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Form of Proxy .....

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)
	Syed Sheharyar Ali	
	Mr. Muhammad Shafique Anjum	
	Mr. Munir K. Bana	(Nominee Loads Limited)
BOARD AUDIT COMMITTEE	Mr. Jalees Ahmed Siddiqi	Chairman
	Mr. Imran Azim	Member
	Syed Sheharyar Ali	Member
	Mr. Munir K. Bana	Member
CHIEF FINANCIAL OFFICER	Mr. Amir Zia	
COMPANY SECRETARY	Mr. Ayaz Ahmed	
EXTERNAL AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants Lahore.	
INCOME TAX CONSULTANTS	Hyder Bhimji & Co. Chartered Accountants Lahore.	
LEGAL ADVISORS	Salim & Baig, Advocates - Lahore.	
CORPORATE ADVISORS	Cornelius, Lane & Mufti Legal Advisors & Solicitors - Lahore.	

BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR

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

TREET GROUP FACTORIES

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

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

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

GROUP COMPANIES / OFFICES

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

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

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

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

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

KARACHI OFFICE

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

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Wednesday October 31, 2012 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 April 23, 2012.

2. To receive, consider and adopt the statement of audited accounts for the year ended June 30, 2012 along with the reports of Directors and Auditors thereon.

3. To approve and declare a dividend @ 20% (Rs.2/-) per share as recommended by the Board.

4. To appoint Auditors of the Company for the year ending June 30, 2013 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 02, 2012

Notes:

a. The share transfer Books of the Company will remain closed from October 25, 2012 to October 31, 2012 (both days inclusive).

   Transfers received at the registered office of the Company situated 72-B, Kotlakhpat Industrial Area, Lahore, at the close of business on October 24, 2012 will be treated in time for the purpose of above entitlement to the transferees.

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

Mission, Vision Statements

MISSION STATEMENT

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

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

VISION STATEMENT

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

PRINCIPLE

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

EMPHASIS

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

SOCIAL RESPONSIBILITY

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

CORPORATE VALUES

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

Statement of Ethics and Business Practices
Guidelines to Business Conduct

EMPLOYEES

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

BUSINESS PARTNERS

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

BUSINESS RESOURCES

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

COMMUNITIES

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

Corporate Social Responsibility

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

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

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

CUSTOMERS

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

OUR PEOPLE

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

PRODUCTS AND SERVICES

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

SUPPLIERS

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

SHAREHOLDERS

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

PLANNING

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

QUALITY IMPROVEMENT

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

ENVIRONMENT

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

SOCIETY

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

HEALTH, SAFETY AND ENVIRONMENT POLICY

It is **Treet Group** policy to;

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

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

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

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

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

Investment / Funding and Dividend Policies

INVESTMENT POLICY

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

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

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

FUNDING POLICY

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

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

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

These funding options may include;

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

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

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

DIVIDEND POLICY

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

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

DIVIDEND POLICY FOR FIRST TREET MANUFACTURING MODARABA

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

Quality Policy

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

Syed Shahid Ali
Chief Executive Officer

Treet Group – An Introduction

Treet Group of Companies comprise of the following businesses:

1. Treet Corporation Limited [TREET]

    a. Blade Manufacturing
    b. Disposable Razor Manufacturing
    c. Export & Export Marketing
    d. Local Sales & Marketing

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

    a. Distributor of Blade / Disposable Razors / Soaps
    b. Motorbike Assembly & Marketing
    c. Modaraba Company
    d. Advertisement & Sales Promotion Media

3. First Treet Manufacturing Modaraba [FTMM]

    a. Manufacturing and selling of corrugated packaging
    b. Manufacturing and selling of paper & board
    c. Manufacturing and selling 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 Motorbikes;
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]; and
10. Floatation and control of Modarabas. etc.

Factories:

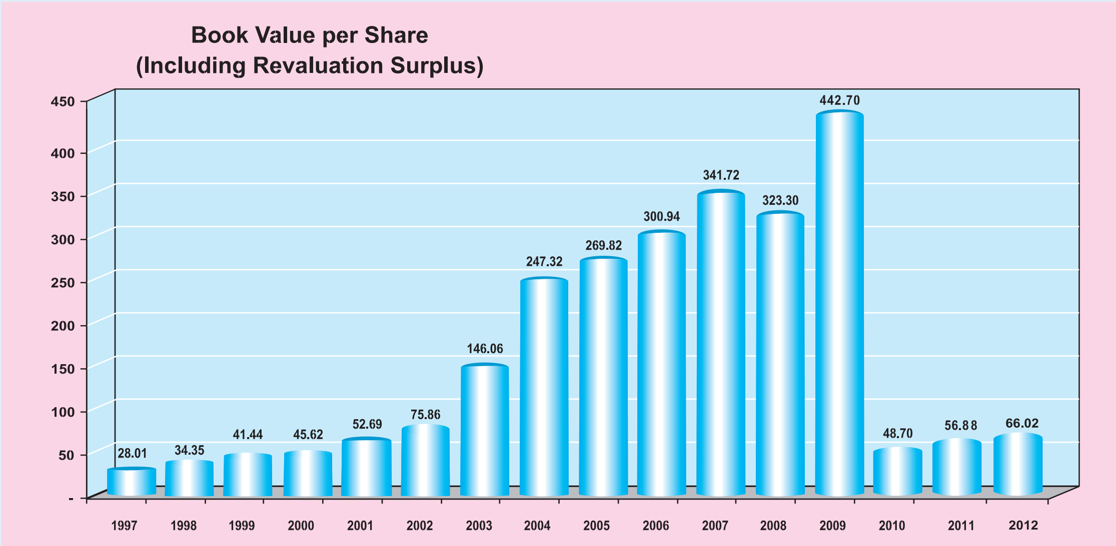
- Lahore Factory : 72-B, Kot Lakhpat, Industrial Area, Lahore
- Hyderabad Factory : Hali Road, P.O.Box No. 308, Hyderabad
- Packaging Solutions : Kacha Tiba Rohi Nala, 22-KM, Ferozepur Road, Lahore.
- Paper & Board Mill : 33-KM Lahore-Sheikhupura Road, Sheikupura
- Import House/warehouse : Kacha Tiba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

