss	**(4,586)**	-	-

One of the projects that your Company has started as a part of its diversification strategy is "**Motor Cycle Assembly**" which is under way. 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	**2009-2010**	**2008-2009**
Un-Appropriated Profit b/f	**696,455**	728,226
Realization of Revaluation Surplus (Net)	**5,975**	575
Profit/(loss) during the period	**202,633**	(32,346)
Profit available for appropriation	**905,063**	696,455
Dividend Distributed (50% Interim- excluding bonus)	**20,911**	-
Bonus Issue (900% Interim)	**376,400**	-
Un-Appropriated Profit c/f	**507,752**	696,455
Dividend Declared (Final)	**Nil**	Nil

Production

This year illustrated an increase of 11.33% in the production of razor/blades over the last year as follows:

Plant Capacity & Production:

(in millions)	**Rated**	**2010**	**2009**
Hyderabad	**525**	602	579
Lahore	**750**	802	682
Total	**1275**	1404	1261

Dividend & Bonus

The Management of your Company has paid interim 50% Cash Dividend on April 09, 2010 and 900% Bonus Shares has been allotted on April 05, 2010. The said entitlement of Cash Dividend and Bonus Shares have been paid/ made to the shareholders whose names appeared in the Register of Members on March 10, 2010.

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 Regulations), 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 judgement.

- 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, 2010 are as follows:

Provident Fund	235.310
Gratuity Fund	77.491
Superannuation Fund	78.976
Service Fund	42.438
Housing Fund	3.327

Audit Committee

In compliance with the Code, the Board of Directors of your Company has established an Audit Committee. Currently Audit Committee has 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 off its holding in the shares of Packages 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. Moreover, your Company has also disposed off its shares in TRG Pakistan Limited.

Meetings of the Board of Directors

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

Total No. of Meetings Held = 05	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	05	-
MR. MUHAMMAD SHAFIQUE ANJUM	05	-
MR. FIRASAT ALI	04	Leave of Absence
MR. MUNIR K. BANA	05	-
MR. JALEES AHMED SIDDIQUI	01	Leave of Absence

Mr. Firasat Ali resigned and Mr. Imran Azim was co-opted in his place on August 05, 2010. The Board wishes to record its appreciation for the contribution made for the Company by outgoing director and warmly welcome to newly appointed director.

Pattern of Shareholding

The pattern of shareholding of your Company as on June 30, 2010 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 (if any), 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 devastating floods in Pakistan have adversely impacted the food supply chains. Nearly 17 million acres of cultivated cropland has been lost to floods while the loss of livestock could also be in billions (UN 2010). The loss of crops from floods alone caused huge spikes in the price of necessary food items because of uncertainty in the supply of grains, livestock, etc. It may take months to resettle the internally displaced farm workers on the land they once tilled, thus causing perpetual delays in future food production.

Given these inflationary trends and expected developments, inflation in FY11 is likely to persist. Several factors explain risk of inflation remaining high. First, the fiscal consolidation measures, including further upward adjustments in electricity price, increase in General Sales Tax (GST), federal excise and import duties will continue to have upward pressure on inflation. Second, announced increase in government employees' wages to compensate for high inflation will fuel expectations of rising inflation. Third, rising domestic demand pressures coupled with weak productive capacity may widen the gap between aggregate demand and supply, causing inflation persistence.

Continued government borrowings from the banking system for budgetary support put further pressure on the banking system resources.

As feared, weakening of fiscal position is materializing…

Sustainable recovery of real sector of the economy would not be possible without revival of business environment and availability of credit to private sector, which in turn depends on the elimination of electricity shortages among other factors. Moreover, stagnant private sector investment can hurt the potential output of the economy, adversely impacting inflation persistence. From a forward looking perspective, expected improvement in the external current account and emerging global economic recovery augur well for Pakistan's economy. But, limited progress on electricity shortages and stressed fiscal position dilute some of the optimism. Similarly, inflation outlook is not completely benign yet as depicted by recent monthly trends. Under these circumstances, assessment of balance of risks continues to be somewhat uncertain.

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.

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.

Moreover, the Company is strategically opting to pass on the benefit to the end –users by initiating various consumer promotions on its double edge brands in the local market, as envisaged it paid dividends in terms of retaining the broad base of consumers and also holding the interest of the trade channels alive.

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

Soaps:

The indigenous soap industries are under pressure due to the inflow of counterfeit toilet soaps in the country. Raw material prices which are linked to international prices of Palm Oil remained high during the year and are likely to follow the same pattern in the coming year.

The rates of customs duties on most of soap's industrial raw material are irrational. Despite the above factors your Company is able to increase the sale volume [and profitability] due to prompt response and stratagem.

Corrugated Packaging:

Economic and political conditions of the Country are hampering industrial growth; particularly industrial sector is in jeopardy.

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.

Demand of corrugated packaging/ paper and boards products are derived demand stemming from industrial (and to some extent agricultural) growth. Thus industrial growth is pivotal to the growth of corrugation industry. The Economic Survey shows that total Gross Fixed Capital Formation (GFCF) fell by 0.6 percent, as the private sector witnessed a drop of 3.5 percent. Included in this decline, is the 4.9 percent slide in manufacturing sector (down 12.4 percent in LSM) and 18.8 percent in the electricity and gas sector. And just as the LSM sector, small and medium businesses are likely to be strained. “The small and micro-enterprise sectors, which employ the bulk of the non-agricultural labour force, and are less well captured in the national accounts data, are much less insulated, and therefore significantly more vulnerable to shocks such as wide spread disruptions to energy supply, the survey aptly points out”. Under these economic circumstances, maintaining good volumes and margins would be challenging and these can only be achieved by deploying appropriate marketing mix and delving into business strategies based on market penetration, product and market developments and bringing in price rationalization, production efficiencies and improvement in operations and raw material sourcing.

Your Company is continually reviewing its business strategy to cope with the threats.

Paper & Board:

Per-capita consumption of paper and board in Pakistan is still at very low levels. In the long run, paper and board industry in Pakistan is likely to flourish but in the medium term, Pakistan’s economy is experiencing fiscal difficulties and if not addressed in time they do have a tendency to spillover to other sectors and disrupt real economic activities. Pakistan falls to 123rd place, weakening across most areas measured by the GCI. Still at an early stage of development, the country will require efforts in particular to improve the basic determinants of its competitiveness, namely its institutions (112th), infrastructure (110th), and macroeconomic environment (133rd) as well as education at all levels.

In the short run, international pulp prices [that are still at very high levels], electricity shortage, fuel costs etc. are the major area of concerns.

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 (from those who can shift from cycles to motor cycles). Currently motorcycle is straddling at 750,000 ˜ 775,000 units per annum.

General:

In the short run, recent devastating 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.

In the long run your Company is envisaging various projects as part of its diversification strategy and will form various strategic business units that would be built on core competencies (developed through a process of continuous improvement and enhancement).

One of the projects under consideration is “**Poultry**” which is under way. Your Company is also setting up “Trading House” for trading of industrial raw material. Your Company is also actively engaged in BMR of existing plants to achieve higher production output to meet future requirements.

Moreover, management is confident that impairment in investment value is short term and will be recovered before next financial year closure.

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].

The Management of your Company has decided to raise funds through Participation Term Certificates (PTC), that will be issued 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 04, 2010

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

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. Casual vacancy occurring in the Board on August 05, 2010 was filled up by the directors thereof.

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 04, 2010

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 2010.

KPMG Taseer Hadi &

KPMG & CO.
Chartered Accountants
(Farid Uddin Ahmad)

LAHORE:
October 04, 2010

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 2010 and 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 audited the separate financial statements of Treet Corporation Limited and its subsidiary company, Global Econo Trade (Private) Limited. First Treet Manufacturing Modaraba, TCL-Labor Hire Company (Private) Limited, Treet Services (Private) Limited and Treet Power Limited were audited by another firm of auditors, whose reports have been furnished to us, and in our opinion, in so far as these relate to the amounts included for such companies, is based solely on the reports of such other auditors.

These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on these 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 financial position of the Group as at 30 June 2010 and the results of its operations, its cash flows, its comprehensive income and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

As stated in note 4.1 to the financial statements, the Group has changed its accounting policy on initial application of standards, amendments or interpretations to existing standards, with which we concur.

KPMG Taseer Hadi &

Lahore
Date: October 04, 2010

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

Consolidated Balance Sheet

as at June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	2,008,580	1,834,838
Investment property	7	139,424	140,174
Long term investments	8	99,287	270,057
Long term loans and deposits	9	23,168	4,710
		2,270,459	2,249,779
Current assets			
Stores and spares	10	153,071	87,077
Stock in trade	11	494,954	622,961
Trade debts - considered good	12	255,201	182,064
Short term investments	13	499,884	197,031
Loans, advances, deposits, prepayments and other receivables	14	339,259	350,004
Cash and bank balances	15	217,720	214,768
		1,960,089	1,653,905
Liabilities			
Current liabilities			
Short term borrowings under mark-up arrangements - secured	16	1,709,066	1,697,733
Trade and other payables	17	354,883	206,532
Mark-up on short term borrowings under mark-up arrangement		40,442	39,417
Taxation		27,820	30,852
		2,132,211	1,974,534
Net current liabilities		(172,122)	(320,629)
Long term deposits	18	2,491	2,423
Deferred taxation	19	59,243	75,274
		61,734	77,697
Contingencies and commitments	20		
		2,036,603	1,851,453
Represented by:			
Authorised capital			
70,000,000 (2009: 20,000,000) ordinary shares of Rs. 10 each		700,000	200,000
10,000,000 (2009: Nil) preference shares of Rs. 10 each		100,000	-
		800,000	200,000
Share capital	21	418,222	41,822
Reserves	22	275,349	335,630
Unappropriated profit		577,793	702,881
		1,271,364	1,080,333
Non-controlling interest		881	787
		1,272,245	1,081,120
Surplus on revaluation of property, plant and equipment	23	764,358	770,333
		2,036,603	1,851,453

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Profit and Loss Account

for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Sales - Net	24	3,691,492	2,821,675
Cost of sales	25	2,986,473	2,300,787
Gross profit		705,019	520,888
Administrative expenses	26	84,936	59,175
Distribution expenses	27	279,607	234,959
		364,543	294,134
Operating profit		340,476	226,754
Finance cost	28	210,795	168,827
Other operating expenses	29	33,965	117,315
		244,760	286,142
Other operating income	30	192,807	36,446
Share of profit of associate		8,662	14,427
		201,469	50,873
Workers' Profit Participation Fund (WPPF)		11,031	225
Workers' Welfare Fund (WWF)		4,618	1,753
		15,649	1,978
Profit / (loss) before taxation		281,536	(10,493)
Taxation			
Equity holders of the parent	31	12,115	33,047
Associated company		3,079	5,223
Profit / (loss) from continuing operations		266,342	(48,763)
Attributable to:			
Equity holders of the parent		266,248	(48,684)
Non-controlling interest		94	(79)
		266,342	(48,763)
Combined earnings / (loss) per share - Basic and diluted (Rupees)	38	6.37	(1.16)

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

LAHORE:	**Syed Shahid Ali**	**Muhammad Shafique Anjum**
October 04, 2010	Chief Executive Officer	Director

Consolidated Statement of Comprehensive Income

for the year ended June 30, 2010

	2010	2009
	(Rupees in thousand)	
Profit / (loss) after taxation	266,248	(48,684)
Other comprehensive loss:		
Realized (gain) on sale of long term investment available for sale	(60,281)	-
Diminution in the value of 'available for sale' investment	-	(48,255)
	(60,281)	(48,255)
Total comprehensive income / (loss) for the year	205,967	(96,939)
Attributable to :		
Equity holders of the parent	205,566	(96,750)
Non-controling interest	401	(189)
	205,967	(96,939)

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Cash Flow Statement

for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	37	393,136	29,667
Finance cost paid		(209,770)	(157,247)
Taxes paid		(57,797)	(43,461)
WPPF and WWF		2,677	(2,190)
Payment to Gratuity fund		(8,701)	(6,606)
Payment to Superannuation fund		(9,381)	(7,245)
		(282,972)	(216,749)
Net cash inflow / (outflow) from operating activities		110,164	(187,082)
Cash flows from investing activities			
Fixed capital expenditure incurred		(256,787)	(301,317)
Proceeds from sale of property, plant and equipment		9,348	5,981
Long term investments		145,050	(8,935)
Long term loans and deposits		(18,458)	660
Profit received on bank deposits		13,031	11,315
Dividend received		11,287	3,943
Net cash outflow from investing activities		(96,529)	(288,353)
Cash flows from financing activities			
Short term borrowings		468,737	425,456
Dividend paid		(22,084)	(95)
Long term deposits		68	1,647
Payment of lease obligation		-	(507)
Modaraba certificates issued		-	513
Net cash inflow from financing activities		446,721	427,014
Net increase / (decrease) in cash and cash equivalents		460,356	(48,421)
Cash and cash equivalents at the beginning of year		(741,419)	(692,998)
Cash and cash equivalents at the end of year	33	(281,063)	(741,419)

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Statement of Changes in Equity

for the year ended June 30, 2010

	Share	Reserve			Un-appropriated	
	capital	Capital	General	Fair value	profit	Total
	(----------------Rupees in thousand--------------)					
Balance as at 01 July 2008	41,822	8,949	266,400	108,536	750,991	1,176,698
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	-	574	574
Total comprehensive loss for the year	-	-	-	(48,255)	(48,684)	(96,939)
Balance as at 30 June 2009	41,822	8,949	266,400	60,281	702,881	1,080,333
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 fixed assets - net of tax	-	-	-	-	5,975	5,975
Total comprehensive income for the year	-	-	-	(60,281)	266,248	205,967
Balance as at 30 June 2010	418,222	8,949	266,400	-	577,793	1,271,364

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

1. STATUS AND NATURE OF THE BUSINESS

The Group comprises:

Treet Corporation Limited (“ the Company”) and

Subsidiary companies

Global Econo Trade (Private) Limited (GET)
First Treet Manufacturing Modaraba (FTMM)
TCL - Labor Hire (Private) Limited (TCL Labor Hire)
Treet Services (Private) Limited (TSL)
Treet Power Limited (TPL)

The Company was incorporated in Pakistan on 22 January 1977 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). Its shares are listed on Karachi ,Lahore and Islamabad Stock Exchanges. The principal activity of the Company is to manufacture and sell razors and razor blades along with sale of soaps. The registered office of the Company is situated at 72-B, Industrial Area Kotlakhpat, Lahore.

GET was incorporated in Pakistan on 21 October 2004 as a private limited company under the Companies Ordinance, 1984. GET commenced its commercial operations from 01 January 2005. The principal activity of GET is marketing and sale of razors and razor blades manufactured by the Company. GET is also engaged in the business of manufacturing and sale of soaps and bike. The registered office of GET is situated at 72-B Industrial area Kotlakhpat, Lahore.

FTMM 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. The registered office of FTMM is situated at 72-B Industrial area Kotlakhpat, Lahore. FTMM is listed on Lahore stock exchange and is engaged in the manufacture and sale of corrugated boxes, paper and soap.

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

Treet Services (Private) Limited was incorporated in Pakistan on 26 October 2007 as a private limited company under the Companies Ordinance, 1984. TSL 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. The registered office of TSL is situated at 72-B, Industrial Area Kotlakhpat, 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 TPL is planning to set up an electric Power Generation project for generating, distribution and selling of electric power. The registered office of TPL is situated at 72-B, Industrial Area Kot Lakhpat, Lahore.

2. BASIS OF PREPARATION

2.1 These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Company for the year ended 30 June 2010 and the audited financial statements of the Subsidiary Companies for the year ended 30 June 2010. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 8 to these consolidated financial statements.

The accounting policies used by the Subsidiary Company in preparation of its financial statements are consistent with that of the Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Company.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of 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.

2.3 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 consolidated financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.4 Functional and presentational currency

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

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, 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 judgements 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 judgements 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 effects 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 judgements were exercised in application of accounting policies are as follows:

	Note
- Retirement and other benefits	5.2
- Provision for taxation	5.3
- Residual values and useful lives of depreciable assets	5.4
- Provisions and contingencies	5.19
- Interest rate and cross currency swaps	5.20

4. Initial application of new standards, Interpretations or amendments to existing standards and forth coming requirements.

4.1 Change in accounting policy (initial application)

Effective 01 July 2009, the Group has changed its accounting policy in respect of the following:

The Group has applied Revised IAS 1 Presentation of Financial Statements (2007) which became effective as of 01 January 2009. The Group has opted two statement approach to present its comprehensive income for the year ended 30 June 2010 and comparative period.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspect, there is no impact on profit for the year.

