



## Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Treet Corporation Limited "Holding Company" and its subsidiary companies as at 30 June 2007 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Treet Corporation Limited and its subsidiary company, Global Econo Trade (Private) Limited. First Treet Manufacturing Modaraba and TCL Labor Hire Company (Private) Limited were audited by another firm of auditors, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors.

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

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstance.

In our opinion, the consolidated financial statements present fairly the financial position of Treet Corporation Limited and its subsidiary companies as at 30 June 2007 and the results of their operations for the year then ended.

Lahore:  
September 26, 2007

**KPMG Taseer Hadi & Co**  
**Chartered Accountants**



**TREET CORPORATION LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEET**  
*As at 30 June 2007*

	<i>Note</i>	<b>2007</b>	<b>2006</b>
<b>(Rupees in thousand)</b>			
Property, plant and equipment	3	<b>663,945</b>	475,402
Investment property	4	<b>207,058</b>	203,150
Long term investments	5	<b>377,660</b>	300,877
Long term loans and deposits	6	<b>6,020</b>	8,013
		<b>1,254,683</b>	987,442
<b>CURRENT ASSETS</b>			
Stores and spares	7	<b>54,195</b>	55,078
Stock in trade	8	<b>302,397</b>	253,276
Trade debts - considered good	9	<b>93,318</b>	22,300
Short term investments	10	<b>160,871</b>	138,875
Loans, advances, deposits, prepayments and other receivables	11	<b>213,974</b>	152,681
Cash and bank balances	12	<b>133,281</b>	422,593
		<b>958,036</b>	1,044,803
<b>CURRENT LIABILITIES</b>			
Current portion of liability against assets subject to finance lease	16	<b>1,088</b>	2,869
Short term borrowings under markup arrangements- secured	13	<b>543,884</b>	541,403
Trade and other payables	14	<b>195,393</b>	189,357
Taxation		<b>16,395</b>	10,001
		<b>756,760</b>	743,630
<b>NET CURRENT ASSETS</b>		<b>201,276</b>	301,173
Long term deposits	15	<b>834</b>	829
Liability against assets subject to finance lease	16	<b>507</b>	1,595
Deferred liability	17	<b>25,084</b>	27,582
Contingencies and commitments	18		
		<b>26,425</b>	30,006
<b>Represented by:</b>		<b>1,429,534</b>	1,258,609
Share capital	19	<b>41,822</b>	41,822
Reserves	20	<b>475,893</b>	385,740
Unappropriated profit		<b>735,773</b>	654,831
		<b>1,253,488</b>	1,082,393
Minority Interest		<b>403</b>	-
		<b>1,253,891</b>	1,082,393
Surplus on revaluation of property, plant and equipment	21	<b>175,643</b>	176,216
		<b>1,429,534</b>	1,258,609

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

**Syed Shahid Ali**  
Chief Executive Officer

Lahore:  
September 26, 2007

**Shamshad Ahmed**  
Director



**TREET CORPORATION LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED CASH FLOW STATEMENT**

*For the year ended 30 June 2007*

	<i>Note</i>	<b>2007</b>	2006
		<b>(Rupees in thousand)</b>	
<b>Cash generated from operations</b>	<i>34</i>	<b>(53,847)</b>	435,417
Finance cost paid		<b>(58,008)</b>	(21,449)
Taxes paid		<b>(22,833)</b>	(59,078)
WPPF and WWF		<b>6,106</b>	(9,695)
Payment to Gratuity fund		<b>(2,736)</b>	(2,228)
Payment to Superannuation fund		<b>(3,628)</b>	(2,793)
		<b>(81,099)</b>	(95,243)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(134,946)</b>	340,174
<b>Cash flows from investing activities</b>			
Fixed capital expenditure incurred		<b>(231,323)</b>	(162,097)
Capital expenditure on investment property		<b>(66,858)</b>	(229,611)
Proceeds from sale of property, plant and equipment		<b>4,350</b>	8,288
Proceeds from sale of investment property		<b>65,000</b>	32,892
Long term investments		<b>47,101</b>	(7,517)
Long term loans and deposits		<b>1,498</b>	819
Profit received on bank deposits		<b>23,031</b>	9,503
Dividend received		<b>11,128</b>	15,258
<b>Net cash (outflow) from investing activities</b>		<b>(146,073)</b>	(332,465)
<b>Cash flows from financing activities</b>			
Payment of lease obligation		<b>(2,869)</b>	(1,671)
Long term deposits		<b>5</b>	20
Modaraba certificates issued		<b>460</b>	-
Dividend paid		<b>(8,370)</b>	(28,974)
<b>Net cash (outflow) from financing activities</b>		<b>(10,774)</b>	(30,625)
<b>Net (decrease) in cash and cash equivalents</b>		<b>(291,793)</b>	(22,916)
<b>Cash and cash equivalents at the beginning of year</b>		<b>(118,810)</b>	(95,894)
<b>Cash and cash equivalents at the end of year</b>	<i>30</i>	<b>(410,603)</b>	(118,810)