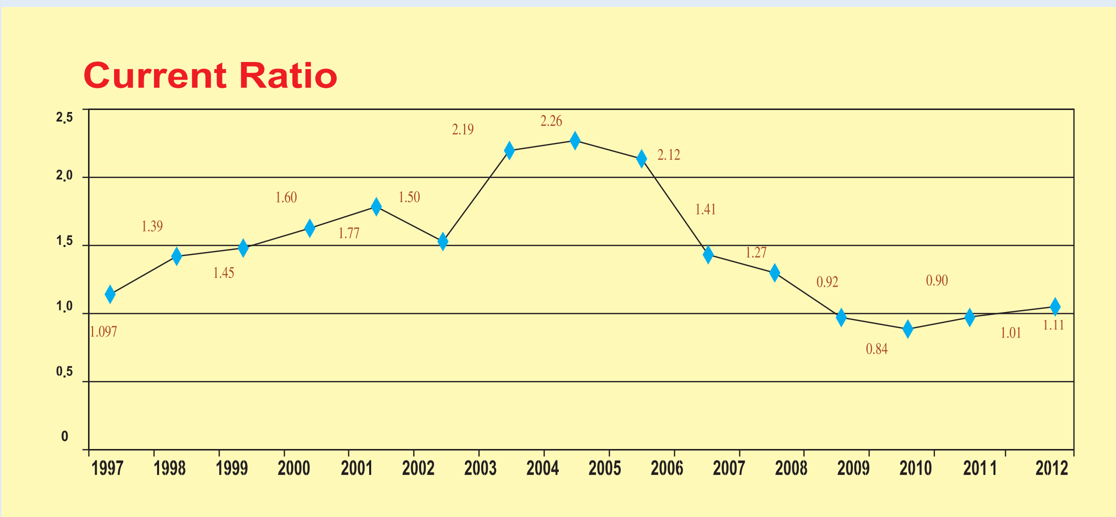
Others / Future Expansion:

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

LEGAL STRUCTURE OF GROUP COMPANIES

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


Book Value per Share
(Including Revaluation Surplus)
450
400
350
300
250
200
150
100
50
-
28.01
34.35
41.44
45.62
52.69
75.86
146.06
247.32
269.82
300.94
341.72
323.30
442.70
48.70
56.88
66.02
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


Current Ratio
2.5
2.0
1.5
1.0
0.5
0
1.097
1.39
1.45
1.60
1.77
1.50
2.19
2.26
2.12
1.41
1.27
0.92
0.84
0.90
1.01
1.11
1997
1998
1999
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2001
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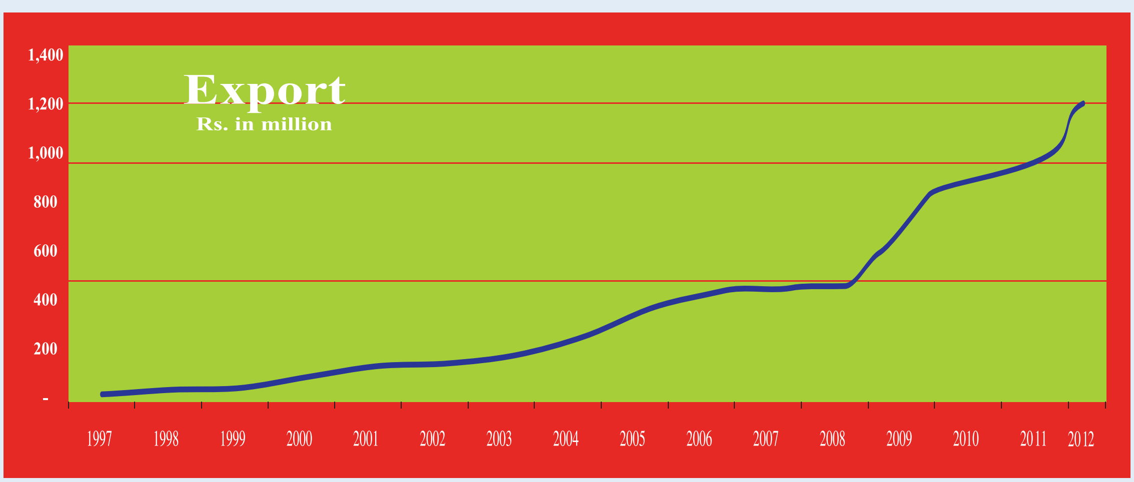
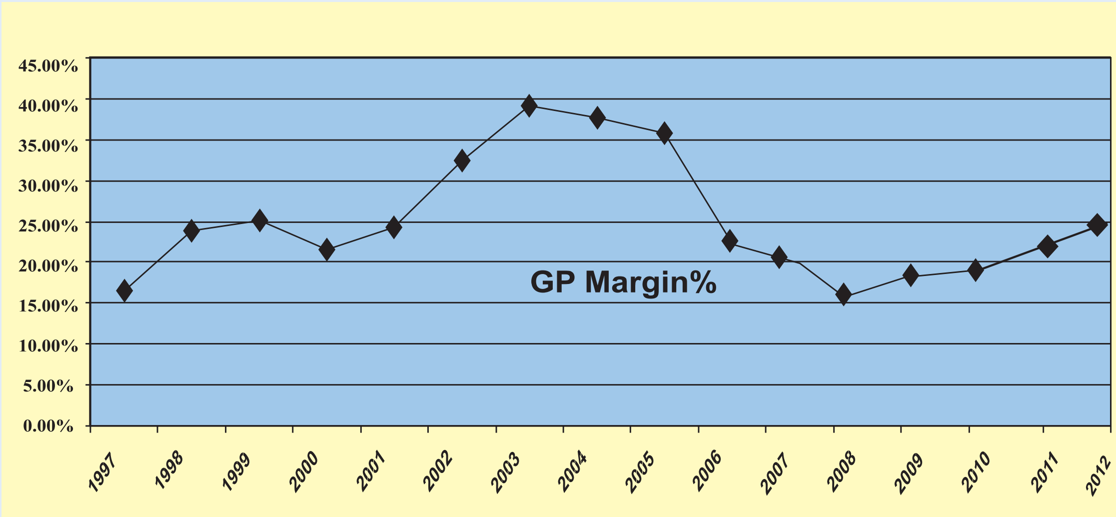
2010
2011
2012