4.2 New Accounting Standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective from the dates specified below and are either not relevant to Group's operations or are not expected to have significant impact on the Group's financial statements other than certain increased disclosures:

- IFRS 2 (amendment)-Share-based payments and withdrawal of IFRIC 8- Scope of IFRS 2 and IFRIC 11- Group and Treasury Share Transactions (effective for annual periods beginning on or after 01 January 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities.

- International Accounting Standard (IAS) 24 (revised): Related Party Disclosures (effective for annual period beginning on or after 01 January 2011). The amendments to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party.

- Amendments to IAS 32: Classification of Right Issues (effective for period beginning on or after 01 February 2010). Under the amendment to IAS 32 rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective for period beginning on or after 01 July 2010). IFRIC 19 clarifies the accounting when an entity extinguish the liability by issuing its own equity instruments to the creditor.

- Amendments to IFRIC 14: Prepayment of a Minimum Funding Requirement (effective for period beginning on or after 01 July 2011). IFRIC 14, IAS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction has been amended to remedy an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognise prepayments of minimum funding contributions, as an asset.

- The International Accounting Standards Board made certain amendments to existing standards as part of its second and third annual improvements project. The effective dates for these amendments vary by standards.

5. Summary of significant accounting policies

5.1 Principles of consolidation

Subsidiary

The consolidated financial statements include the financial statements of the Company and its subsidiary companies.

Subsidiaries are those enterprises in which the Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material Inter-Group balances, transactions and resulting unrealized profits/losses have been eliminated.

Investments in associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investments recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

5.2 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 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 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 (SFS) are also in operation for all employees with qualifying service period 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. 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 17.4 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 gain/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.

5.3 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 enacted or substantially enacted 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 recognized using the balance sheet liability method, on all temporary differences arising on differences between carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.4 Property, plant and equipment & depreciation

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 to 10,000
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 property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off.

The property's residual values and useful life are reviewed at balance sheet date and adjusted if 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.

5.5 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.

5.6 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 i.e. at cost less any accumulated depreciation and any identified impairment loss in case of building.

Depreciation on building 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 addition to investment property 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 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.

5.7 Investments

Equity instruments of associate company

Associates are all entities over which the Group has significant influence but no control. Investment in equity instruments of associates are accounted for using the equity method of accounting and are initially recognised at cost. However those Companies, where the Group does not have a significant influence but are associate under Companies Ordinance 1984, are recognised as available for sale investment.

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 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 and loss account

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 and 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.

5.8 Impairment of assets

The Group assesses at each balance sheet date, whether there is any indication that assets 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.

5.9 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. A provision is made for any excess of book value over net realizable value of items identified as surplus to the Group's requirement. 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.

5.10 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.

5.11 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off to the profit and loss account when identified.

5.12 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

5.13 Revenue recognition

(i) Revenue from sale of goods is recorded when significant risks and rewards are transferred to the customers, i.e. on dispatch of goods to the customers.

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

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

(iv) Revenue from services are recognized when services are rendered and billed to the customer.

5.14 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.

5.15 Finance lease

Leases, where the Group has substantially all the risks and rewards of ownership are, classified as finance lease. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 6.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation on leased assets is charged from the day on which the asset becomes available for use till the day it is fully depreciated or disposed off.

5.16 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 i.e., 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 Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and or deposit accounts held with banks. Running finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

5.18 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.

5.19 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.

5.20 Derivative financial instruments

These are initially recorded at fair value on the date on which a derivative contract is entered into and are remeasured 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.

5.21 Related party transactions

The Group enters into transactions with related parties on arms length basis. Prices for transactions with related parties are determined using admissible valuation methods. Parties are said to be related, if they are able to influence the operating and financial decisions of the Group and vice versa.

5.22 Research and development costs

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

5.23 Group's 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.

5.24 Dividends

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

5.25 Segment reporting

The business segment is a group of assets and operations engaged in providing product or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

	Note	2010	2009
		(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENTS			
Operating fixed assets	6.1	1,861,375	1,517,778
Capital work - in - progress	6.2	147,205	317,060
		2,008,580	1,834,838

6.1 Operating fixed assets

	Owned assets					Leased assets	
Description	**Freehold Land**	**Buildings on freehold land**	**Plant and machinery**	**Furniture and fittings**	**Vehicles**	**Vehicles**	**Total**
	(-------------------------Rupees in thousand					-------------------------)	
Net carrying value as at 01 July 2009							
Opening net book value (NBV)	947,815	239,732	272,220	15,346	42,665	-	1,517,778
Additions during the year	18,000	238,269	135,715	3,403	31,255	-	426,642
Disposals (at NBV)	-	-	-	(125)	(3,750)	-	(3,875)
Depreciation charge	-	(18,127)	(42,844)	(3,803)	(14,396)	-	(79,170)
Balance as at 30 June 2010 (NBV)	965,815	459,874	365,091	14,821	55,774	-	1,861,375
Gross carrying value as at 30 June 2010							
Cost	965,815	550,816	809,852	39,201	99,220	-	2,464,903
Accumulated depreciation	-	(90,942)	(444,760)	(24,380)	(43,446)	-	(603,528)
Net book value	965,815	459,874	365,092	14,821	55,774	-	1,861,375
Net carrying value as at 01 July 2009							
Opening net book value (NBV)	438,632	112,086	282,075	12,259	38,061	2,665	885,778
Additions / revaluations during the year	509,183	136,313	27,157	6,488	18,312	-	697,453
Disposals (at NBV)	-	-	-	(203)	(2,893)	-	(3,096)
Transfer	-	-	-	-	2,665	(2,665)	-
Depreciation charge	-	(8,667)	(37,012)	(3,198)	(13,480)	-	(62,357)
Balance as at 30 June 2009 (NBV)	947,815	239,732	272,220	15,346	42,665	-	1,517,778
Gross carrying value as at 30 June 2009							
Cost	947,815	312,547	674,137	36,011	80,868	-	2,051,378
Accumulated depreciation	-	(72,815)	(401,917)	(20,665)	(38,203)	-	(533,600)
Net book value	947,815	239,732	272,220	15,346	42,665	-	1,517,778
Depreciation rate per annum	-	5-10	10	10-25	20	20	

	Note	2010	2009
		(Rupees in thousand)	
6.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	25.1	42,232	34,332
Cost of goods sold - soap	25.2	17	-
Cost of goods sold - packaging material	25.3	11,954	11,919
Cost of goods sold - bike	25.4	394	-
Cost of goods sold - paper and board	25.5	5,201	-
Administrative expenses	26	13,935	10,672
Distribution expenses	27	5,437	5,434
		79,170	62,357

6.1.2 Land and building 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.

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

	2010	2009
	(Rupees in thousand)	
Land	418,485	400,485
Buildings	333,743	105,162

6.1.4 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Profit/ (loss)	Mode of disposal	Sold to	
	(------------------------------------ Rupees in thousand------------------------------------)							
Vehicles								
Suzuki Cultus	590	527	63	289	226	Company scheme	Mr. Imran Khan	Employees
Suzuki Baleno	799	714	85	349	264	Company scheme	Mr. Khalid Adeeb	
Daihatsu Coure	474	357	117	121	4	Company scheme	Mr. M.Arif	
Suzuki Mehran	350	164	186	350	164	Company scheme	Mohammad Imran	
Suzuki Cultus	450	248	202	450	248	Company scheme	Ijazul Haq	
Suzuki Mehran	350	101	249	350	101	Company scheme	Mr. Muhammad Ali	
Suzuki Mehran	405	155	250	378	128	Company scheme	Mr. Nasar Hayat	
Suzuki Mehran	416	160	256	350	94	Company scheme	Mr. Hassan	
Toyota Corolla	879	590	289	726	437	Company scheme	Mr. Vakeel Ahmad	
Suzuki Mehran	400	67	333	400	67	Company scheme	Mr. Ayaz Ahmad	
Suzuki Liana	849	471	378	470	92	Company scheme	Mr Inayat Ali	
Toyota Corolla	969	510	459	491	32	Company scheme	Mr. Saeed Ahmad Ch	
Suzuki Cultus	650	86	564	650	86	Company scheme	Mr. Amjad Nisar	
	7,581	4,150	3,431	5,374	1,943			
Other assets with book value less than Rs 50,000	5,534	5,090	444	3,974	3,530	Negotiation	Miscellaneous	
2010	13,115	9,240	3,875	9,348	5,473			
2009	10,645	7,549	3,096	5,982	2,886			

	2010	2009
	(Rupees in thousand)	
6.2 Capital work - in - progress		
Building	29,921	256,712
Plant and machinery	117,284	60,348
	147,205	317,060

7. INVESTMENT PROPERTY

	Note	Owned assets: Freehold Land	Owned assets: Building on freehold land	Owned assets: Total
		-------- Rupees in thousand--------		
Net carrying value as at 01 July 2009				
Opening net book value (NBV)		127,985	12,189	140,174
Additions during the year		-	-	-
Depreciation charge	26	-	(750)	(750)
Balance as at 30 June 2010 (NBV)		127,985	11,439	139,424
Gross carrying value as at 30 June 2010				
Cost		127,985	15,000	142,985
Accumulated depreciation		-	(3,561)	(3,561)
Net book value		127,985	11,439	139,424
Net carrying value as at 01 July 2008				
Opening net book value (NBV)		127,985	12,939	140,924
Additions during the year		-	-	-
Depreciation charge	26	-	(750)	(750)
Balance as at 30 June 2009 (NBV)		127,985	12,189	140,174
Gross carrying value as at 30 June 2009				
Cost		127,985	15,000	142,985
Accumulated depreciation		-	(2,811)	(2,811)
Net book value		127,985	12,189	140,174
Rate of depreciation in %		-	5	

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

7.2 The approximate market value of the investment property as at 30 June 2010 amounts to Rs. 180 million (2009: 82.75 million).

	Note	2010	2009
		(Rupees in thousand)	
8. Long term investments			
Equity instruments of associated company	8.1	47,778	45,672
Available for sale investments	8.2	51,509	224,385
		99,287	270,057

		Note	2010	2009
			(Rupees in thousand)	
8.1	**Equity instruments of associated Company - ZIL Limited**			
	Cost		5,418	5,418
	Post acquisition profit brought forward	8.1.1	40,254	31,840
			45,672	37,258
	Profit for the year			
	Before taxation		8,662	14,427
	Less: Provision for taxation		(3,079)	(5,223)
			5,583	9,204
			51,255	46,462
	Less: Dividends received during the year		(3,477)	(790)
	Balance as at 30 June		47,778	45,672

8.1.1 At 30 June 2010, the Group held equity of 956,710 (2009: 896,191) fully paid ordinary shares of Rs. 10 each, which is 17.96% (2009: 17.96 %) of the total issued and subscribed share capital of ZIL Limited. The Group has got significant influence on ZIL, as a result of which its investment has been accounted for under equity method.

The Company pledged 420,000 shares of ZIL, an associated company with Dadabhoy Leasing Company Limited (DLCL) for Modaraba finance facility granted to ZIL. ZIL 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 to cancel the original share certificates and issue duplicate share certificates to the Company.

		Note	2010	2009
			(Rupees in thousand)	
8.2	**Available for sale investments**			
	Quoted investments	8.2.1	32,766	205,642
	Un - quoted investments	8.2.2	18,743	18,743
			51,509	224,385

	Note	Number of ordinary shares of Rs 10 each 2010 Number	2009 Number	Cost 2010	2009	Market value 2010	2009	Percentage of holding 2010 %	2009 %
				............(Rupees in thousand)...........					
8.2.1 Quoted investments									
Associated companies									
Packages Limited	8.2.1.1	-	883,030	-	78,459	-	138,671	-	1.05
Others									
IGI Investment Bank Limited		15,311,000	15,311,000	63,931	139,978	32,766	64,000	7.22	7.22
TRG Pakistan Limited		-	2,200,500	-	21,982	-	2,971	-	0.59
				63,931	240,319	32,766	205,642		

8.2.1.1 Packages Limited is an associated undertaking under the Companies Ordinance, 1984, however, for the purpose of measurement, this investment has been classified as "available for sale" under IAS 39 "Financial Instruments: recognition and measurement" rather than being accounted for under equity method because the Group does not have a significant influence over the operations of Packages Limited.

	Note	Number of ordinary shares of Rs 10 each 2010 Number	2009 Number	Cost 2010	2009	Percentage of holding 2010 %	2009 %
				(Rupees in thousand)			
8.2.2 Un-quoted investments							
Techlogix Inc.	8.2.2.1	748,879	748,879	8,593	8,593	0.74	0.74
Systems Limited	8.2.2.1	637,448	637,448	10,150	10,150	1.27	2.95
				18,743	18,743		

8.2.2.1 The breakup value as per latest available financial statements for Techlogix Inc. and Systems Limited is Rs. 2.63 (2009: Rs. 2.40) and Rs. 16.63 (2009: Rs. 15.35) per share respectively.

	Note	2010	2009
		(Rupees in thousand)	
9. LONG TERM LOANS AND DEPOSITS			
Loans to employees - secured, considered good	9.1	5,750	2,683
Loan to Housing Fund		7,345	
Less: Amount due within one year shown under current assets	14	(6,094)	(2,099)
		7,001	584
Carrying value of loan considered good	9.2	3,835	-
Long term deposit	9.3	12,284	4,126
Others		48	-
Fair value of interest free loans and deposits		23,168	4,710

9.1 These are interest free loans to the Group's employees for house construction 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. 0.655 million (2009: Rs. 0.520 million) receivable from the Executives of the Group but there is no amount that is receivable from Directors and Chief Executive.

Reconciliation of the carrying amount of loans and advances to Executives:

	2010	2009
	(Rupees in thousand)	
Balance as at 01 July	520	172
Disbursements	3,937	1,551
Repayments	(3,802)	(1,203)
Balance as at 30 June	655	520

The maximum amount due from the Executives at the end of any month during the year was Rs. 1.05 million (2009: Rs. 0.707 million).

Long term loan to employees outstanding for more than three years amounts to Rs. Nil (2009: Rs Nil).

9.2 This represents various loans given to Khatoon Industries (Private) Limited (KIL) which have been adjusted during the year.