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

**Syed Shahid Ali**  
Chief Executive Officer

Lahore:  
September 26, 2007

**Shamshad Ahmed**  
Director

## COMPANY INFORMATION

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### BOARD OF DIRECTORS

Syed Wajid Ali Syed Shahid Ali Dr. Mrs. Niloufer Mahdi Syeda Feriel Rifaat Ali Mr. Saulat Said Mr. Shamshad Ahmed Syed Sheharyar Ali Mr. Muhammad Shafique Anjum	Chairman Chief Executive Officer  (Nominee IGI Insurance Limited) (Nominee National Investment Trust Limited)
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### BOARD AUDIT COMMITTEE

Mr. Saulat Said Mr. Shamshad Ahmed Syed Sheharyar Ali	Chairman Member Member
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### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Amir Zia

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### EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Lahore.

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### INCOME TAX CONSULTANTS

Gardezi & Co.  
Chartered Accountants  
Lahore.

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### LEGAL ADVISORS

Salim & Baig, Advocates - Lahore.

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### BANKERS

Askari Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Citi Bank N.A. Crescent Commercial Bank Limited IGI Investment Bank Limited My Bank Limited Habib Metropolitan Bank Limited	Habib Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited PICIC Commercial Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited Hong Kong & Shanghai Banking Corporation Limited
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### REGISTERED OFFICE & SHARE DEPARTMENT

72-B, Kot Lakhpat Industrial Area, Lahore.  
Phones: 042-5830881, 5156567 & 5122296  
Fax: 042-5114127, 5836770  
E-mail: info@treetonline.com  
Home Page: <http://www.treetonline.com>

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### 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 : 042-5830881, 5156567 & 5122296  
Fax : 042-5114127, 5836770

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### KARACHI OFFICE

17-Abdullah Haroon Road, Karachi.  
Phone : 021-5681576  
Fax : 021-5681575

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### GROUP COMPANIES

Global Econo Trade (Private) Limited  
(A wholly owned subsidiary of Treet Corporation Limited)  
56, Shahrah-e-Quaid-e-Azam, Lahore.  
Phones : 042-6303680, 6303501, 6303502  
Fax : 042-6303681

TCL Labor - Hire Company (Private) Limited  
(A wholly owned subsidiary of Global Econo Trade (Private) Limited)  
56, Shahrah-e-Quaid-e-Azam, Lahore.  
Phones : 042-6303680, 6303501, 6303502  
Fax : 042-6303681

First Treet Manufacturing Modaraba  
(Managed by Global Econo Trade (Private) Limited)  
Principal Place of Business:  
72-B, Kot Lakhpat Industrial Area, Lahore.  
Phones : 042-5830881, 5156567 & 5122296  
Fax : 042-5114127, 5836770