Export
Rs. in million
1,400
1,200
1,000
800
600
400
200
-
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


GP Margin%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
1997
1998
1999
2000
2001
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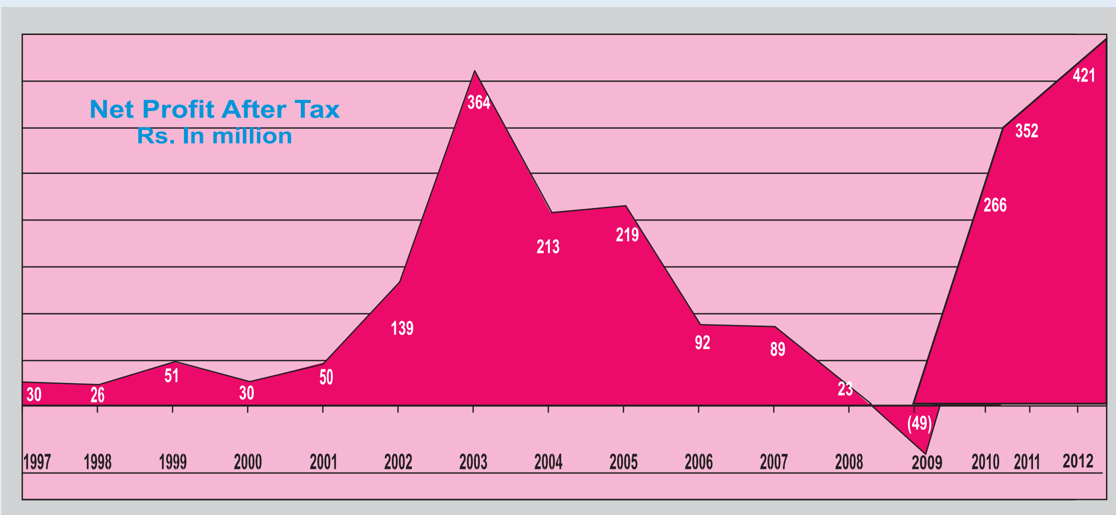
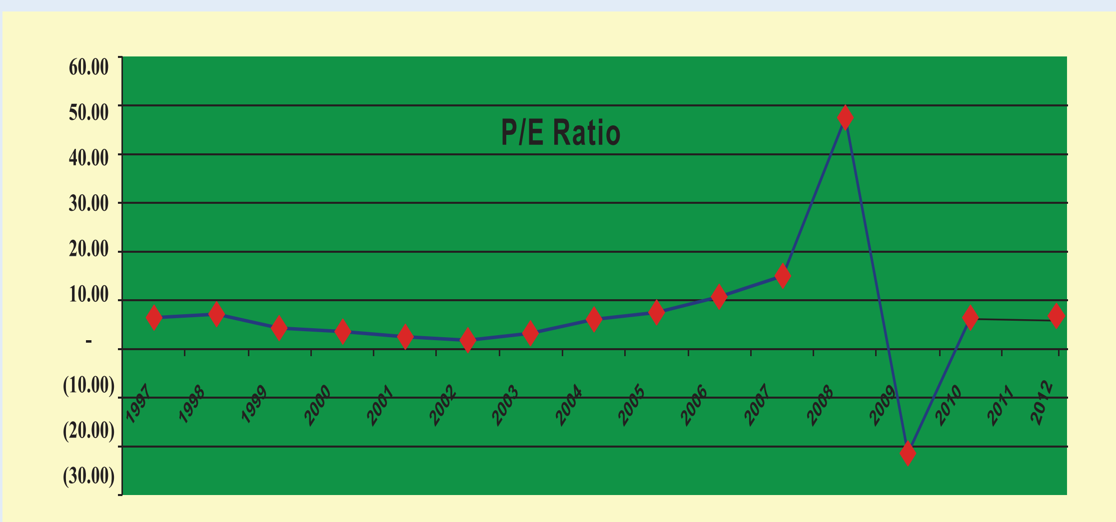
2007
2008
2009
2010
2011
2012


Net Profit After Tax
Rs. In million
30
26
51
30
50
139
364
213
219
92
89
23
(49)
266
352
421
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