9.3 This represents interest free security deposit given to KIL for the use of assets by GET for a period of five years.

	Note	2010	2009
		(Rupees in thousand)	
10. STORES AND SPARES			
Stores		28,662	14,452
Spares	10.1	124,409	72,625
		153,071	87,077

10.1 It includes spares in transit amounting to Rs. 37.39 million (2009: Rs. 6.085 million).

	Note	2010	2009
		(Rupees in thousand)	
11. STOCK IN TRADE			
Blades:			
Raw and packing material	11.1	208,757	200,147
Work - in - process		33,292	34,651
Finished goods		31,343	32,464
		273,392	267,262
Soaps:			
Raw and packing materials	11.2	71,186	84,960
Work - in - process		23,868	17,379
Finished goods		23,894	28,521
		118,948	130,860
Packing material:			
Raw materials	11.3	35,988	218,830
Work - in - process		5,108	1,914
Finished goods		3,549	4,095
		44,645	224,839
Bike:			
Raw materials		26,770	-
Work - in - process		3,071	-
Finished goods		4,052	-
		33,893	-
Paper and board:			
Raw materials		21,076	-
Work - in - process		103	-
Finished goods		2,897	-
		24,076	-
		494,954	622,961

11.1 It includes raw material in transit amounting to Rs. 39.693 million (2009: Rs. 3.626 million).

11.2 It includes raw material in transit amounting to Nil (2009: Rs. 24.860 million).

11.3 It includes raw material in transit amounting to Rs. 25.95 million (2009: Rs. 0.18 million).

	2010	2009
	(Rupees in thousand)	
12. TRADE DEBTS - CONSIDERED GOOD		
Secured - against letter of credit	35,268	43,122
Un-secured	219,933	138,942
	255,201	182,064

	Note	2010	2009
		(Rupees in thousand)	

13. SHORT TERM INVESTMENTS

	Note	2010	2009
Investment at fair value through profit or loss			
Listed equity securities	13.1	219,013	180,062
Mutual funds	13.2	275,866	11,940
Commodity exchange	13.3	-	24
Un-listed equity securities		5	5
Held to maturity - certificate of deposit		5,000	5,000
		499,884	197,031

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

	Share certificates		Market value	
	2010	2009	2010	2009
	Number	Number	(Rupees in thousand)	
Sector /Companies				
Banks				
Askari Bank Limited	-	52,250	-	798
Habib Bank Limited	-	5,004	-	431
Standard Chartered Bank Pakistan Limited	52,000	52,000	382	441
NIB Bank Limited	-	300,000	-	1,425
Cement				
Lafarge Pakistan Cement Limited	288,000	10,278	789	778
Refinery				
National Refinery Limited	-	2,000	-	440
Pakistan Refinery Limited	-	769,000	-	69,056
Power generation and distribution				
Karachi Electric Supply Company Limited	139,500	139,500	311	370
Kohinoor Energy Limited	623,610	-	16,519	-
Modaraba				
First Habib Modaraba	100,000	51,000	503	204
First National Bank Modaraba	1,719,501	33,500	12,810	131
Standard Chartered Modaraba	52,099	-	479	-
Industrial Metal and Mining				
Crescent Steel and Allied Products Limited	33,251	-	835	-
Sugar and allied industry				
Shahtaj Sugar Mills Limited	107,960	91,700	7,040	8,987
Al-Noor Sugar Mills Limited	379,922	21,000	13,879	389
Thal Industries Corporation Limited	21,813	16,000	1,287	762

	Share certificates		Market value	
	2010 Number	2009 Number	2010 (Rupees in thousand)	2009
Chemicals				
Pakistan PTA Limited	-	3,324,000	-	9,507
Fertilizer				
Dawood Hercules Chemicals Limited	-	3,000	-	386
Technology and communication				
Callmate Tellips Telecom Limited	-	881,463	-	1,675
PTCL	-	65,000	-	1,121
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	33,218	6,064	34,532	6,174
Pakistan cables limited	-	10,000	-	341
Food and personal care products				
Murree Brewery Company Limited	14,972	8	1,252	1
Tobacco				
Pakistan Tobacco Company	-	17,000	-	1,238
Textile				
Indus Dyeing and Manufacturing Company Limited	308,189	102,100	64,412	4,998
Automobile assembler				
Al-Ghazi Tractor Limited	-	14,600	-	2,366
Honda Atlas Car Limited	-	2,800	-	36
Closed end mutual funds				
Al-Meezan Mutual Fund Limited	186,250	37,350	1,239	194
Transport				
Pakistan National Shipping Corporation	57,669	80,000	2,300	3,693
Paper and board mill				
Packages limited	-	75,437	-	11,846
Financial services				
IGI investment Bank Limited	3,508,468	-	7,508	-
Non Life Insurance				
IGI Insurance Company Limited	620,100	516,750	43,153	46,683
Miscellaneous				
Siddique Sons Tin Plate Limited	-	657,000	-	5,591
BIAFO Industries Limited	12,399	-	439	-
Descon Oxychem Limited	1,514,497	-	6,906	-
Tri Pack Films Limited	25,000	-	2,438	-
			219,013	180,062

13.2 Details of investment in mutual funds are stated below:

	Units		Amount (Market value)	
	2010 Number	2009 Number	2010 (Rupees in thousand)	2009
UTP Islamic Fund	1	1	1	1
IGI Islamic income Fund	30,230	47,286	3,178	5,035
Atlas Income Fund	-	9,933	-	4,978
Atlas Money Market Fund	12,179	-	10,422	-
Trustee KASB Cash Fund	10,635	-	1,088	-
Trustee Pakistan Cash Management Fund	-	243	-	912
Trustee Nafa Cash fund	1,000	1,000	1,061	1,014
NIT Government Bond	5,000,000	-	53,240	-
NIT Income	20,000,000	-	206,876	-
			275,866	11,940

13.3 Details of investment in commodity exchange:

Gold - 10 grams		1	-	24
			-	24

	Note	2010 (Rupees in thousand)	2009
14. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loans to employees - secured, considered good	9	6,094	2,099
Advances to employees - secured, considered good	14.1	2,348	2,763
Advances to employees - unsecured, considered good		-	-
Advances - un-secured, considered good			
Suppliers		94,745	134,172
Income tax		117,613	90,995
		212,358	225,167
Letter of credit - margin deposits		5,142	2,119
Prepayments		16,932	11,907
Insurance claim receivable		1,507	3,320
Interest accrued		3,181	2,796
Receivable from associated undertakings	14.2		
Wazir Ali Industries Limited		25	25
ZIL Limited		10	-
Loan to Loads Limited		40,000	
Packages Limited		-	13,356
		40,035	13,381

	Note	2010 (Rupees in thousand)	2009
Receivable from statutory authorities			
Export rebate		9,266	14,066
Freight subsidy		6,359	6,359
Collector of customs		252	7,726
Sales tax		30,185	33,775
		46,062	61,926
Receivable from broker against sale of investment held for trading		141	2,553
Dividend receivable		13	249
Workers' profit participation fund	17.3	-	9,925
Provident Fund		-	6,564
Miscellaneous		5,446	5,235
		339,259	350,004

14.1 These are interest free advances to Group's employees in respect of salary, medical and travelling expenses and are secured against employee retirement benefits. These include an aggregate amount of Rs. 0.664 million (2009 : Rs. 0.87 million) receivable from the Executives of the Group. Receivable from Directors and Chief Executive as at 30 June 2010 is Nil (2009 : Nil).

14.2 These are in the normal course of business and are interest free.

	Note	2010 (Rupees in thousand)	2009
15. CASH AND BANK BALANCES			
Cash in hand		-	2,625
Current accounts - Local currency		69,522	53,969
Saving accounts:			
Local currency	15.1	148,198	158,174
		217,720	214,768

15.1 These carry markup of 5% - 11.25% per annum (2009: 5% - 11.25% per annum).

16. SHORT TERM BORROWINGS UNDER MARK-UP ARRANGEMENT - SECURED

	Note	2010	2009
Banking companies:			
Running finance	16.1	498,783	956,187
Demand finance	16.2	200,000	300,000
Money market loans	16.3	700,000	100,000
Export refinance	16.4	310,283	341,546
		1,709,066	1,697,733

16.1 Running finances available from commercial banks under mark up arrangements amount to Rs 1,640 million (2009: Rs. 1,800 million). Mark-up is charged at rates ranging from 12.85% - 16.04% per annum (2009: 12.57% - 18.50%).

16.2 This represents Istisna facility provided by Bank Islami Pakistan Limited out of the total approved limit of Rs. 200 million to finance on-going operations of the Modaraba. It is repayable in lump-sum within 90 days from the date of disbursement i.e. June 30, 2010. It carries mark-up at the rate of matching KIBOR + 1%. It is secured against ranking charge over present and future assets of the Modaraba with 25% margin.

16.3 This represents money market loans obtained from commercial banks, which carry mark-up of 12.67% - 15.49% per annum (2009: 12.42% - 15.87%). These are for periods ranging from 30 to 180 days.

16.4 This represents export refinance available from commercial banks under mark-up arrangements amounting to Rs. 700 million (2009: Rs. 659 million). Mark-up is charged at the rate of 7.50 % - 9% per annum (2009: 7.50%).

16.5 The above facilities are secured by way of joint first pari pasu hypothecation charge of Rs 4,335 million on the entire present and future assets of the Group.

	Note	2010	2009
		(Rupees in thousand)	
17. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties		1,495	9,693
Others		57,188	50,362
		58,683	60,055
Other creditors			
Related parties	17.1	236	8,219
Others		17,965	11,683
		18,201	19,902
Accrued liabilities		119,263	70,181
Payable against letter of credit		34,320	4,868
Advances from customers		48,939	4,519
Payable to brokers		12	2,190
Workers' profit participation fund	17.3	5,534	-
Workers' Welfare Fund	17.2	4,620	1,753
Employee deposits		19,461	15,763
Payable to gratuity fund	17.4	11,492	8,701
Payable to superannuation fund (SFS)	17.4	11,661	9,381
Payable to service fund		638	1,146
Payable to employee's provident fund		14,210	-
Payable to housing fund		344	-
Sales tax payable		2,927	3,874
Withholding tax payable		458	-
Unclaimed dividend		776	1,949
Income tax deducted at source		202	-
Other payables		3,142	2,250
		354,883	206,532

17.1 Other creditors - related parties

	2010	2009
ZIL Limited	181	150
IGI Insurance Limited	55	8,069
	236	8,219

17.2 Workers' Welfare Fund

	2010	2009
Balance as at 01 July	1,753	642
Allocation for the year	4,618	1,753
	6,371	2,395
Less: Paid during the year	1,751	642
Balance as at 30 June	4,620	1,753

	Note	2010	2009
		(Rupees in thousand)	
17.3 Workers' Profit Participation Fund			
Balance as at 01 July		(9,925)	8,602
Allocation for the year	17.3.1	11,031	(225)
		1,106	8,377
Less: (Paid) / received during the year		4,428	1,548
Balance as at 30 June		5,534	9,925

17.3.1 This has been calculated as per clause (b) of sub-section (1) of section 3 of the Companies Profit (Workers' Participation) Act, 1968.

17.4 Employee benefits

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

	2010			
	Gratuity	**SFS**	**Total**	2009
		Rupees in thousand		
Opening liability	8,701	938	18,082	13,851
Expense for the year	11,492	11,661	23,153	18,082
Contributions made by the Group during the year	(8,701)	(9,381)	(18,082)	(13,851)
Balance as at 30 June	11,492	11,661	23,153	18,082

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

	2010			
	Gratuity	**SFS**	**Total**	2009
		Rupees in thousand		
Present value of defined benefit obligation	91,088	92,635	183,723	166,160
Less: Fair value of plan assets	(65,999)	(67,316)	(133,315)	(120,799)
Un-recognized actuarial losses	(13,597)	(13,658)	(27,255)	(27,279)
Closing liability	11,492	11,661	23,153	18,082
c) Changes in present value of defined benefits obligation				
Present value of defined benefit obligation as at 01 July	81,314	84,846	166,160	140,381
Current service cost	8,615	8,207	16,822	14,473
Interest cost	9,758	10,181	19,939	16,846
Benefits paid during the year	(8,677)	(9,702)	(18,379)	(14,416)
Actuarial loss on present value of defined benefit obligation	78	(897)	(819)	8,877
Present value of defined benefit obligation as at 30 June	91,088	92,635	183,723	166,161

		2010			
		Gratuity	SFS	Total	2009
		Rupees in thousand			
d)	**Changes in fair value of plan assets**				
	Fair value of plan assets as at 01 July	60,264	60,535	120,799	112,034
	Expected return on plan assets	7,232	7,264	14,496	13,443
	Contribution paid during the period	8,701	9,381	18,082	13,850
	Benefits paid during the period	(8,677)	(9,702)	(18,379)	(14,416)
	Actuarial loss on plan assets	(1,521)	(163)	(1,684)	(4,112)
	Fair value of plan assets as at 30 June	65,999	67,315	133,314	120,799
	Plan assets comprise of:				
	Term finance certificates	18,283	22,239	40,522	40,784
	Listed securities	5,346	6,109	11,455	13,855
	Deposits with banks	16,392	9,907	26,299	27,795
	Investment in mutual funds	11,554	11,637	23,191	16,868
	Government securities	13,000	16,000	29,000	19,000
	NIT	-	-	-	1,908
	Payable to other fund	1,424	-	1,424	(680)
	Other	-	1,423	1,423	1,269
		65,999	67,315	133,314	120,799

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

	Gratuity	SFS	Total	2009
Current service cost	8,615	8,935	17,550	14,473
Interest cost	9,758	11,116	20,874	16,847
Expected return on assets	(7,232)	(8,078)	(15,310)	(13,444)
Actuarial loss	351	338	689	206
Net amount chargeable to profit and loss account	11,492	12,311	23,803	18,082

f) Actuarial valuation of these plans was carried out as of 30 June 2010 using the projected unit credit method, the principal actuarial assumptions used are as follows:

		As per rules	
		Gratuity	SFS
		(Percentage)	
Contribution rates			
Expected rate of salary increase in future years		11	11
Discount rate		12	12
Expected rate of return on fund assets during the year		12	12
Actual return on plan assets during the year	(Rupees in thousand)	5,711	7,101

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				
	2010	2009	2008	2007	2006
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	91,088	81,314	68,354	61,021	62,338
Fair value of plan assets	65,999	60,264	56,932	58,323	66,807
(Deficit)/surplus	(25,089)	(21,050)	(11,422)	(2,698)	4,469
Experience adjustment arising on obligation (gain)/loss	78	4,463	2,452	7,288	2,550
Experience adjustment arising on plan assets (loss)/gain	(1,521)	(3,070)	(3,024)	786	2,310

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				
	2010	2009	2008	2007	2006
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	92,635	84,846	72,027	65,450	67,056
Fair value of plan assets	67,315	60,535	55,102	57,026	63,613
Deficit	(25,320)	(24,311)	(16,925)	(8,424)	(3,443)
Experience adjustment arising on obligation (gain)/loss	(897)	4,414	1,806	7,536	4,848
Experience adjustment arising on plan assets (loss)/gain	(163)	(1,043)	(3,546)	3,024	5,175

18. LONG TERM DEPOSITS

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

	2010	2009
	(Rupees in thousand)	
19. DEFERRED TAXATION		
Deferred tax credits /(debits) arising in respect of:		
Taxable temporary differences	64,934	75,274
Deductible temporary differences	(5,691)	-
	59,243	75,274

20. CONTINGENCIES AND COMMITMENTS

20.1 Unilever Plc and Unilever Pakistan Limited were intervening in the Company's lawful right of manufacture and sale of Bodyguard soap. In order to protect the Company's right of manufacture and sale of Bodyguard soap, legal proceedings were initiated in 1999 against Unilever Plc and Unilever Pakistan Limited to restrain them from interfering in the Company's business. Unilever Plc and Unilever Pakistan Limited filed a counter suit against the Company for using similar wrappers to those of the above mentioned companies and claimed Rs. 52.5 million from the Company for infringement of their rights. The proceedings of the above mentioned suits are in progress. However, the management is of the view that the outcome of the above mentioned case will be favorable, and, therefore, no provision in respect of the above mentioned case has been made in these financial statements.

20.2 The Company is in appeal before the ITAT 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.

20.3 The Company is in second appeal before the Income Tax Appellate Tribunal 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. How ever 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 16.052 million. The management is of the view that no tax demand will ultimately arise or become payable.

20.4 The Company is in second appeal before the Sales Tax Appellate Tribunal against the order passed by Collector Sales Tax Appeals, Lahore, dated 30 June 2009 against the Company. As a result of sales tax audit for the period from July 2005 to June 2007 which created a sales tax demand of Rs. 20.814 million. A total tax demand of Rs. 0.576 million only plus 5% penalty and additional tax on the above said issues was adjudged by the worthy Collector of Sales Tax Appeals against the demand of Rs. 20.814 million. Management of the compay is expecting a favorable outcome in the second appeal.

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

20.6 Commitments in respect of letters of credit other than for capital expenditure Rs. 101.235 million (2009: Rs. 45.894 million).

20.7 GET has entered into an agreement with KIL to use its building, plant & machinery and other allied facilities to manufacture soap. These facilities and labour are being managed by KIL. This agreement is for a period of five years commencing from March 2005, however, it may be terminated before completion of five years by giving one year notice by either party.

Future payments under the agreement are as follows:

	2010	2009
	(Rupees in thousand)	
1) Not later than one year.	4,800	4,800

21. SHARE CAPITAL

21.1 Issued, subscribed and paid up capital

2010	2009		2010	2009
(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	493,150	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	4,932
41,822,250	4,182,225		418,222	41,822

21.2 Reconciliation of number of shares

	2010	2009
Number of shares as at 01 July	4,182	4,182
Bonus shares issued during the year	37,640	-
Number of shares as at 30 June	41,822	4,182

IGI Insurance Limited and Loads Limited (associated companies), hold 5,442,060 and 2,731,000 (2009: 544,206 and 273,100) ordinary shares, respectively, of Rs. 10 each fully paid in cash.