**TREET CORPORATION LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the year ended 30 June 2007*

	Share capital	Reserve		Un-appropriated profit	Total
		Capital	Fair value		
<b>Balance as at 30 June 2005 (restated)</b>	41,822	8,949	266,400	37,114	946,093
Transfer from surplus on revaluation of property, plant and equipment Available for sale investment	-	-	-	573	573
Transfer to profit and loss on sale	-	-	-	-	(36)
Valuation gain taken to equity	-	-	-	73,313	73,313
Net income recognised directly in equity	-	-	-	573	73,850
Net profit for the year	-	-	-	91,726	91,726
Total recognised income and expense for the year	-	-	-	92,299	165,576
Final dividend for the year ended 30 June 2005 @ Rs 7 per share	-	-	-	(29,276)	(29,276)
<b>Balance as at 30 June 2006</b>	41,822	8,949	266,400	654,831	1,082,393
Transfer from surplus on revaluation of property, plant and equipment Available for sale investment	-	-	-	573	573
Transfer to profit and loss on sale	-	-	-	-	(26,437)
Valuation gain taken to equity	-	-	-	116,590	116,590
Net income recognised directly in equity	-	-	-	573	90,726
Net profit for the year	-	-	-	88,733	88,733
Total recognised income and expense for the year	-	-	-	89,306	179,459
Final dividend for the year ended 30 June 2006 @ Rs 2 per share	-	-	-	(8,364)	(8,364)
<b>Balance as at 30 June 2007</b>	41,822	8,949	266,400	735,773	1,253,488

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

Lahore:  
September 26, 2007



**Syed Shahid Ali**  
Chief Executive Officer



**Shamshad Ahmed**  
Director





# Treet Group of Companies (TREET Group)

## 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 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. These 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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Tuesday, October 30, 2007 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 February 10, 2007.
2. To receive, consider and adopt the statement of audited accounts for the year ended June 30, 2007 along with the reports of Directors and Auditors thereon.
3. To approve and declare a dividend @ 20% i.e. Rs.2/- per share as recommended by the Board.
4. To appoint Auditors of the Company for the year ending June 30, 2008 and to fix their remuneration. The retiring Auditors M/S. KPMG Taseer Hadi & Co., Chartered Accountants being eligible offer themselves for re-appointment.
6. To transact any other business with the permission of the Chair.

By order of the Board



(AMIR ZIA)  
Company Secretary

Lahore:  
September 26, 2007

### Notes:

- a. The share transfer Books of the Company will remain closed from October 23, 2007 to October 30, 2007 (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 than 48 hours before the time of holding the Meeting.
- c. The shareholders having shares deposited with the CDC are requested to bring their original National Identity Card or Passport and CDC account number for verification.
- d. Members are requested to promptly notify the Company of any change in their addresses.



**TREET CORPORATION LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

*For the year ended 30 June 2007*

	<i>Note</i>	<b>2007</b>	<b>2006</b>
		<b>(Rupees in thousand)</b>	
Sales -Net	22	<b>1,288,155</b>	1,248,908
Cost of goods sold	23	<b>1,032,293</b>	970,686
<b>Gross Profit</b>		<b>255,862</b>	278,222
Administrative expenses	24	<b>31,980</b>	41,001
Distribution cost	25	<b>179,065</b>	152,008
		<b>211,045</b>	193,009
<b>Operating Profit</b>		<b>44,817</b>	85,213
Other operating income	26	<b>111,857</b>	26,209
Finance cost	27	<b>60,285</b>	22,402
Share of profit of associate		<b>11,156</b>	16,075
		<b>107,545</b>	105,095
Workers' profit participation fund (WPPF)		<b>3,855</b>	3,894
Workers' welfare fund (WWF)		<b>1,429</b>	-
		<b>5,284</b>	3,894
<b>Profit before taxation</b>		<b>102,261</b>	101,201
Provision for taxation			
Group	28	<b>9,723</b>	3,876
Associated company		<b>3,862</b>	5,599
<b>Profit after taxation</b>		<b>88,676</b>	91,726
Attributable to:			
Group		<b>88,733</b>	91,726
Minority Interest		<b>(57)</b>	-
		<b>88,676</b>	91,726
Earnings per share - Basic and diluted	35	<b>21</b>	22

All appropriations have been shown in the Statement of Changes in Equity.

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Lahore:  
September 26, 2007

**Syed Shahid Ali**  
Chief Executive Officer

**Shamshad Ahmed**  
Director



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