P/E Ratio
60.00
50.00
40.00
30.00
20.00
10.00
-
(10.00)
(20.00)
(30.00)
1997
1998
1999
2000
2001
2002
2003
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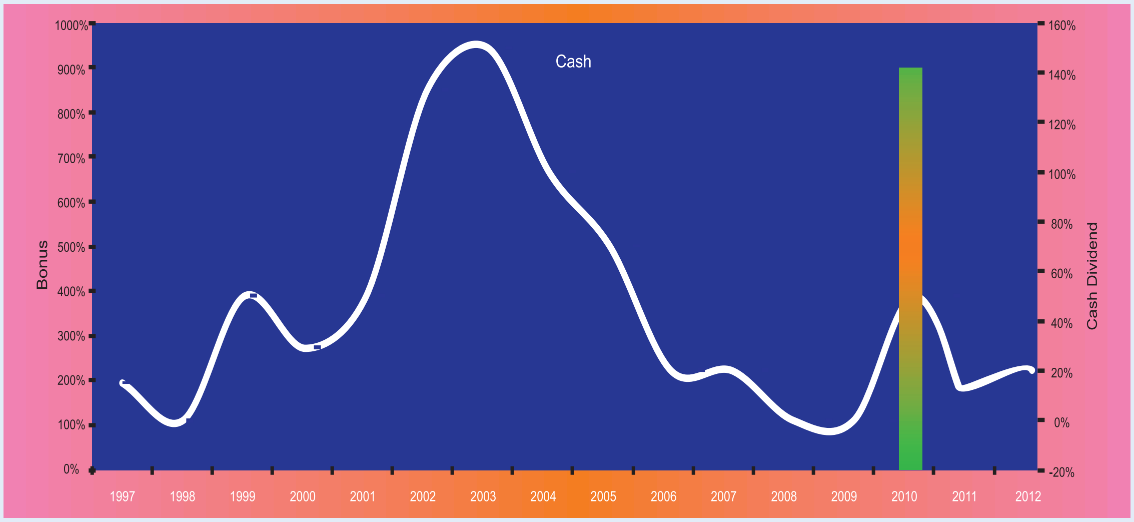
2005
2006
2007
2008
2009
2010
2011
2012



Cash
Bonus
Cash Dividend
1000%
900%
800%
700%
600%
500%
400%
300%
200%
100%
0%
160%
140%
120%
100%
80%
60%
40%
20%
0%
-20%
1997
1998
1999
2000
2001
2002
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2004
2005
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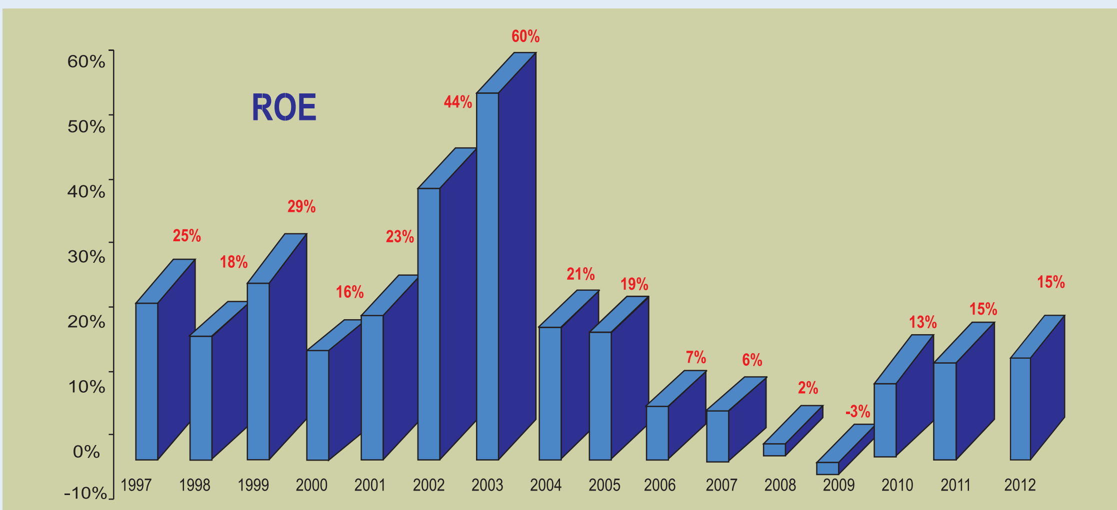
2007
2008
2009
2010
2011
2012