	Note	2010	2009
		(Rupees in thousand)	
22. RESERVES			
Capital reserves	22.1	8,949	8,949
General reserves		266,400	266,400
Fair value reserves		-	60,281
		275,349	335,630

22.1 Capital reserves

	2010	2009
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	2010	2009
		(Rupees in thousand)	
23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at 01 July		770,333	175,068
Surplus arising during the period - net of deferred tax		-	595,839
Transfer to retained earnings (unappropriate profit) in respect of incremental depreciation charged during the year - net of deferred tax		(5,975)	(574)
Balance as at 30 June		764,358	770,333
24. SALES - NET			
Blades	24.1	2,059,454	1,677,262
Soaps	24.2	651,263	467,777
Packing material	24.3	932,653	676,636
Bike	24.4	18,052	-
Paper	24.5	30,070	-
		3,691,492	2,821,675
24.1 Blades			
Local Sales		1,480,939	1,168,581
Export Sales		884,005	678,754
		2,364,944	1,847,335
Less: Sales tax		189,854	162,519
Excise duty		10,456	8,967
Trade discount		101,171	955
Export Commission		14,078	7,810
		315,559	180,251
		2,049,385	1,667,084
Add: Export rebate		10,069	10,178
		2,059,454	1,677,262
24.2 Soaps			
Local Sales		652,533	563,661
Export Sales		2,027	3,566
		654,560	567,227
Less: Sales tax		2,931	94,701
Excise duty		312	4,682
Trade discount		54	67
		3,297	99,450
		651,263	467,777

	Note	2010	2009
		(Rupees in thousand)	
24.3 Packing material			
Local Sales		1,087,464	789,239
Less: Sales tax		145,483	105,840
Excise duty		9,328	6,763
		932,653	676,636
24.4 Bike			
Local Sales		21,150	-
Less: Sales tax		2,916	-
Excise duty		182	-
		18,052	-
24.5 Paper			
Local Sales		35,191	-
Less: Sales tax		4,820	-
Excise duty		301	-
		30,070	-

25. COST OF SALES

	Note	2010	2009
Blades	25.1	1,489,442	1,212,624
Soaps	25.2	568,100	407,264
Packing material	25.3	813,232	680,899
Bike	25.4	22,638	-
Paper and board mill	25.5	93,061	-
		2,986,473	2,300,787

		Note	2010	2009
			(Rupees in thousand)	
25.1	**Cost of sales - blades**			
	Opening stock		196,885	121,096
	Add: Purchases		857,771	814,252
	Less: Closing stock		(169,064)	(196,885)
	Raw materials consumed		885,592	738,463
	Stores and spares consumed		93,626	73,830
	Salaries, wages and other benefits	25.1.1	304,431	257,123
	Fuel and power		87,120	61,012
	Repairs and maintenance		17,513	8,680
	Rent, rates and taxes		2,548	1,524
	Insurance		23,114	9,964
	Product research and development		105	166
	Travelling and conveyance		12,032	10,754
	Printing and stationary		2,424	2,535
	Postage and telephone		3,478	4,182
	Legal and professional charges		216	123
	Entertainment		1,348	1,061
	Staff training		776	192
	Subscriptions		404	622
	Depreciation on property, plant and equipment	6.1.1	42,232	34,332
	Other expenses		10,003	9,268
			1,486,962	1,213,831
	Opening work in process		34,651	28,795
	Closing work in process		(33,292)	(34,651)
	Cost of goods manufactured		1,488,321	1,207,975
	Opening finished goods		32,464	37,113
	Closing finished goods		(31,343)	(32,464)
			1,489,442	1,212,624

25.1.1 Salaries, wages and other benefits include Rs.18.659 million (2009: Rs. 16.14 million) and Rs. 9.38 million (2009: Rs. 7.65 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2010	2009
		(Rupees in thousand)	
25.2 Cost of sales - soaps			
Opening stock		-	47,242
Purchases		586,617	361,812
Closing stock		(80,835)	(60,100)
Raw material consumed		505,782	348,954
Stores and spares consumed		4,970	8,262
Salaries, wages and other benefits	25.2.1	18,967	18,627
Depreciation	6.1.1	17	-
Insurance		137	
Fuel and power		25,869	31,947
Plant rentals		6,900	7,200
Repairs and maintenance		617	924
Rent, rates and taxes		1,032	247
Printing and stationery		1	78
Postage		-	158
Product research and development		333	126
Expenses for computerization		39	42
Subscription		27	15
Entertainment		-	33
Legal and professional fee		-	45
Travelling and conveyance		9	260
Manufacturing charges		3,975	2,759
Other expenses		1,287	3,491
		569,962	432,058
Opening work in process		45,900	24,554
Closing work in process	9	(23,868)	(17,379)
Cost of goods manufactured		591,994	439,233
Opening finished goods		-	5,442
Closing finished goods	9	(23,894)	(28,521)
		568,100	416,154

25.2.1 Salaries and other benefits include Rs. Nil million (2009: Rs. 0.03 million), Rs. Nil million (2009: Rs. 0.082 million) and Rs. Nil million (2009: Rs. 0.068 million) in respect of defined benefit plan, approved provident fund and Group Employee Service Fund respectively.

	Note	2010	2009
		(Rupees in thousand)	
25.3 Cost of sales - Packing material			
Opening stock		218,830	199,263
Add: Purchases		501,411	590,372
Closing stock		(33,515)	(221,725)
Raw and packing materials consumed		686,726	567,910
Stores and spares consumed		20,157	22,455
Salaries, wages and other benefits	25.3.1	53,726	45,379
Fuel and power		22,382	14,650
Repairs and maintenance		2,574	3,962
Freight and forwarding		11,783	-
Rent, rates and taxes		218	2,581
Insurance		3,891	1,996
Travelling and conveyance		744	3,028
Printing and stationery		-	682
Postage and telephone		-	551
Staff training		-	10
Entertainment		-	96
Depreciation on property, plant and equipment	6.1.1	11,954	11,919
Other expenses		1,725	8,575
		815,880	683,794
Opening work in process		1,914	1,856
Closing work in process	11	(5,108)	(1,914)
Cost of goods manufactured		812,686	683,736
Opening finished goods		4,095	1,258
Closing finished goods	11	(3,549)	(4,095)
		813,232	680,899

25.3.1 Salaries, wages and other benefits include Rs. 1.13 (2009: Rs. Nil million) and Rs. 0.96 (2009: Rs. Nil) in respect of defined benefit schemes and define contribution schemes respectively.

25.4 Cost of goods sold - Bikes

	2010	2009
	(Rupees in thousand)	
Purchases	48,822	-
Less: Closing stock	(26,855)	-
Raw and packing materials consumed	21,967	-
Stores and spares consumed	969	-
Salaries, wages and other benefits	2,957	-

		Note	2010	2009
			(Rupees in thousand)	
	Repairs and maintenance		2,611	-
	Rent, rates and taxes		130	-
	Traveling and conveyance		218	-
	Printing and stationery		329	-
	Postage and telephone		65	-
	Product and research development		63	-
	Entertainment		8	-
	Depreciation on property, plant and equipment	6.1.1	394	-
	Other expenses		50	-
			29,761	-
	Closing work in process		(3,071)	-
	Cost of goods manufactured		26,690	-
	Closing finished goods		(4,052)	-
			22,638	-
25.5	**Cost of goods sold - Paper and Board Mill**			
	Purchases		53,186	-
	Less: Closing Stock		(12,378)	-
	Raw and packing material consumed		40,808	-
	Stores and spares consumed		3,286	-
	Salaries wages and benefits		19,253	-
	Fuel and power		23,435	-
	Repair and maintenance		1,326	-
	Rent, Rates and taxes		129	-
	Freight and forwarding		1,876	-
	Other manufacturing expenses		644	-
	Depreciation on property, plant and equipment	6.1.1	5,201	-
	Cost of goods manufactured		95,958	-
	Less: Closing stock		(2,897)	-
			93,061	-

	Note	2010	2009
		(Rupees in thousand)	

26. ADMINISTRATIVE EXPENSES

	Note	2010	2009
Salaries and other benefits	26.1	42,234	31,124
Electricity and gas		431	259
Repairs and maintenance		251	212
Rent, rates and taxes		246	339
Insurance		84	227
Travelling and conveyance		2,145	2,480
Entertainment		844	577
Staff training		73	39
Advertising expenses		192	-
Postage and telephone		735	597
Printing and stationery		397	131
Legal and professional charges	26.2	16,261	8,022
Donations	26.3	395	130
Computer expenses		2,996	3,454
Directors' fee		183	60
Subscription		2,771	102
Depreciation on property, plant and equipment	6.1.1	13,935	10,672
Depreciation on investment property	7	750	750
Other expenses		13	-
		84,936	59,175

26.1 Salaries and other benefits include Rs. 0.678 million (2009: Rs. 1.448 million) and Rs. 2.117 million (2009: Rs. 1.314 million) in respect of defined benefit schemes and defined contribution schemes respectively.

26.2 Legal and professional charges include the following in respect of auditors' remuneration and expenses.

	2010	2009
	(Rupees in thousand)	
Statutory audit	1,455	1,055
Half yearly review	235	185
Certification fee	40	8
Out of pocket expenses	126	106
	1,856	1,354

26.3 This include an amount of Rs. Nil (2009: Rs. 0.114) donated to Ghulab Devi Chest Hospital, whose trustees include Mr. Shahid Ali (Chief Executive of the Company).

	Note	2010	2009
		(Rupees in thousand)	
27. DISTRIBUTION EXPENSES			
Salaries and other benefits	27.1	96,670	60,034
Freight, octroi and handling		72,360	64,716
Advertising		67,949	73,232
Travelling and conveyance		17,203	17,737
Depreciation on property, plant and equipment	6.1.1	5,437	5,434
Postage and telephone		3,356	3,715
Rent, rates and taxes		2,062	1,292
Repairs and maintenance		1,582	1,723
Electricity and gas		1,036	806
Meetings and conferences		1,009	865
Printing and stationery		770	708
Legal and professional		746	-
Entertainment		138	98
Computer expenses		88	115
Insurance		66	1,708
Subscription		17	25
Product research and development		11	15
Other expenses		9,107	2,736
		279,607	234,959

27.1 Salaries and other benefits include Rs. 2.514 million (2009: Rs. 1.567 million) and Rs. 2.461 million (2009: Rs. 1.816 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	2010	2009
	(Rupees in thousand)	
28. FINANCE COST		
Mark-up on:		
Finance under mark-up arrangements - secured	200,929	161,580
Finance lease	-	22
Bank charges	9,867	7,789
Present value adjustment of long term loan	-	(564)
	210,795	168,827
29. OTHER OPERATING EXPENSES		
Exchange loss	1,056	16,805
Realized loss on disposal of investments at fair value through profit or loss	-	5,578
Impairment loss due to fair value adjustment of long term investments	31,234	94,889
Write-off of investment at fair value through profit or loss	1,675	-
Loss on disposal of long term investments available for sale	-	43
	33,965	117,315

	Note	2010	2009
		(Rupees in thousand)	
30. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		10,434	7,690
Interest income from Loads Limited		2,982	-
Profit on disposal of long term investment available for sale		60,050	-
Realized gain on disposal of investments at fair value through profit or loss		48,900	514
Unrealized gain due to fair value adjustment of investments at fair value through profit or loss		25,066	1,102
Commission from NIT		1,031	-
Dividend from investment - at fair value through profit or loss		7,549	3,886
Dividend on long term investment - available for sale		2,471	288
		158,483	13,480
Income from non financial assets			
Profit on disposal of property, plant and equipment		5,473	2,885
Exchange gain / (loss)		679	-
Rental income from investment property		9,887	9,166
Sale of scrap and empties		15,482	8,383
Others	30.1	2,803	2,532
		34,324	22,966
		192,807	36,446

30.1 This include Rs 1.169 million (2009: 1.128 million) of unclaimed dividend.

	Note	2010	2009
31. TAXATION			
Current			
The Company		15,979	23,210
GET		9,644	6,196
TSL		17	84
TPL		46	49
TCL Labor Hire		2,134	1,313
	31.1	27,820	30,852
Deferred			
The Company		(18,119)	(5,238)
GET		2,088	-
		(16,031)	(5,238)
Prior years			
The Company		468	3,978
GET		(151)	3,469
TPL		-	(69)
TCL Labor Hire		9	55
		326	7,433
		12,115	33,047

31.1 The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 0.5 % of turnover from local sales therefore tax charge reconcilation has not been prepared for the current year.

	2010 %age	2009 %age
31.2 Tax charge reconciliation		
Reconciliation between the average effective tax rate and applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Not deductible for tax purposes	-	(485.99)
Allowable for tax purposes	-	81.88
Utilization of previous years' assessed tax losses	-	77.79
Tax effect under presumptive tax regime	-	(20.65)
Share of profit from associate	-	(52.67)
	-	(399.64)
Average effective tax rate charged to profit and loss account	-	(364.64)

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees in thousand)					
Remuneration	5,455	5,455	4,202	3,487	37,474	16,326
Provident fund	-	2	457	328	2,263	1,225
Service fund	-	1	457	328	2,263	1,209
Housing fund	-	-	133	-	290	-
Bonus	-	-	1,816	-	8,216	3,727
Entertainment	1,028	619	-	-	-	-
Utilities	545	545	457	349	2,444	1,633
Medical	434	-	457	349	2,444	1,633
	7,462	6,622	7,979	4,841	55,394	25,753
No of Persons	1	1	3	3	35	25

The Chief Executive, Directors and Executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement.

Aggregate amount charged in these accounts for fee to non-executive Directors was Rs. 0.183 million (2009: Rs. 0.060 million).

	Note	2010	2009
		(Rupees in thousand)	
33. CASH AND CASH EQUIVALENT			
Cash and bank balances	15	217,720	214,768
Finance under mark-up arrangements	16	(498,783)	(956,187)
		(281,063)	(741,419)

	Production Capacity	Actual Production 2010	2009
34. PLANT CAPACITY AND PRODUCTION			
Blades - Units in millions			
Hyderabad plant	525	602	550
Lahore plant	750	802	605
		1,404	1,155
Packing material - in metric tones			
Corrugated boxes and sheets	30,000	23,494	14,687
Paper & Board	15,000	3,289	-
Soap	15,000	4,786	4,447
Bikes - in units	1,500	526	-
		33,499	20,289

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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 loans , advances, deposits , prepayments and other receivables and trade and other payables. Amounts due from directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2010	2009
		(Rupees in thousand)	
I Associated undertakings	Purchase of goods and services	144,691	149,278
	Sale of goods and services	210,048	938
II Post employment benefit plans	Contribution		
SFS		11,661	9,513
Gratuity		11,492	8,057
Provident fund		9,831	5,570
Service fund		5,228	3,230
Housing fund		884	-

All transactions with related parties have been carried out on commercial terms and conditions.

36. 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 Group's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note represents information about the group's exposure of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. The group's risk management policies are established to identify and analyze the risk faced by the group, to set appropriate risk units and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in the market conditions and the group's activities.

36.1 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. 1,208 million (2009: Rs. 1,013 million), the financial assets which are subject to credit risk amounted to Rs. 1,429 million (2009: Rs. 1010.4 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. The management has set a maximum credit period of 30 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis.

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.

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:

	2010	2009
	(Rupees in thousand)	
Long term investments	99,287	270,057
Long term loans and deposits	29,262	6,809
Trade debts	255,201	182,064
Short term investments	494,879	173,194
Loans, advances, deposits, prepayments and other receivables	112,558	166,588
Cash and bank balances	217,720	214,768
	1,208,907	1,013,480

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 receivables at the reporting date by type of customer was:

	2010	2009
	(Rupees in thousand)	
Blades division		
- Local parties	3,377	5,461
- Foreign parties	35,269	43,122
Soap Division		
- Local parties	4,363	-
Packing Division		
- Local parties	199,688	133,481
Bike Division		
- Local parties	1,870	-
Paper & board		
- Local parties	10,634	
The aging of trade receivables at the reporting date is:		
Not past due	2,324	94,632
Past due 1 - 3 months	249,547	68,155
Past due 3 - 6 months	1,539	14,695
Past due 6 - 9 months	737	2,975
Above One year	1,054	1,607

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. Out of total debtors of Rs. 255.2 million foreign debtors amounting to Rs 35.269 million are secured through letter of credit.

36.2 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 Group 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:

2 0 1 0

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	------------------- Rupees in thousand -------------------					
Financial Liabilities						
Trade and other payables	354,883	354,883	354,883	-	-	-
Long term deposits	2,491	2,491		-	2,491	-
Short term borrowings	1,509,066	1,509,066	833,419	675,647	-	-
Interest and mark-up accrued	40,442		40,442	-	-	-
Demand Finance	200,000	200,000	200,000	-	-	-

2009

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	------------------- Rupees in thousand -------------------					
Financial Liabilities						
Trade and other payables	163,872	163,872	163,872	-	-	-
Long term deposits	2,423	2,423	2,423	-	-	-
Short term borrowings	1,397,733	1,484,545	1,126,301	358,245	-	-
Interest and mark-up accrued	35,459	35,459	-	-	-	-
Demand Finance	300,000	328,016	328,016	-	-	-

36.3 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 Group's income or the value of its holdings of financial instruments.