ROE
60%
50%
40%
30%
20%
10%
0%
-10%
25%
18%
29%
16%
23%
44%
60%
21%
19%
7%
6%
2%
-3%
13%
15%
15%
1997
1998
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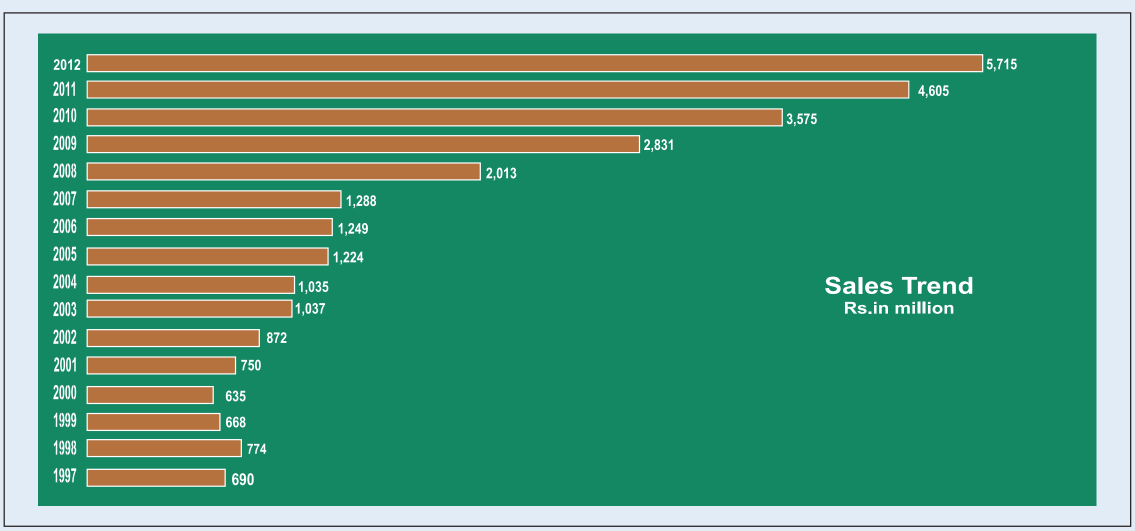
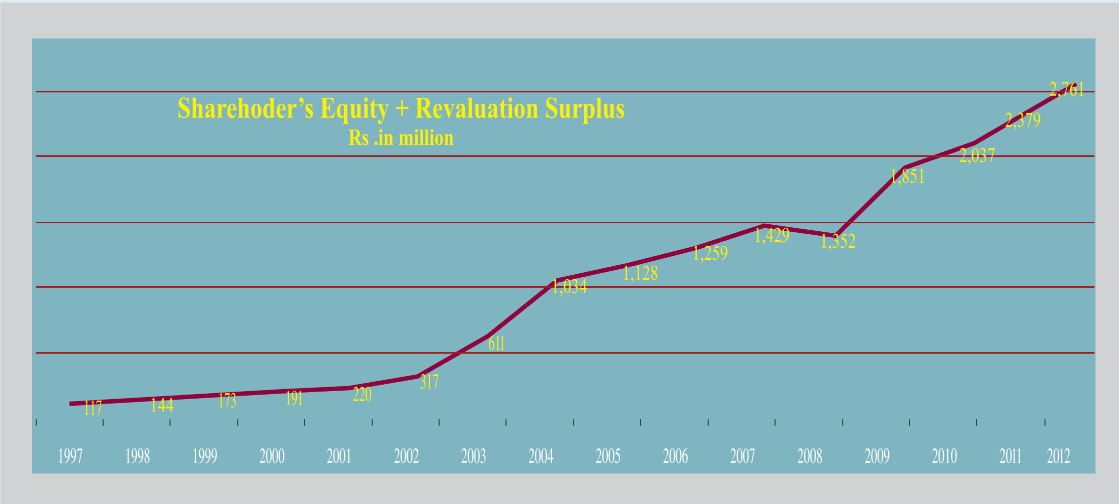
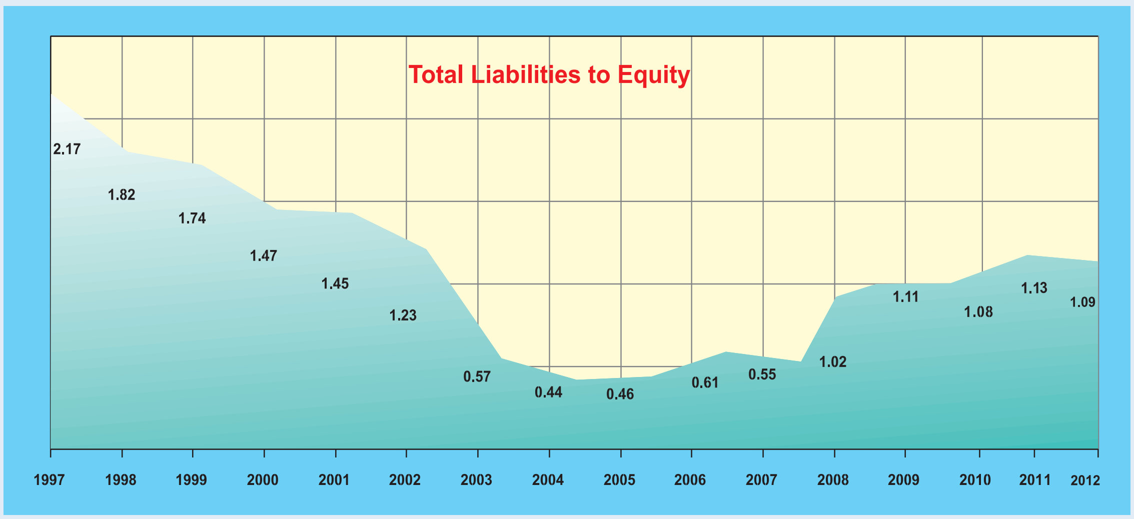
2011
2012



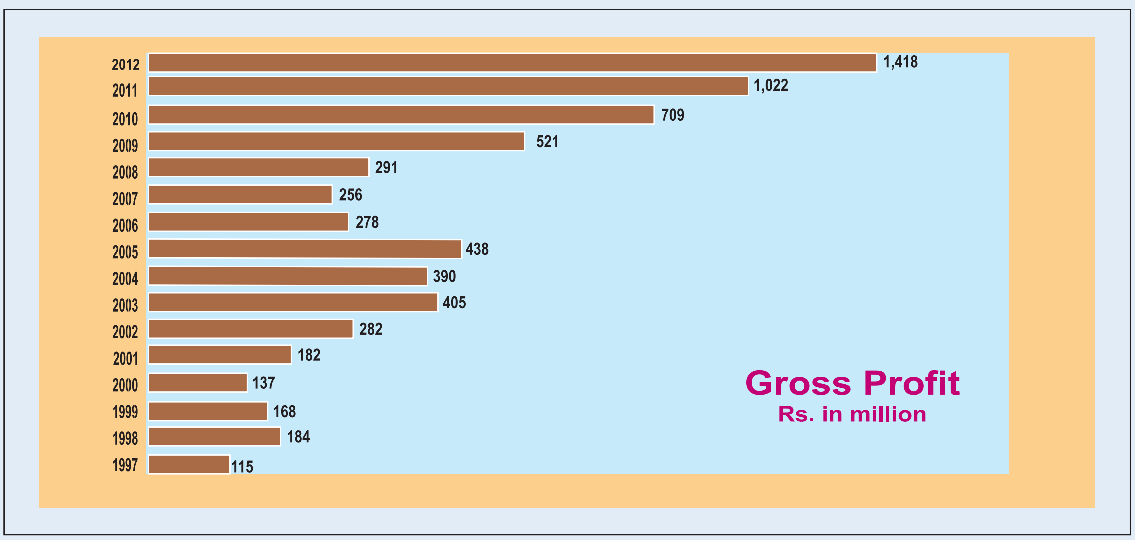
Sales Trend
Rs.in million
2012 5,715
2011 4,605
2010 3,575
2009 2,831
2008 2,013
2007 1,288
2006 1,249
2005 1,224
2004 1,035
2003 1,037
2002 872
2001 750
2000 635
1999 668
1998 774
1997 690



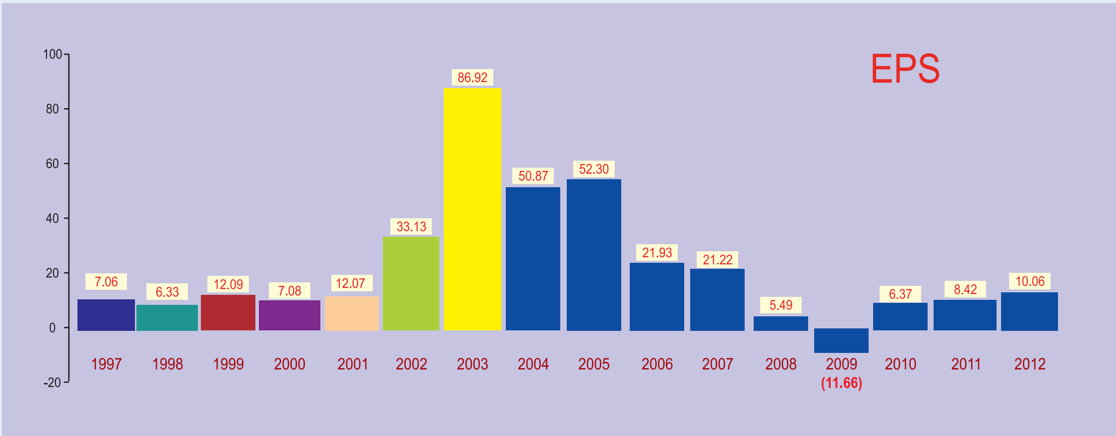
Sharehoder's Equity + Revaluation Surplus
Rs .in million
117
144
173
191
220
317
611
1,034
1,128
1,259
1,429
1,352
1,851
2,037
2,379
2,761
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012

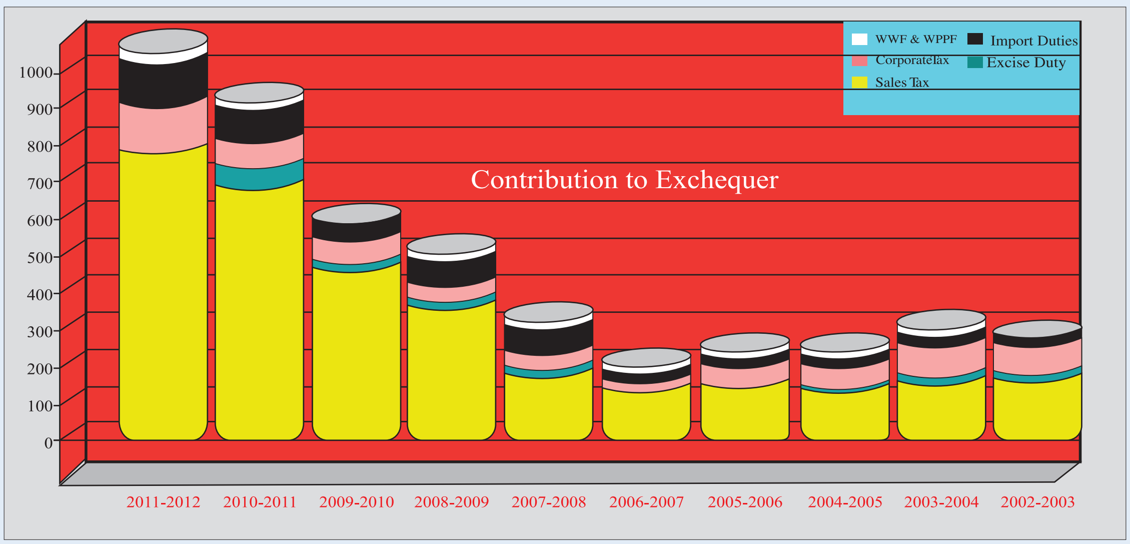


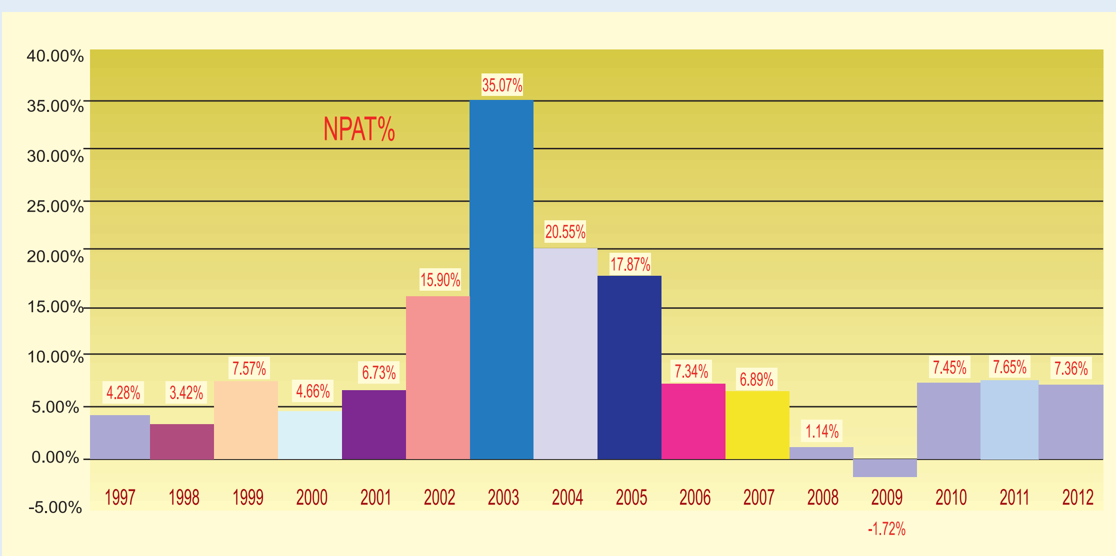
Total Liabilities to Equity
2.17
1.82
1.74
1.47
1.45
1.23
0.57
0.44
0.46
0.61
0.55
1.02
1.11
1.08
1.13
1.09
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012