36.4 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.

	2010	2009
	(Rupees in thousand)	
Foreign debtors	35,269	43,122
Foreign creditors	-	(5,224)
Outstanding letter of credit	(34,320)	(4,868)
Total creditors	(34,320)	(10,092)
Net exposure	949	33,030

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2010	2009	2010	2009
USD to PKR	84.17	76.50	85.60	81.10

Sensitivity analysis

At reporting date, if the PKR has strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign creditors.

Effect on profit and loss

	2010	2009
	(Rupees in thousand)	
US Dollars	(86)	711

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax profit / loss.

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

36.5 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	2010	2009	2010	2009
	Effective rate (in Percentage)		Carrying Amount (Rupees in thousand)	
Short term borrowings	12.85 - 16.04	12.57 - 18.50	1,509,066	1,397,733
Demand Finance	13.29	13.63 - 15.43	200,000	300,000

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 and 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.

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit and loss 100 bp increase	decreasse
	(Rupees in thousand)	
As at 30 June 2010		
Cash flow sensitivity - Variable rate financial liabilities	(5,292)	5,292
As at 30 June 2009		
Cash flow sensitivity - Variable rate financial liabilities	(14,335)	14,335

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

36.6 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 / decrease in redemption and share prices at the year end would have decrease / increased the Group's loss 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:

	2010	2009
	(Rupees in thousand)	
Effect on profit and loss	49,488	19,702
Effect on equity	3,277	27,940
Effect on investments	52,765	47,642

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

36.6.1Fair 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 in an arm's length transaction.

Effective 01 January 2009 the Group adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices) (level 2);

- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	2010			
	Level 1	Level 2	Level 3	Total
	------------- Rupees -------------			
Assets				
Investments at fair value through profit or loss	219,013	-	-	219,013
Long term investments available for sale	32,766	-	18,743	51,509

	2009			
	Level 1	Level 2	Level 3	Total
	------------- Rupees -------------			
Assets				
Investments at fair value through profit or loss	180,062	-	-	180,062
Long term investments available for sale	205,642	-	18,743	224,385

36.7 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 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

36.8 Capital 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 2010 and at 30 June 2009 were as follows:

	2010	**2009**
	(Rupees in thousand)	
Total debt	1,709,066	1,697,733
Total equity and debt	2,980,430	2,778,066
Debt-to-equity ratio	57%	61%

The increase in the debt-to-equity ratio in 2010 resulted primarily because of further debt financing due to increased working capital requirements.

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	2010	2009
		(Rupees in thousand)	

37. CASH USED IN OPERATIONS

	Note	2010	2009
Profit / (Loss) before taxation		281,536	(10,493)
Adjustments for non cash items:			
Finance cost for the year		210,795	168,827
Depreciation on property, plant and equipment	6.1.1	79,170	62,358
Depreciation on investment property	7	750	750
Provision for gratuity		11,492	8,701
Provision for superannuation fund scheme		11,661	9,381
Profit on bank deposits		(13,416)	(7,690)
Profit on disposal of of property, plant and equipment		(5,473)	(2,885)
Provision for WPPF and WWF		15,649	1,978
Unrealized gain due to fair value adjustment of investments at fair value through profit or loss		(25,066)	(1,102)
Present value adjustment of long term loan		-	(564)
Transfer to profit and loss account on sale of available for sale investment		(60,212)	43
Impairment on long term investments		31,234	94,889
Loss on disposal of long term investment available for sale available for sale investment		-	5,578
Share of profit of associate		(8,662)	(14,427)
Dividend income		(11,051)	(4,174)
		236,872	321,662
Operating profit before working capital changes		518,407	311,169
(Increase)/decrease in current assets			
Stores and spares		(65,994)	(19,655)
Stock-in-trade		128,007	(73,963)
Trade debtors		(73,137)	(33,731)
Short term investment		(277,786)	(100,817)
Loans, advances, deposits, prepayments and other receivables		27,587	(68,487)
		(261,323)	(296,653)
Increase/(decrease) in current liabilities			
Trade and other payables		136,052	15,151
		393,136	29,667

38. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2010	2009
Profit / (loss) for the year after taxation	Rupees in thousand	266,248	(48,684)
Weighted average number of shares	(Number in '000)	41,822	41,822
Earnings / (loss) per share	Rupees	6.37	(1.16)

39. BUSINESS SEGMENTS

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

(i) Manufacture and sale of blades.
(ii) Manufacture and sale of soaps and;
(iii) Manufacture and sale of Packaging material

	Blades		Soaps		Packaging		Bike		Paper & board		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(-----					Rupees in thousand						-----)
Sales	2,364,944	1,847,335	654,560	567,227	1,087,464	789,239	21,150	-	35,191	-	4,163,309	3,203,801
Less: Sales tax	189,854	162,519	2,931	94,701	145,483	105,840	2,916	-	4,820	-	346,004	363,060
Trade discount	101,171	955	54	67	-	-	-	-	-	-	101,225	1,022
Excise duty	10,456	8,967	312	4,682	9,328	6,763	182	-	301	-	20,579	20,412
Export commission	14,078	7,810	-	-	-	-	-	-	-	-	14,078	7,810
	315,559	180,251	3,297	99,450	154,811	112,603	3,098	-	5,121	-	481,886	392,304
	2,049,385	1,667,084	651,263	467,777	932,653	676,636	18,052	-	30,070	-	3,681,423	2,811,497
Add:	10,069	10,178	-	-	-	-	-		-		10,069	10,178
Net sales	2,059,454	1,677,262	651,263	467,777	932,653	676,636	18,052	-	30,070	-	3,691,492	2,821,675
Cost of sales	1,489,442	1,212,624	568,100	407,264	813,232	680,899	22,638	-	93,061	-	2,986,473	2,300,787
Gross profit	570,012	464,638	83,163	60,513	119,422	(4,263)	(4,586)	-	(62,991)	-	705,019	520,888
Administrative expenses	48,247	34,121	13,354	10,477	22,185	14,577	431	-	718	-	84,936	59,175
Distribution cost	158,829	135,479	43,960	41,599	73,034	57,881	1,420	-	2,363	-	279,607	234,959
Operating profit/segment results	362,935	295,038	25,850	8,437	24,202	(76,721)	(6,437)	-	(66,073)	-	340,476	226,754
Finance cost (Note 27)	116,598	97,347	39,994	29,891	51,675	41,590	864	-	1,664	-	210,795	168,827
Other operating expenses (Note 28)	19,294	67,645	5,340	20,770	8,872	28,900	173	-	287	-	33,965	117,315
Other operating income (Note 29)	109,523	21,015	30,313	6,453	50,362	8,978	979	-	1,630	-	192,807	36,446
	336,565	151,062	10,829	(35,771)	14,016	(138,233)	(6,494)	-	(66,395)	-	288,523	(22,942)
Share of profit of associate											8,662	14,427
WPPF											11,031	225
WWF											4,618	1,753
Profit before income tax											281,535	(10,493)
Income tax charges											15,194	38,270
Profit for the year											266,342	(48,763)

		Note	Blades		Soaps		Packaging		Bike		Paper & board		Total	
			2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
			(-----					Rupees in thousand						-----)
39.1	Segment assets	39.1.1	423,225	492,450	125,635	152,531	279,707	431,344	35,901	-	38,758	-	903,226	1,076,325
	Unallocated assets												3,327,321	2,827,359
	Total Assets											4,230,547	3,903,684	
39.2	Segment liabilities	39.2.1	1,663,547	65,698	444,095	19,691	256,259	325,037	12,310	-	8,262	-	2,384,473	410,426
	Unallocated liabilities												1,846,074	1,641,805
													4,230,547	2,052,231

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

39.2.1 Unallocated liabilities include income tax payable, short term and long term liability against assets subject to finance lease, unclaimed dividend, surplus on revaluation of property plant and equipment, deferred liabilities and long term deposits.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2010 by the Board of Directors of the Group.

41. FIGURES

41.1 have been rounded off to nearest thousand rupees.

41.2 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.

LAHORE:	**Syed Shahid Ali**	**Muhammad Shafique Anjum**
October 04, 2010	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 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, 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 except for change referred to in note 4.2 with which we concur;

   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 2010 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi &

Lahore
Date: October 04, 2010

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

Balance Sheet
as at June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	1,668,741	1,605,041
Investment property	7	139,424	140,174
Long term investments	8	565,283	754,810
Long term loans and deposits	9	7,689	1,237
		2,381,137	2,501,262
Current assets			
Stores and spares	10	113,511	71,441
Stock in trade	11	271,940	251,451
Trade debts - considered good	12	319,421	295,019
Short term investments	13	434,663	124,590
Loans, advances, deposits, prepayments and other receivables	14	171,511	230,873
Cash and bank balances	15	83,095	80,224
		1,394,141	1,053,598
Liabilities			
Current liabilities			
Short term borrowings under mark-up arrangements-secured	16	1,422,574	1,397,733
Trade and other payables	17	240,973	124,135
Mark up on short term borrowings under mark-up arrangements		37,637	38,393
Taxation		15,979	23,210
		1,717,163	1,583,471
Net current liabilities		(323,022)	(529,873)
Non-current liabilities			
Long term deposits	18	2,341	2,273
Deferred tax	19	57,142	75,274
		59,483	77,547
Contingencies and commitments	20		
		1,998,632	1,893,842
Represented by:			
Authorised capital			
70,000,000 (2009: 20,000,000) ordinary shares of Rs. 10 each		700,000	200,000
10,000,000 (2009: Nil) preference shares of Rs. 10 each		100,000	-
		800,000	200,000
Share capital	21	418,222	41,822
Reserves	22	308,300	385,232
Unappropriated profit		507,752	696,455
Shareholder's equity		1,234,274	1,123,509
Surplus on revaluation of property, plant and equipment	23	764,358	770,333
		1,998,632	1,893,842

The annexed notes 1 to 40 form an integral part of these financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Profit and Loss Account

for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Sales - Net	24	1,814,618	1,573,839
Cost of sales	25	1,488,080	1,229,500
Gross profit		326,538	344,339
Administrative expenses	26	60,085	47,961
Distribution expenses	27	37,467	97,973
		97,552	145,934
Operating profit		228,986	198,405
Finance cost	28	169,631	119,280
Other operating expenses	29	32,909	119,746
		202,540	239,026
Other operating income	30	189,309	31,544
		215,755	(9,077)
Workers' profit participation fund (WPPF)		10,788	-
Workers' welfare fund (WWF)		4,019	1,319
		14,807	1,319
Profit / (loss) before taxation		200,948	(10,396)
Taxation	31	(1,685)	21,950
Profit / (loss) for the year from continuing operations		202,633	(32,346)
Earnings / (loss) per share - Basic and diluted (Rupees)	38	4.85	(0.77)

The annexed notes 1 to 40 form an integral part of these financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Comprehensive Income

for the year ended June 30, 2010

	2010	2009
	(Rupees in thousand)	
Profit / (loss) for the year	202,633	(32,346)
Other comprehensive loss:		
Realized (gain) / loss on sale of long term investment available for sale	(60,281)	70
Diminution in the value of 'available for sale' investment	(16,651)	(114,201)
Other comprehensive loss - net of taxes	(76,932)	(114,131)
Total comprehensive income / (loss) for the year	125,701	(146,477)

The annexed notes 1 to 40 form an integral part of these financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Cash Flow Statement

for the year ended June 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
Cash generated from operations	37	178,791	229,204
Finance cost paid		(170,387)	(100,345)
Taxes paid		(34,036)	(31,587)
WPPF and WWF paid		3,680	(2,332)
Payment to Gratuity fund		(5,552)	(6,606)
Payment to Superannuation fund		(7,136)	(7,245)
		(213,431)	(148,115)
Net cash (outflow) / inflow from operating activities		(34,640)	81,089
Cash flows from investing activities			
Fixed capital expenditure		(129,179)	(217,430)
Proceeds from sale of property, plant and equipment		9,348	5,981
Long term investments		141,572	(312,978)
Long term loans and deposits		(6,452)	(343)
Interest received		6,442	15,295
Dividend received		12,955	4,595
Net cash inflow / (outflow) from investing activities		34,686	(504,880)
Cash flows from financing activities			
Lease rentals paid		-	(507)
Long term deposits		68	(621)
Short term borrowings		568,737	125,456
Dividend paid		(22,084)	(1,033)
Net cash inflow from financing activities		546,721	123,295
Net increase / (decrease) in cash and cash equivalents		546,767	(300,496)
Cash and cash equivalents at the beginning of year		(875,963)	(575,467)
Cash and cash equivalents at the end of year	33	(329,196)	(875,963)

The annexed notes 1 to 40 form an integral part of these financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Changes in Equity

for the year ended June 30, 2010

	Share capital	Capital	Reserve General	Fair value	Un-appropriated profit	Total
	(----------------Rupees	in	thousand			--------------)
Balance as at 01 July 2008	41,822	8,949	266,400	224,014	728,226	1,269,411
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	-	575	575
Total comprehensive loss for the year	-	-	-	(114,131)	(32,346)	(146,477)
Balance as at 30 June 2009	41,822	8,949	266,400	109,883	696,455	1,123,509
Interim cash dividend @ of 50% for the year ended 30 June 2010	-	-	-	-	(20,911)	(20,911)
Interim stock dividend @ of 900% for the year ended 30 June 2010	376,400	-	-	-	(376,400)	-
Incremental depreciation relating to surplus on revaluation of fixed assets - net of tax	-	-	-	-	5,975	5,975
Total comprehensive income for the year	-	-	-	(76,932)	202,633	125,701
Balance as at 30 June 2010	418,222	8,949	266,400	32,951	507,752	1,234,274

The annexed notes 1 to 40 form an integral part of these financial statements.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Notes to the Financial Statements
for the year ended June 30, 2010

1. 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 Company's Act, 1913 (now Companies Ordinance, 1984). Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is 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 Kotlakhpat, 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 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.

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, 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 effects 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
- Provision for taxation	5.2
- Residual values and useful lives of depreciable assets	5.3
- Provisions and contingencies	5.18
- Interest rate and cross currency swaps	5.19

4. INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS AND FORTH COMING REQUIREMENTS.

4.1 Change in accounting policy (initial application)

Effective 01 July 2009, the Company has changed its accounting policy in respect of the following:

- The Company has applied Revised IAS 1 Presentation of Financial Statements (2007) which became effective as of 01 January 2009. The Company has opted two statement approach to present its comprehensive income for the year ended 30 June 2010 and comparative period.

  Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspect, there is no impact on profit for the year.

4.2 New Accounting Standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective from the dates specified below and are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

- IFRS 2 (amendment)-Share-based payments and withdrawal of IFRIC 8- Scope of IFRS 2 and IFRIC 11- Group and Treasury Share Transactions (effective for annual periods beginning on or after 01 January 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities.

- International Accounting Standard (IAS) 24 (revised): Related Party Disclosures (effective for annual period beginning on or after 01 January 2011). The amendments to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party.

- Amendments to IAS 32: Classification of Rights Issues (effective for period beginning on or after 01 February 2010). Under the amendment to IAS 32 rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

- IFRIC 19:Extinguishing Financial Liabilities with Equity Instruments (effective for period beginning on or after 01 July 2010). IFRIC 19 clarifies the accounting when an entity extinguish the liability by issuing its own equity instruments to the creditor.

- Amendments to IFRIC 14: Prepayment of a Minimum Funding Requirement (effective for period beginning on or after 01 July 2011). IFRIC 14, IAS 19 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction has been amended to remedy an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognise prepayments of minimum funding contributions, as an asset.

- The International Accounting Standards Board made certain amendments to existing standards as part of its second and third annual improvements project. The effective dates for these amendments vary by standards.

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 Employee 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 (SFS) 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 Employee Gratuity Fund and Treet Corporation Limited Group Employee Superannuation Fund. 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 17.5 to the financial statements.

Actuarial gains/losses are recorded based on actuarial valuation that is carried out annually. A portion of accumulated actuarial gains/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 enacted or substantially enacted 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 recognized using the balance sheet liability method, on all temporary differences arising on differences between carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

5.3 Property, plant and equipment and depreciation

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 to 10,000
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 property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off.

The properties residual values and useful life are reviewed at balance sheet date and adjusted if 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 lands and buildings and are valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss in case of building.

Depreciation on building 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 per cent per annum. Depreciation on addition to investment property 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 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 account

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. A provision is made for any excess of book value over net realizable value of items identified as surplus to the Company's requirement. 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 estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off to the profit and loss account when identified.