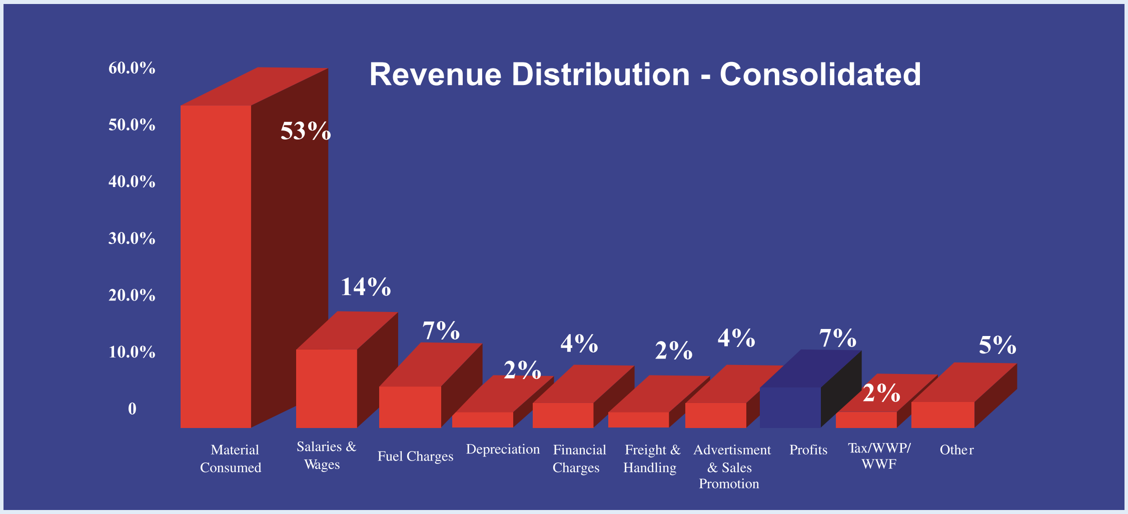


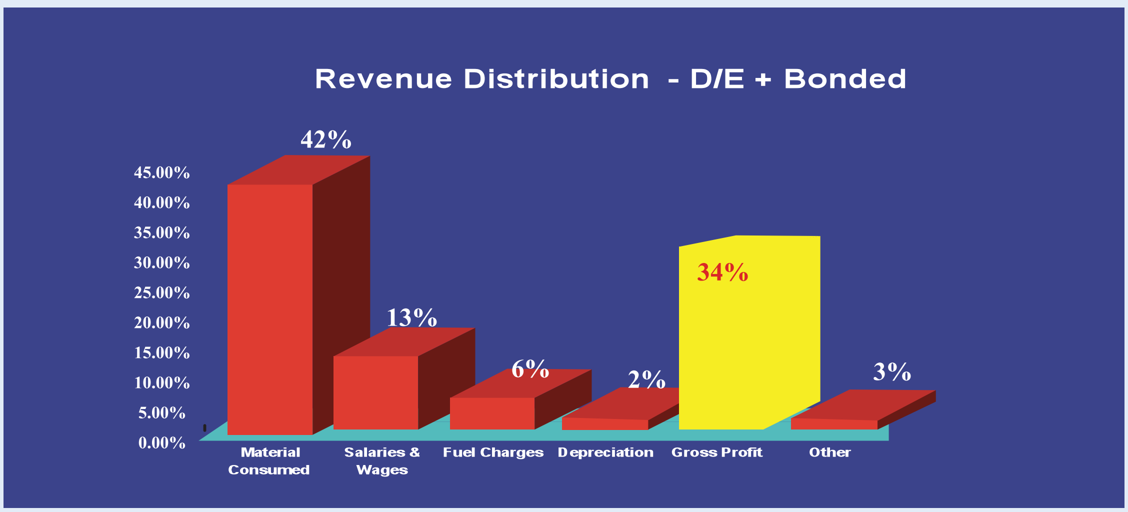
Gross Profit
Rs. in million
2012 1,418
2011 1,022
2010 709
2009 521
2008 291
2007 256
2006 278
2005 438
2004 390
2003 405
2002 282
2001 182
2000 137
1999 168
1998 184
1997 115