5.11 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the profit and loss account.

5.12 Revenue recognition

(i) Revenue from sale of goods is recorded when significant risks and rewards are transferred to the customers, i.e. on dispatch of goods to the customers.

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

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

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 Finance lease

Leases, where the Company has substantially all the risks and rewards of ownership are, classified as finance lease. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 6.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation on leased assets is charged from the day on which the asset becomes available for use till the day it is fully depreciated or disposed off.

5.15 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 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.

5.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and or deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

5.17 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.

5.18 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.

5.19 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 remeasured 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.

5.20 Related party transactions

The Company enters into transactions with related parties on arms length basis. Prices for transactions with related parties are determined using admissible valuation methods. Parties are said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa.

5.21 Research and development costs

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

5.22 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.

5.23 Dividends

Dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

	Note	2010	2009
		(Rupees in thousand)	

6. PROPERTY, PLANT AND EQUIPMENTS

	Note	2010	2009
Operating fixed assets	6.1	1,532,651	1,373,630
Capital work-in-progress	6.2	136,090	231,411
		1,668,741	1,605,041

6.1 Operating fixed assets

Description	Owned assets					Leased assets	
	Freehold Land	Buildings on freehold land	Plant and machinery	Furniture and fitting	Vehicles	vehicles	Total
	(--------------------------Rupees in thousand--------------------------)						
Net carrying value as at 01 July 2009							
Opening net book value (NBV)	923,014	190,304	202,301	15,346	42,665	-	1,373,630
Additions during the year	-	176,049	14,892	2,304	31,255	-	224,500
Disposals (at NBV)	-	-	-	(125)	(3,750)	-	(3,875)
Transfer	-	-	-	-	-	-	-
Depreciation charge	-	(14,098)	(29,386)	(3,724)	(14,396)	-	(61,604)
Balance as at 30 June 2010 (NBV)	923,014	352,255	187,807	13,801	55,774	-	1,532,651
Gross carrying value as at 30 June 2010							
Cost	923,014	432,637	597,819	38,102	99,220	-	2,090,792
Accumulated depreciation	-	(80,382)	(410,012)	(24,301)	(43,446)	-	(558,141)
Net book value	923,014	352,255	187,807	13,801	55,774	-	1,532,651
Net carrying value as at 01 July 2009							
Balance as at 01 July 2008	413,832	59,860	203,035	12,259	38,061	2,665	729,712
Additions / revaluations during the year	509,182	136,313	27,157	6,488	18,312	-	697,452
Disposals (at NBV)	-	-	-	(203)	(2,893)	-	(3,096)
Transfer	-	-	-	-	2,665	(2,665)	-
Depreciation charge	-	(5,869)	(27,891)	(3,198)	(13,480)	-	(50,438)
Balance as at 30 June 2009 (NBV)	923,014	190,304	202,301	15,346	42,665	-	1,373,630
Gross carrying value as at 30 June 2009							
Cost	923,014	256,588	582,927	36,011	80,868	-	1,879,408
Accumulated depreciation	-	(66,284)	(380,626)	(20,665)	(38,203)	-	(505,778)
Net book value	923,014	190,304	202,301	15,346	42,665	-	1,373,630
Depreciation rate per annum	-	5	10	10-25	20	20	

	Note	2010	2009
		(Rupees in thousand)	
6.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	25.1	42,232	34,332
Administrative expenses	26	13,935	10,672
Distribution expenses	27	5,437	5,434
		61,604	50,438

6.1.2 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.

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

	2010	2009
	(Rupees in thousand)	
Land	247,500	247,500
Buildings	472,067	303,857

6.1.4 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 Cultus	590	527	63	289	226	Company scheme	Mr. Imran Khan	Employees
Suzuki Baleno	799	714	85	349	264	Company scheme	Mr. Khalid Adeeb	
Daihatsu Coure	474	357	117	121	4	Company scheme	Mr. M.Arif	
Suzuki Mehran	350	164	186	350	164	Company scheme	Mohammad Imran	
Suzuki Cultus	450	248	202	450	248	Company scheme	Ijazul Haq	
Suzuki Mehran	350	101	249	350	101	Company scheme	Mr. Muhammad Ali	
Suzuki Mehran	405	155	250	378	128	Company scheme	Mr. Nasar Hayat	
Suzuki Mehran	416	160	256	350	94	Company scheme	Mr. Hassan	
Toyota Corolla	879	590	289	726	437	Company scheme	Mr. Vakeel Ahmad	
Suzuki Mehran	400	67	333	400	67	Company scheme	Mr. Ayaz Ahmad	
Suzuki Liana	849	471	378	470	92	Company scheme	Mr Inayat Ali	
Toyota Corolla	969	510	459	491	32	Company scheme	Mr. Saeed Ahmad Ch	
Suzuki Cultus	650	86	564	650	86	Company scheme	Mr. Amjad Nisar	
	7,581	4,150	3,431	5,374	1,943			
Other assets with book value less than Rs 50,000	5,534	5,090	444	3,974	3,530	Negotiation	Miscellaneous	
2010	13,115	9,240	3,875	9,348	5,473			
2009	10,645	7,549	3,096	5,981	2,885			

	2010	2009
	(Rupees in thousand)	
6.2 Capital work-in-progress		
Building	18,806	171,063
Plant and machinery	117,284	60,348
	136,090	231,411

7. INVESTMENT PROPERTY

	Note	Freehold Land	Building on freehold land	Total
		-------- Rupees in thousand--------		
Net carrying value as at 01 July 2009				
Opening net book value (NBV)		127,985	12,189	140,174
Additions during the year		-	-	-
Depreciation charge	26	-	(750)	(750)
Balance as at 30 June 2010 (NBV)		127,985	11,439	139,424
Gross carrying value as at 30 June 2010				
Cost		127,985	15,000	142,985
Accumulated depreciation		-	(3,561)	(3,561)
Net book value		127,985	11,439	139,424
Net carrying value as at 01 July 2008				
Opening net book value (NBV)		127,985	12,939	140,924
Additions during the year		-	-	-
Depreciation charge	26	-	(750)	(750)
Balance as at 30 June 2009 (NBV)		127,985	12,189	140,174
Gross carrying value as at 30 June 2009				
Cost		127,985	15,000	142,985
Accumulated depreciation		-	(2,811)	(2,811)
Net book value		127,985	12,189	140,174
Rate of depreciation in %		-	5	

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

7.2 The approximate market value of the investment property as at 30 June 2010 amounts to Rs. 180 million (2009: 82.75 million).

	Note	2010	2009
		(Rupees in thousand)	
8. Long term investments			
Subsidiary companies - at cost	8.1	475,405	475,405
Available for sale investments	8.2	89,878	279,405
		565,283	754,810

	Note	2010	2009
		(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	425,405	425,405
		475,405	475,405

8.1.1 It represents 4,999,998 (2009: 4,999,998) ordinary shares of Rs. 10 each in Global Econo Trade (Private) Limited (GET). The Company holds 99.99% (2009: 99.99%) equity shares in GET.

8.1.2 It represents Rs. 42,540,537 (2009: 42,540,537) ordinary shares of Rs. 10 each in First Treet Manufacturing Modaraba (FTMM). The Company holds 85.08% (2009: 85.08%) equity shares in FTMM.

	Note	2010	2009
8.2 Available for sale investments			
Quoted investments	8.2.1	71,135	260,662
Un-quoted investments	8.2.2	18,743	18,743
		89,878	279,405

		Number of ordinary shares of Rs 10 each		Cost		Market value		Percentage	
	Note	2010	2009	2010	2009	2010	2009	2010	2009
		Number	Number	............(Rupees in thousand)............				%	%
8.2.1 Quoted investments									
Associated companies									
ZIL Limited	8.2.1.1	956,110	869,191	5,418	5,418	38,369	55,020	17.96	17.96
Packages Limited		-	883,030	-	78,459	-	138,671	-	1.05
Others									
TRG Pakistan Limited		-	2,200,500	-	21,982	-	2,971	-	0.59
IGI Investment Bank Limited		15,311,000	15,311,000	63,931	139,878	32,766	64,000	7.22	7.22
				69,349	245,737	71,135	260,662		

8.2.1.1 The Company pledged 420,000 shares of Zulfiqar Industries Limited (ZIL), an associated company with Dadabhoy Leasing Company Limited (DLCL) for Modaraba finance facility granted to ZIL. ZIL 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 to cancel the original share certificates and issue duplicate share certificates to the Company.

	Note	Number of ordinary shares of Rs 10 each 2010 Number	2009 Number	Cost 2010 (Rupees in thousand)	2009 (Rupees in thousand)	Percentage of holding 2010 %	2009 %
8.2.2 Un-quoted investments							
Techlogix Inc.	8.2.2.1	748,879	748,879	8,593	8,593	0.74	0.74
Systems Limited	8.2.2.1	637,448	637,448	10,150	10,150	1.27	2.95
				18,743	18,743		

8.2.2.1 The breakup value as per latest available financial statements for Techlogix Inc. and Systems Limited is Rs. 2.63 (2009: Rs. 2.40) and Rs. 16.63 (2009: Rs. 15.35) per share respectively.

	Note	2010 (Rupees in thousand)	2009 (Rupees in thousand)
9. LONG TERM LOANS AND DEPOSITS			
Loan to housing fund		7,345	-
Loans to employees - secured, considered good	9.1	5,750	2,683
Less : Amount due within one year shown under current assets	14	(6,094)	(2,099)
		7,001	584
Utility deposits		688	653
		7,689	1,237

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. 0.655 million (2009: Rs. 0.520 million) receivable from the Executives of the Company but there is no amount that is receivable from Directors and Chief Executive.

	2010 (Rupees in thousand)	2009 (Rupees in thousand)
9.2 Reconciliation of the carrying amount of loans and advances to Executives:		
Balance at the beginning of the year	520	172
Disbursements	3,937	1,551
Repayments	(3,802)	(1,203)
Balance at the end of the year	655	520

9.3 The maximum amount due from the Executives at the end of any month during the year was Rs. 1.05 million (2009: Rs. 0.707 million).

	Note	2010	2009
		(Rupees in thousand)	
10. STORES AND SPARES			
Stores		12,071	10,338
Spares	10.1	101,440	61,103
		113,511	71,441

10.1 It includes spares in transit amounting to Rs. 32.9 million (2009: Rs. 6.085 million).

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

	Note	2010	2009
		(Rupees in thousand)	
11. STOCK IN TRADE			
Raw materials and packing material	11.1	208,757	200,147
Work in process		33,292	34,651
Finished goods		29,891	16,653
		271,940	251,451

11.1 It includes raw material in transit amounting to Rs. 39.693 million (2009: Rs. 3.262 million).

	Note	2010	2009
		(Rupees in thousand)	
12. TRADE DEBTS - CONSIDERED GOOD			
Secured against letters of credit		35,268	43,122
Unsecured			
Global Econo Trade (Private) Limited			
- subsidiary company	12.1	283,099	250,843
Others		1,054	1,054
		319,421	295,019

12.1 The maximum aggregate amount due from subsidiary company at the end of any month during the year was Rs. 282.904 million (2009: Rs. 418.740 million).

	Note	2010	2009
		(Rupees in thousand)	
13. SHORT TERM INVESTMENTS			
Investment at fair value through profit or loss			
Listed equity securities	13.1	168,288	114,547
Mutual funds	13.2	266,370	10,014
Commodity exchange	13.3	-	24
Un-listed equity securities		5	5
		434,663	124,590

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

	Share certificates		Market value	
	2010 Number	2009 Number	2010 (Rupees in thousand)	2009
Sector /Companies				
Banks				
Askari Bank Limited	-	52,250	-	798
Habib Bank Limited	-	5,004	-	431
Standard Chartered Bank Pakistan Limited	47,000	47,000	345	399
NIB Bank Limited	-	300,000	-	1,425
Cement				
Lafarge Pakistan Cement Limited	278,000	278,000	762	751
Refinery				
Pakistan Refinery Limited	-	753,900	-	67,700
Power generation and distribution				
Karachi Electric Supply Company Limited	139,500	139,500	311	370
Kohinoor Energy Limited	623,610	-	16,519	-
Modaraba				
First Habib Bank Modaraba	100,000	51,000	503	204
First National Bank Modaraba	1,719,501	33,500	12,810	131
Standard Chartered Modaraba	52,099	-	479	-
Industrial Metal and Mining				
Crescent Steel and Allied Products Limited	33,251	-	835	-
Sugar and allied industry				
Shahtaj Sugar Mills Limited	107,960	70,500	7,040	6,909
Al-Noor Sugar Mills Limited	379,922	21,000	13,879	389
Thal Industries Corporation Limited	21,813	16,000	1,287	762
Chemicals				
Pakistan PTA Limited	-	3,314,000	-	9,478
Fertilizer				
Dawood Hercules Chemicals Limited	-	3,000	-	386
Technology and communication				
Callmate Tellips Telecom Limited	-	881,463	-	1,675
PTCL	-	65,000	-	1,121
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	33,218	4,564	34,532	4,646

	Share certificates		Market value	
	2010 Number	2009 Number	2010 (Rupees in thousand)	2009
Food and personal care products				
Murree Brewery Company Limited	14,972	8	1,252	1
Tobacco				
Pakistan Tobacco Company	-	17,000	-	1,238
Textile				
Indus Dyeing and Manufacturing Company Limited	308,189	100,900	64,412	4,939
Automobile assembler				
Al-Ghazi Tractor Limited	-	7,900	-	1,280
Honda Atlas Car Limited	-	2,800	-	36
Closed end mutual funds				
Al-Meezan Mutual Fund	186,250	37,350	1,239	194
Industrial Transport				
Pakistan National Shipping Corporation	57,669	80,000	2,300	3,693
Miscellaneous				
Siddique Sons Tin Plate Limited	-	657,000	-	5,591
BIAFO Industries Limited	12,399	-	439	-
Descon Oxychem Limited	1,514,497	-	6,906	-
Tri Pack Films Limited	25,000	-	2,438	-
			168,288	114,547

13.2 Details of investment in mutual funds are stated below:

	Units		Amount (Market value)	
	2010 Number	2009 Number	2010 (Rupees in thousand)	2009
UTP Islamic Fund	1	1	1	1
IGI Income Fund	-	47,286	-	5,035
Atlas Income Fund	-	9,933	-	4,978
Atlas Money Market Fund	12,179	-	6,253	-
NIT Government Bond Fund	5,000,000	-	53,240	-
NIT Income Fund	20,000,000	-	206,876	-
			266,370	10,014

13.3 Details of investment in commodity exchange:				
Gold - 10 grams	-	1	-	24
			-	24

	Note	2010	2009
		(Rupees in thousand)	
14. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees - secured, considered good	9	6,094	2,099
Loan to subsidiary companies:			
Global Econo Trade (Private) Limited	14.1 & 14.2	1,926	10,229
TCL Labor-Hire (Private) Limited - subsidiary of Global Econo Trade (Private) Limited	14.1 & 14.3	3,486	1,901
Advances to employees - secured, considered good	14.4	2,017	2,529
Advances - unsecured, considered good			
Suppliers		27,222	45,666
Income tax		83,582	73,223
		110,804	118,889
Deposits			
Letters of credit - margin deposits		5,142	109
Prepayments		3,973	8,016
Insurance claim receivable		1,507	3,320
Mark up on loans receivable from:			
- Global Econo Trade (Private) Limited		131	1,620
- TCL Labor-Hire (Private) Limited		50	143
		181	1,763
Interest accrued		-	869
Associated undertakings			
Wazir Ali Industries Limited		25	25
ZIL Limited		10	-
		35	25
Workers' profit participation fund	17.3	-	10,000
Receivable from statutory authorities			
Export rebate		9,266	14,066
Freight subsidy		6,359	6,359
Collector of customs		229	7,726
Sales tax		18,249	32,095
		34,103	60,246
Receivable from broker against sale of investment held for trading		141	2,553
Dividend receivable		13	249
Provident Fund		-	6,564
Miscellaneous		2,089	1,512
		171,511	230,873

14.1 This represents unsecured loan bearing markup at 14.91% (2009: 15.54 %).

14.2 Maximum aggregate amount due from Global Econo Trade (Private) Limited at the end of any month during the year was Rs. 8.6 million (2009: Rs. 174.93 million).

14.3 Maximum aggregate amount due from TCL Labor-Hire (Private) Limited at the end of any month during the year was Rs. 3.5 million (2009: Rs. 6.67 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. 0.664 million (2009: Rs. 0.87 million) receivable from the Executives of the Company. Receivable from Directors and Chief Executive as at 30 June 2010 is Nil (2009: Nil).

	Note	2010	2009
		(Rupees in thousand)	
15. CASH AND BANK BALANCES			
Cash in hand		-	2,615
Cash at bank - local			
Current accounts		13,078	1,675
Saving accounts	15.1	70,017	75,934
		83,095	77,609
		83,095	80,224

15.1 These carry mark-up at the rates ranging from 5% - 11.25% per annum (2009: 5% - 11.25% per annum).

	Note	2010	2009
16. SHORT TERM BORROWINGS UNDER MARK-UP ARRANGEMENT - SECURED			
Banking Companies			
Running finance	16.1	412,291	956,187
Money market loans	16.2	700,000	100,000
Export refinance	16.3	310,283	341,546
		1,422,574	1,397,733

16.1 Running finances available from commercial banks under mark-up arrangements amount to Rs 1,540 million (2009: Rs. 1,600 million). Mark up is charged at rates ranging from 12.85% - 16.04% per annum (2009: 12.57% - 18.50%).

16.2 This represents money market loans obtained from commercial banks, which carry mark-up of 12.67% - 15.49% per annum (2009: 12.42% - 15.87%). These are for periods ranging from 30 to 180 days.

16.3 This represents export refinance available from commercial banks under mark-up arrangements amounting to Rs. 700 million (2009: Rs. 659 million). Mark-up is charged at rate of 7.50% - 9% per annum (2009: 7.50%).

16.4 16.1, 16.2 & 16.3 are secured by way of joint first pari passu hypothecation charge of Rs. 3,735 million on the entire present and future current assets of the Company.

	Note	2010	2009
		(Rupees in thousand)	
17. Trade and other payables			
Trade creditors			
Related parties	17.1	9,971	644
Others		18,438	17,812
		28,409	18,456
Other creditors			
Related parties	17.2	236	8,219
Others		17,965	6,074
		18,201	14,293
Payable against letter of credit		34,320	4,868
Accrued liabilities		62,892	42,856
Advances from customers		26,324	1,689
Payable to brokers		12	2,190
Workers' profit participation fund	17.3	5,788	-
Workers' welfare fund	17.4	4,019	1,319
Payable to employees provident fund		14,210	-
Employees deposits		19,088	15,584
Payable to employees housing fund		344	-
Payable to gratuity fund	17.5	11,492	8,701
Payable to superannuation fund (SFS)	17.5	11,661	9,381
Payable to service fund		638	1,146
Unclaimed dividend		776	1,949
Other payables		2,799	1,703
		240,973	124,135
17.1 Related parties			
Subsidiaries			
TCL Labor Hire Company (Private) Limited		8,546	-
Associated Undertakings			
Packages Limited		1,425	644
		9,971	644
17.2 Related parties			
Associated Undertakings			
ZIL Limited		181	150
IGI Insurance Limited		55	8,069
		236	8,219

	Note	2010	2009
		(Rupees in thousand)	
17.3 Workers' profit participation fund			
Balance as at 01 July		(10,000)	(8,310)
Add: Allocation for the year	17.3.1	10,788	-
		788	(8,310)
Less: Received / (paid) during the year		5,000	(1,690)
Balance as at 30 June		5,788	(10,000)

17.3.1 This has been calculated as per clause (b) of sub-section (1) of section 3 of the Companies Profit (Workers' Participation) Act, 1968.

17.4 Workers' welfare fund

	2010	2009
Balance as at 01 July	1,319	642
Add: Allocation for the year	4,019	1,319
	5,338	1,961
Less: Paid during the year	(1,319)	(642)
Balance as at 30 June	4,019	1,319

17.5 Employee benefits

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

	2010			
	Gratuity	**SFS**	**Total**	2009
	Rupees in thousand			
Opening liability	8,701	9,381	18,082	13,851
Expense for the year				
Treet Corporation Limited	8,343	9,417	17,760	14,565
Global Econo Trade (Pvt.) Limited	1,011	896	1,907	1,616
TCL - Labor Hire Company (Private) Limited	2,138	1,348	3,486	1,901
	11,492	11,661	23,153	18,082
Contributions made by the Company during the year	(8,701)	(9,381)	(18,082)	(13,851)
Closing liability	11,492	11,661	23,153	18,082

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

	2010			
	Gratuity	**SFS**	**Total**	2009
	Rupees in thousand			
Present value of defined benefit obligation	91,088	92,635	183,723	166,160
Fair value of plan assets	(65,999)	(67,316)	(133,315)	(120,799)
Un-recognized actuarial losses	(13,597)	(13,658)	(27,255)	(27,279)
Closing liability	11,492	11,661	23,153	18,082
c) Changes in present value of defined benefits obligation				
Present value of defined benefit obligation as at 01 July	81,314	84,846	166,160	140,381
Current service cost	8,615	8,207	16,822	14,473
Interest cost	9,758	10,181	19,939	16,846
Benefits paid during the year	(8,677)	(9,702)	(18,379)	(14,416)
Actuarial (profit) / loss on present value of defined benefit obligation	78	(897)	(819)	8,877
Present value of defined benefit obligation as at 30 June	91,088	92,635	183,723	166,161
d) Changes in fair value of plan assets				
Fair value of plan assets as at 01 July	60,264	60,535	120,799	112,034
Expected return on plan assets	7,232	7,264	14,496	13,443
Contribution paid during the period	8,701	9,381	18,082	13,850
Benefits paid during the period	(8,677)	(9,702)	(18,379)	(14,416)
Actuarial loss on plan assets	(1,521)	(163)	(1,684)	(4,112)
Fair value of plan assets as at 30 June	65,999	67,315	133,314	120,799
Plan assets comprise of:				
Term finance certificates	18,283	22,239	40,522	40,784
Listed securities	5,346	6,109	11,455	13,855
Deposits with banks	16,392	9,907	26,299	27,795
Investment in mutual funds	11,554	11,637	23,191	16,868
Government securities	13,000	16,000	29,000	19,000
NIT	-	-	-	1,908
Payable to other fund	1,424	-	1,424	1,269
Other	-	1,423	1,423	(680)
	65,999	67,315	133,314	120,799

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

	2010			
	Gratuity	SFS	Total	2009
	Rupees in thousand			
Current service cost	8,615	8,935	17,550	14,473
Interest cost	9,758	11,116	20,874	16,847
Expected return on assets	(7,232)	(8,078)	(15,310)	(13,444)
Actuarial loss	351	338	689	206
Net amount chargeable to profit and loss account	11,492	12,311	23,803	18,082

The liability included in above table includes Rs. 1.01 million (2009: Rs. 1.62 million) relating to Global Econo Trade (Private) Limited and Rs. 2.14 million (2009: Rs. 1.90 million) relating to TCL - Labor Hire Company (Private) Limited.

f) Actuarial valuation of these plans were carried out as of 30 June, 2010 using the projected unit credit method, the principal actuarial assumptions used are as follows:

		As per rules	
		Gratuity	SFS
		(Percentage)	
Contribution rates			
Expected rate of salary increase in future years		11	11
Discount rate		12	12
Expected rate of return on fund assets during the year		12	12
Actual return on plan assets during the year	(Rupees in thousand)	5,711	7,101

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				
	2010	2009	2008	2007	2006
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	91,088	81,314	68,354	61,021	62,338
Fair value of plan assets	65,999	60,264	56,932	58,323	66,807
(Deficit)/surplus	(25,089)	(21,050)	(11,422)	(2,698)	4,469
Experience adjustment arising on obligation (gain)/loss	78	4,463	2,452	7,288	2,550
Experience adjustment arising on plan assets gain/(loss)	(1,521)	(3,070)	(3,024)	786	2,310

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				
	2010	2009	2008	2007	2006
	(------------Rupees in thousand---------------)				
Present value of defined benefit obligation	92,635	84,846	72,027	65,450	67,056
Fair value of plan assets	67,315	60,535	55,102	57,026	63,613
Deficit	(25,320)	(24,311)	(16,925)	(8,424)	(3,443)
Experience adjustment arising on obligation (gain)/loss	(897)	4,414	1,806	7,536	4,848
Experience adjustment arising on plan assets gain/(loss)	(163)	(1,043)	(3,546)	3,024	5,175

18. LONG TERM DEPOSITS

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

	2010	2009
	(Rupees in thousand)	
19 Deferred taxation		
Deferred tax credits/(debits) arising in respect of :		
Taxable temporary differences	62,845	75,274
Deductible temporary differences	(5,703)	-
	57,142	75,274

20. CONTINGENCIES AND COMMITMENTS

20.1 Unilever Plc. and Unilever Pakistan Limited were intervening in the Company's lawful right of manufacture and sale of Bodyguard soap. In order to protect the Company's right of manufacture and sale of Bodyguard soap, legal proceedings were initiated in 1999 against Unilever Plc and Unilever Pakistan Limited to restrain them from interfering in the Company's business. Unilever Plc and Unilever Pakistan Limited filed a counter suit against the Company for using similar wrappers to those of the above mentioned companies and claimed Rs. 52.5 million from the Company for infringement of their rights. The proceedings of the above mentioned suits are in progress. However, the management is of the view that the outcome of the above mentioned case will be favorable, and, therefore, no provision in respect of the above mentioned case has been made in these financial statements.

20.2 The Company is in appeal before the ITAT 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.

20.3 The Company is in second appeal before the Income Tax Appellate Tribunal 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 thereby 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.

20.4 The Company is in second appeal before the Sales Tax Appellate Tribunal against the order passed by Collector Sales Tax Appeals, Lahore, dated 30 June, 2009 against the Company. As a result of sales tax audit for the period from July 2005 to June 2007 which created a sales tax demand of Rs. 20.814 million. A total tax demand of Rs. 0.576 million only plus 5% penalty and additional tax on the above said issues was adjudged by the worthy Collector of Sales Tax Appeals against the demand of Rs. 20.814 million. Management is expecting a favorable outcome in the second appeal.

20.5 Commitments in respect of letters of credit other than for capital expenditure Rs. 96.746 million (2009: Rs. 47.722 million).

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

21.1 Issued, subscribed and paid-up capital

2010	2009		2010	2009
(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	493,150	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	4,932
41,822,250	4,182,225		418,222	41,822

21.2 Reconciliation of number of shares

	2010	2009
Number of shares as at 01 July	4,182,225	4,182,225
Bonus shares issued during the year	37,640,025	-
Number of shares as at 30 June	41,822,250	4,182,225

IGI Insurance Limited and Loads Limited (associated companies), hold 5,442,060 and 2,731,000 (2009: 544,206 and 273,100) ordinary shares, respectively, of Rs 10 each fully paid in cash.

	Note	2010	2009
		(Rupees in thousand)	
22. RESERVES			
Capital reserves	22.1	8,949	8,949
General reserves		266,400	266,400
Fair value reserves		32,951	109,883
		308,300	385,232
22.1 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
23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance as at 01 July 2009		770,333	175,068
Surplus arising during the period - net of deferred tax		-	595,839
Transfer to retained earning (un-appropriate profit) in respect of incremental depreciation charged during the year - net of deferred tax		(5,975)	(574)
Balance as at 30 June 2010		764,358	770,333
24. SALES - NET			
Blades	24.1	1,812,591	1,570,273
Soaps	24.2	2,027	3,566
		1,814,618	1,573,839
24.1 Blades			
Local Sales		1,210,922	1,041,575
Export Sales		884,005	678,754
		2,094,927	1,720,329
Less: Sales tax		167,871	143,459
Trade discount		100,000	-
Excise duty		10,456	8,965
Export commission		14,078	7,810
		292,405	160,234
		1,802,522	1,560,095
Add: Export rebate		10,069	10,178
		1,812,591	1,570,273

	Note	2010	2009
		(Rupees in thousand)	
24.2 Soaps			
Export Sales		2,027	3,566

25. COST OF GOODS SOLD

	Note	2010	2009
Blades	25.1	1,486,539	1,225,548
Soaps	25.2	1,541	3,952
		1,488,080	1,229,500

25.1 Cost of goods sold - blades

	Note	2010	2009
Opening stock		196,885	121,096
Add: Purchases		867,863	822,681
Less: Closing stock		(169,064)	(196,885)
Raw and packing materials consumed		895,684	746,892
Stores and spares consumed		93,622	73,830
Salaries, wages and other benefits	25.1.1	305,944	259,586
Fuel and power		86,999	61,012
Repairs and maintenance		17,513	8,678
Rent, rates and taxes		2,548	1,524
Insurance		23,114	9,964
Product research and development		105	166
Traveling and conveyance		12,027	10,746
Printing and stationery		2,424	2,535
Postage and telephone		3,469	4,182
Legal and professional charges		216	123
Entertainment		1,338	1,060
Staff training		776	192
Subscriptions		404	622
Depreciation on property, plant and equipment	6.1.1	42,232	34,332
Other expenses		10,003	9,268
		1,498,418	1,224,712
Opening work-in-process		34,651	28,795
Closing work-in-process	11	(33,292)	(34,651)
Cost of goods manufactured		1,499,777	1,218,856
Opening finished goods		16,653	23,345
Closing finished goods	11	(29,891)	(16,653)
		1,486,539	1,225,548

25.1.1 Salaries, wages and other benefits include Rs. 17.39 million (2009: Rs. 16.14 million) and Rs. 8.30 million (2009: Rs. 7.65 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2010	2009
		(Rupees in thousand)	
25.2 Cost of goods sold - soaps			
Opening stock		-	-
Purchases		1,541	3,950
Closing finished goods		-	-
		1,541	3,950
Excise duty		-	2
		1,541	3,952

26. ADMINISTRATIVE EXPENSES

	Note	2010	2009
Salaries and other benefits	26.1	25,584	24,463
Electricity and gas		431	259
Repairs and maintenance		112	177
Rent, rates and taxes		246	219
Insurance		84	227
Traveling and conveyance		1,442	2,057
Entertainment		828	574
Staff training		73	39
Postage and telephone		601	435
Printing and stationery		192	77
Legal and professional charges	26.2	9,619	4,393
Donations	26.3	348	130
Computer expenses		2,971	3,405
Directors' fee		183	60
Subscription		2,686	24
Depreciation on property, plant and equipment	6.1.1	13,935	10,672
Depreciation on investment property	7	750	750
		60,085	47,961

26.1 Salaries and other benefits include Rs. 0.78 million (2009: Rs. 1.43 million) and Rs. 1.07 million (2009: Rs. 1.15 million) in respect of defined benefit schemes and defined contribution schemes respectively.

26.2 Legal and professional charges include the following in respect of auditors' remuneration and expenses.

	2010	2009
Statutory audit	700	490
Half yearly review	135	110
Certification fee	41	8
Out of pocket expenses	60	80
	936	688

26.3 This include an amount of Rs. Nil (2009: 0.11 million) donated to Ghulab Davi Chest Hospital, whose trustees include Mr. Shahid Ali (Chief Executive of the Company).

	Note	2010	2009
		(Rupees in thousand)	
27. DISTRIBUTION EXPENSES			
Repairs and maintenance		13	23
Freight, octroi and handling		21,945	24,517
Marketing expenses		-	62,000
Rent, rates and taxes		18	4
Insurance		45	1,249
Traveling and conveyance		703	1,168
Entertainment		42	39
Postage and telephone		418	779
Depreciation on property, plant and equipment	6.1.1	5,437	5,434
Computer expenses		13	-
Others expenses		8,833	2,760
		37,467	97,973
28. FINANCE COST			
Mark-up on:			
Finance under mark-up arrangements		164,087	114,437
Loan from Treet Services (Private) Limited		-	255
Finance lease		-	22
Bank charges		5,544	4,566
		169,631	119,280
29. OTHER OPERATING EXPENSES			
Unrealized loss due to fair value adjustment of investments at fair value through profit or loss		-	4,380
Write-off of investment at fair value through profit or loss		1,675	-
Realized loss on disposal of investments at fair value through profit or loss		-	5,578
Impairment loss due to fair value adjustment of long term investments available for sale		31,234	94,889
Exchange loss		-	14,856
Loss on disposal of long term investments available for sale		-	43
		32,909	119,746

	Note	2010	2009
		(Rupees in thousand)	

30. OTHER OPERATING INCOME

	Note	2010	2009
Income from financial assets			
Profit on bank deposits		3,810	3,691
Profit on disposal of long term investments available for sale		60,050	-
Unrealised gain on investments at fair value through profit or loss		28,659	-
Realized gain on disposal of investments at fair value through profit or loss		52,836	-
Commission from NIT		1,031	-
Dividend from investments - at fair value through profit or loss		7,032	3,748
Dividend from long term investments		4,656	1,078
Interest income on loan to subsidiary companies		181	1,763
		158,255	10,280
Income from non financial assets			
Profit on disposal of property, plant and equipment		5,473	2,885
Rental income from investment property		9,887	9,166
Sale of scrap and empties		12,212	7,324
Realised exchange gain		216	-
Unrealised exchange gain		463	-
Others	30.1	2,803	1,889
		31,054	21,264
		189,309	31,544

30.1 This includes Rs. 1.169 million (2009: 1.128) of unclaimed dividend.

31. TAXATION

	Note	2010	2009
Current	31.1	15,979	23,210
Deferred		(18,132)	(5,238)
Prior years		468	3,978
		(1,685)	21,950

31.1 The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 0.5% of turnover form local sales therefore tax charge reconciliation has not been presented for the current year.

	2010 %age	2009 %age
31.2 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:		
Not deductible for tax purposes	-	(316.26)
Allowable for tax purposes	-	11.49
Utilization of previous years' assessed tax losses	-	73.54
Tax effect under presumptive tax regime	-	(14.91)
	-	(246.14)
Average effective tax rate charged to profit and loss account	-	(211.14)

32. 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	
	2010	2009	2010	2009	2010	2009
	(Rupees in thousand)					
Remuneration	5,455	5,455	2,085	1,189	27,111	11,828
Provident Fund	-	2	137	98	1,675	867
Service Fund	-	1	137	98	1,675	851
Housing Fund	-	-	-	-	239	-
Bonus	-	-	581	-	6,714	2,725
Entertainment	1,028	619	-	-	-	-
Utilities	545	545	137	119	1,692	1,183
Medical	434	-	137	119	1,692	1,183
	7,462	6,622	3,214	1,623	40,798	18,637
No of Persons	1	1	1	1	25	20

The Chief Executive, Director and Executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement.

Aggregate amount charged in these financial statements for fee to six non-executive Directors was Rs. 0.183 million (2009: Rs. 0.060 million).

	Note	2010	2009
		(Rupees in thousand)	
33. CASH AND CASH EQUIVALENT			
Cash and bank balances	15	83,095	80,224
Short term borrowings under mark-up arrangements - secured	16	(412,291)	(956,187)
		(329,196)	(875,963)

	Production capacity (Unit in millions)	Actual production 2010	2009
		(Units in millions)	
34. PLANT CAPACITY AND PRODUCTION			
Hyderabad plant	525	602	579
Lahore plant	750	802	682
		1,404	1,261

35. 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 and trade and other payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel are disclosed in note 32. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2010	2009
		(Rupees in thousand)	
I Subsidiaries	Purchase of goods and services	62,410	60,855
	Sale of goods	1,032,033	888,759
	Interest on loan payable	-	255
	Interest on loan receivable	181	1,763
II Associated undertakings	Purchase of goods and services	22,628	33,044
III Post employment benefit plans	Contribution		
SFS		9,417	9,513
Gratuity		8,343	8,057
Provident fund		6,502	5,570
Service fund		2,882	3,230
Housing Fund		411	-

All transactions with related parties have been carried out on commercial terms and conditions.

36. 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.

36.1 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. 952 million (2009: Rs. 591 million), the financial assets which are subject to credit risk amounted to Rs. 952 million (2009: Rs. 588 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 and a credit period of 30 days is granted.

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.

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:

	2010	2009
	(Rupees in thousand)	
Long term investment	89,878	279,405
Long term loans and deposits	13,783	3,336
Trade debts	319,421	71,441
Short term investments	434,663	124,590
Loans, advances, deposits, prepayments and other receivables	11,395	31,514
Bank balance	83,095	77,609
	952,235	587,895

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 receivables at the reporting date by type of customer was:

	2010	2009
	(Rupees in thousand)	
Blades division		
- Local parties	284,153	251,897
- Foreign parties	35,268	43,122

The aging of trade receivables at the reporting date is:

	2010	2009
Less than 30 days	192,965	24,371
Past due 1 - 3 months	124,665	266,213
Past due 3 - 6 months	-	2,068
Past due 6 - 9 months	737	1,313
Above One year	1,054	1,054

One of the major customer accounts for Rs. 283.10 million of the trade receivables carrying amounts at 30 June 2010 (2009: 250.84 million), which is a wholly owned subsidiary of the Company.

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.

36.2 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:

	2010					
	Carrying Amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years
	Rupees					
Financial Liabilities						
Trade and other payables	185,754	-	185,754	185,754	-	-
Long term deposits	2,341	-	2,341	2,341	-	-
Short term borrowings	1,422,574	1,422,574	-	-	-	-
Interest and mark-up accrued	37,637	-	37,637	-	-	-

	2009					
	Carrying Amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	One to two years
	Rupees					
Financial Liabilities						
Trade and other payables	105,543	-	105,543	-	-	-
Long term deposits	2,273	-	2,273	-	-	-
Short term borrowings	1,397,733	1,397,733	-	-	-	-
Interest and mark-up accrued	38,393	-	38,393	-	-	-

36.3 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.

36.4 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.

	2010	2009
	(Rupees in thousand)	
Foreign creditors	-	5,224
Gross balance sheet exposure	-	5,224
Outstanding letters of credit	34,320	4,868
Net exposure	34,320	10,092

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2010	2009	2010	2009
USD to PKR	84.17	76.50	85.60	81.10

Sensitivity analysis

At reporting date, if the PKR has strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign creditors.

Effect on profit and loss

	2010	2009
	(Rupees in thousand)	
US Dollars	932	711

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax profit / loss.

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

36.5 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	2010	2009	2010	2009
	Effective rate (in Percentage)		Carrying Amount (Rupees in thousand)	
Short term borrowings	12.85 - 16.04	12.57 - 18.50	1,422,574	1,397,733

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.

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit and loss 100 bp	
	increase	decrease
	(Rupees in thousand)	
As at 30 June 2010		
Cash flow sensitivity - Variable rate financial liabilities	(4,182)	4,182
As at 30 June 2009		
Cash flow sensitivity - Variable rate financial liabilities	(4,831)	4,831

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

36.6 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:

	2010	**2009**
	(Rupees in thousand)	
Effect on profit and loss	43,466	12,459
Effect on equity	7,113	27,940
Effect on investments	50,579	40,399

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

Fair value of financial instruments

The carrying values 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 in arm's length transaction.

36.6.1 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 in an arm's length transaction.

Effective 01 January 2009 the Company adopted the amendments to IFRS 7 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices) (level);

- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees			
Assets				
Investments at fair value through profit or loss	168,288	-	-	168,288
Long term investments available for sale	71,135	-	18,743	89,878

	2009			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees			
Assets				
Investments at fair value through profit or loss	114,547	-	-	114,547
Long term investments available for sale	260,662	-	18,743	279,405

36.7 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

36.8 Capital 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, 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 2010 and at 30 June 2009 were as follows:

	2010	**2009**
	(Rupees in thousand)	
Total debt	1,422,574	1,397,733
Total equity and debt	2,656,848	2,521,242
Debt-to-equity ratio	54%	55%

The decrease in the debt-to-equity ratio in 2010 resulted primarily because of further debt financing due to increased working capital requirements which is off-set by issuance of bonus shares.

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.

		2010	2009
		(Rupees in thousand)	
37. CASH GENERATED FROM OPERATIONS			
Profit before taxation		200,948	(10,396)
Adjustments for non cash and other items:			
Finance cost for the year		169,631	119,280
Depreciation on property, plant and equipment	6.1	61,604	50,438
Depreciation on investment property	7	750	750
Provision for gratuity		8,343	8,701
Provision for superannuation fund scheme		9,417	9,381
Profit on bank deposits		(3,810)	(3,691)
Interest income on loan to subsidiary companies		(181)	(1,763)
Impairment on available for sale investments		-	70
Impairment on long term investments		31,234	94,889
Profit on sale of property, plant and equipment		(5,473)	(2,885)
Provision for WPPF and WWF		14,807	1,319
Unrealized gain on investment at fair value through profit or loss		(28,659)	4,380
Transfer to profit and loss account on sale of available for sale investment		(60,212)	43
Unrealized exchange gain		(463)	-
Dividend income		(12,719)	(4,826)
		184,269	276,086
Operating profit before working capital changes		385,217	265,690
Decrease/(increase) in current assets			
Stores and spares		(42,070)	(10,420)
Stock-in-trade		(20,489)	(49,160)
Trade debtors		(23,939)	113,942
Short term investment		(281,414)	(51,627)
Loans, advances, deposits, prepayments and other receivables		57,034	(14,922)
		(310,878)	(12,187)
Increase / (decrease) in current liabilities			
Trade and other payables		104,452	(24,299)
		178,791	229,204

38. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

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

		2010	2009
Profit / (loss) for the year after taxation	Rupees in thousand	202,633	(32,346)
Weighted average number of shares	Number in thousand	41,822	41,822
Earnings / (loss) per share	Rupees	4.85	(0.77)

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 04, 2010 by the Board of Directors of the Company.

40. GENERAL

40.1 Figures have been rounded off to nearest thousand rupee.

40.2 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.

LAHORE:
October 04, 2010

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Key Operating Financial Data

Rs.(000)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Sales	3,691,492	2,821,675	2,012,941	1,288,155	1,248,908	1,223,935	1,035,357	1,036,704	871,577	750,293	634,736
Export Sales	882,023	684,688	449,572	413,219	362,053	309,188	215,422	154,114	127,027	118,592	84,162
Gross Profit	705,019	520,888	290,816	255,862	278,222	438,435	390,336	404,735	282,452	181,808	137,221
Profit before Taxation	281,536	(10,493)	32,340	102,261	101,201	287,344	282,082	437,210	197,385	94,376	51,641
Profit after Taxation	266,342	(48,763)	22,957	88,733	91,726	218,743	212,742	363,535	138,577	50,494	29,590
Shareholders' Equity											
+ Revaluation Surplus	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	190,774
Fixed Assets - Net	2,148,004	1,975,012	1,095,561	871,003	678,552	347,448	392,538	177,244	118,690	127,876	143,551
Total Assets	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	471,086
Total Liabilities	2,193,945	2,052,231	1,383,306	783,185	773,636	521,082	454,650	349,349	389,054	319,188	280,312
Current Assets	1,960,089	1,653,905	1,238,574	958,036	1,044,803	1,091,205	921,615	660,629	571,422	397,760	309,516
Current Liabilities	2,132,211	1,974,534	1,346,486	756,760	743,630	514,882	407,749	301,570	380,163	224,899	193,552
Dividend Declared	50%	0%	0%	20%	20%	70%	100%	150%	133%	50%	29%
Stock Dividend	900%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Shares Outstanding	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	4,182,225

Important Ratios

Profitability	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Gross Profit	19.10%	18.40%	14.45%	19.86%	22.28%	35.82%	37.70%	39.04%	32.41%	24.23%	21.62%
Profit before Tax	7.63%	(0.37%)	1.61%	7.94%	8.10%	23.48%	27.24%	42.17%	22.65%	12.58%	8.14%
Profit after Tax	7.22%	(1.72%)	1.14%	6.89%	7.34%	17.87%	20.55%	35.07%	15.90%	6.73%	4.66%
Return to Equity											
Return on Equity before Tax	13.82%	(0.57%)	2.39%	7.16%	8.04%	25.46%	27.27%	71.57%	62.22%	42.83%	27.07%
Return on Equity after Tax	13.08%	(2.63%)	1.70%	6.21%	7.29%	19.38%	20.57%	59.51%	43.68%	22.91%	15.51%
Earning per Shares	6.37	(11.66)	5.49	21.22	21.93	52.30	50.87	86.92	33.13	12.07	7.08
Liquidity/Leverage											
Current Ratio	0.92	0.84	0.92	1.27	1.41	2.12	2.26	2.19	1.50	1.77	1.60
Break-up Value per Share	48.70	442.70	323.30	341.72	300.94	269.82	247.32	146.06	75.86	52.69	45.62
Total Liabilities to Equity	1.08	1.11	1.02	0.55	0.61	0.46	0.44	0.57	1.23	1.45	1.47

% Change	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Sales	30.83%	119.74%	56.27%	3.14%	2.04%	18.21%	(0.13%)	18.95%	16.16%	18.21%	
Export Sales	28.82%	65.70%	8.80%	14.13%	17.10%	43.53%	39.78%	21.32%	7.11%	40.91%	
Gross Profit	35.35%	103.58%	13.66%	(8.04%)	(36.54%)	12.32%	(3.56%)	43.29%	55.36%	32.49%	
Profit before Taxation	(2783.08%)	(110.26%)	(68.38%)	1.05%	(64.78%)	1.87%	(35.48%)	121.50%	109.15%	82.75%	
Profit after Taxation	(646.20%)	(154.95%)	(74.13%)	(3.26%)	(58.07%)	2.82%	(41.48%)	162.33%	174.44%	70.65%	
Shareholders' Equity											
+ Revaluation Surplus	10.00%	29.55%	(5.39%)	13.55%	11.54%	9.10%	69.32%	92.54%	43.97%	15.51%	
Fixed Assets - Net	8.76%	126.75%	25.78%	28.36%	95.30%	(11.49%)	121.47%	49.33%	(7.18%)	(10.92%)	
Total Assets	8.37%	76.42%	23.62%	8.88%	23.20%	10.78%	55.07%	35.95%	30.91%	14.53%	
Total Liabilities	6.91%	162.04%	76.63%	1.23%	48.47%	14.61%	30.14%	(10.21%)	21.89%	13.87%	
Current Assets	18.51%	72.63%	29.28%	(8.30%)	(4.25%)	18.40%	39.51%	15.61%	43.66%	28.51%	
Current Liabilities	7.99%	160.92%	77.93%	1.77%	44.43%	26.27%	35.21%	(20.67%)	69.04%	16.20%	
Dividend		(100.00%)	(100.00%)	0.00%	(71.43%)	(30.00%)	(33.33%)	12.78%	166.00%	72.41%	
Shares Outstanding	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, 2010

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
1286	1	100	56,640
1099	101	500	322,603
590	501	1,000	501,691
684	1,001	5,000	1,648,009
127	5,001	10,000	936,313
40	10,001	15,000	493,041
22	15,001	20,000	378,571
11	20,001	25,000	258,682
2	25,001	30,000	50,830
4	30,001	35,000	132,955
3	35,001	40,000	111,276
5	40,001	45,000	205,730
2	45,001	50,000	98,450
2	50,001	55,000	104,277
1	55,001	60,000	55,260
1	70,001	75,000	73,050
1	75,001	80,000	78,600
2	80,001	85,000	167,600
3	85,001	90,000	260,100
1	90,001	95,000	91,439
1	120,001	125,000	121,190
1	165,001	170,000	168,767
1	190,001	195,000	190,990
1	250,001	255,000	250,530
1	380,001	385,000	384,392
1	390,001	395,000	394,080
3	605,001	601,000	1,810,180
1	635,001	640,000	635,140
1	755,001	760,000	759,764
1	2,645,001	2,645,000	2,645,350
1	2,730,001	2,735,000	2,731,000
1	3,470,001	3,475,000	3,474,000
1	3,550,001	3,555,001	3,550,640
1	5,440,001	5,445,001	5,442,060
1	5,495,001	5,500,000	5,500,000
1	7,735,001	7,731,000	7,739,050
3904			**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	2	3,935,032	9.61
CEO, DIRECTORS, SPOUSE & MINOR CHILDREN			
SYED SHAHID ALI	2	10,384,400	24.23
DR. MRS. NILOUFER MAHDI	1	603,170	1.45
MRS. FERIEL ALI MEHDI	1	250,530	O.6
SYED SHEHARYAR ALI	1	3,474,000	8.31
MR. MUHAMMAD SHAFIQUE ANJUM	1	25,050	0.06
EXECUTIVES			
MR. AYAZ AHMED (COMPANY SECRETARY)	1	180	0.04
INVESTMENT COMPANIES			
JOINT STOCK COMPANIES	61	636,001	1.62
BANKS, DEVELOPMENT FINANCE INSTITUTION,	9	6,994,105	16.95
NON-BANKING FINANCE INSTITUTIONS, INSURANCE			
FOREIGN COMPANY	1	5,500,000	13.15
PUBLIC SECTOR & CORPORATIONS			
MODARABA	1	10,000	0.02
0THERS	5	13,460	0.03
INDIVIDUALS	3816	1,823,262	4.39
	3904	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

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 30 October 2010 (Saturday) 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_______________2010.

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