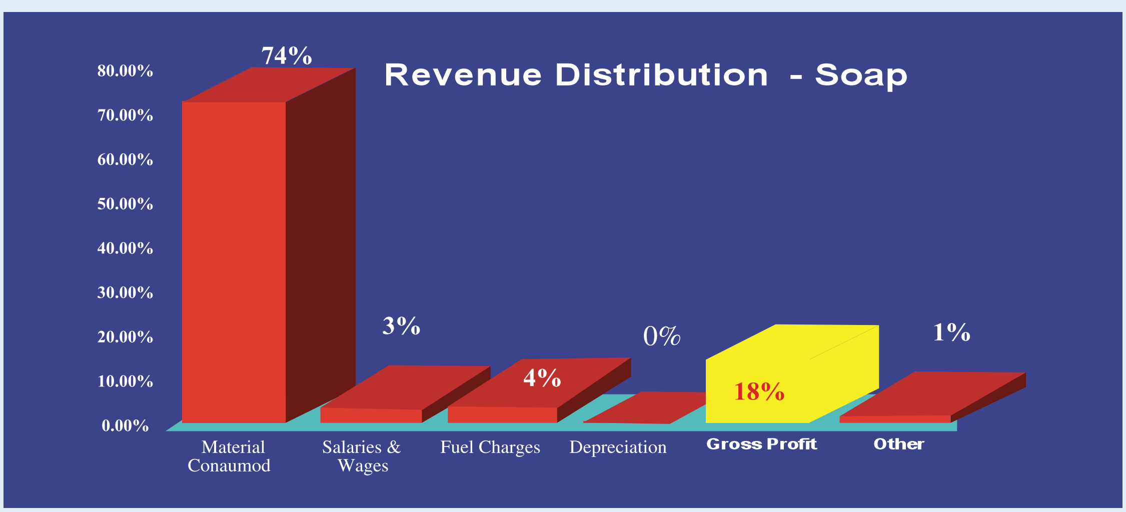

EPS
100
80
60
40
20
0
-20
7.06
6.33
12.09
7.08
12.07
33.13
86.92
50.87
52.30
21.93
21.22
5.49
6.37
8.42
10.06
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
(11.66)
2010
2011
2012

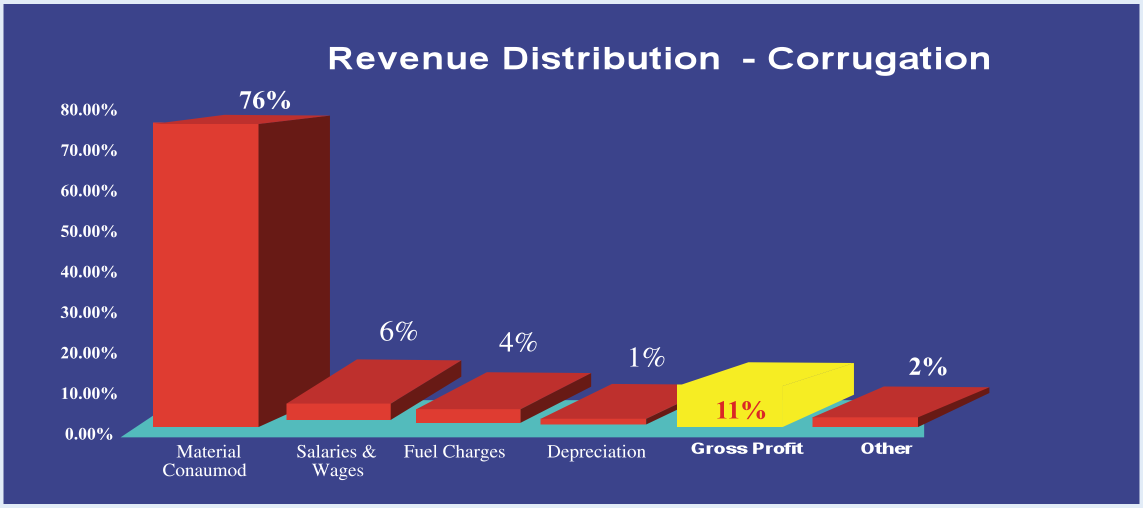

WWF & WPPF
Import Duties
Corporatetax
Excise Duty
Sales Tax
Contribution to Exchequer
1000
900
800
700
600
500
400
300
200
100
0
2011-2012
2010-2011
2009-2010
2008-2009
2007-2008
2006-2007
2005-2006
2004-2005
2003-2004
2002-2003

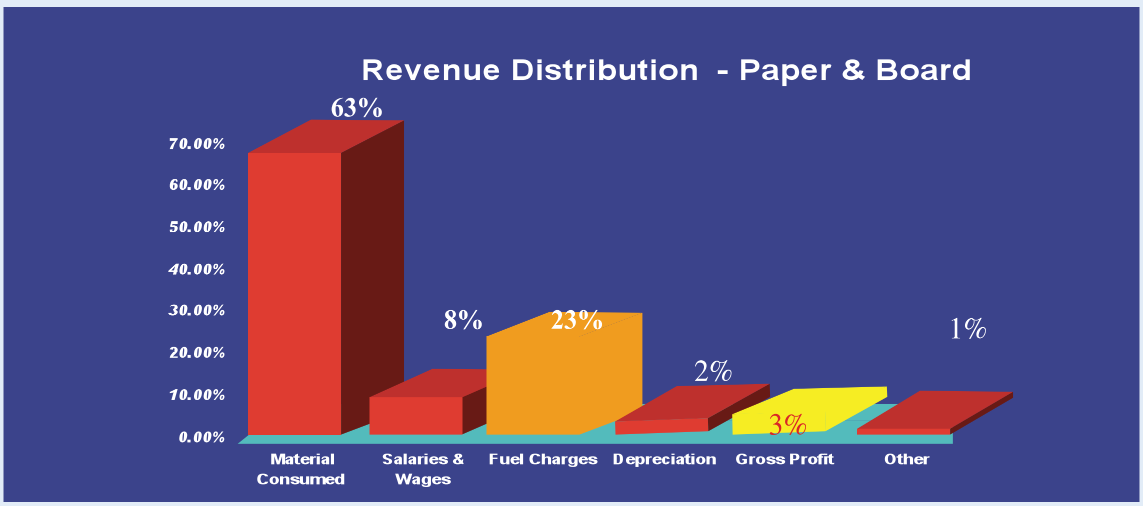

NPAT%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
4.28%
3.42%
7.57%
4.66%
6.73%
15.90%
35.07%
20.55%
17.87%
7.34%
6.89%
1.14%
7.45%
7.65%
7.36%
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
-1.72%
2010
2011
2012

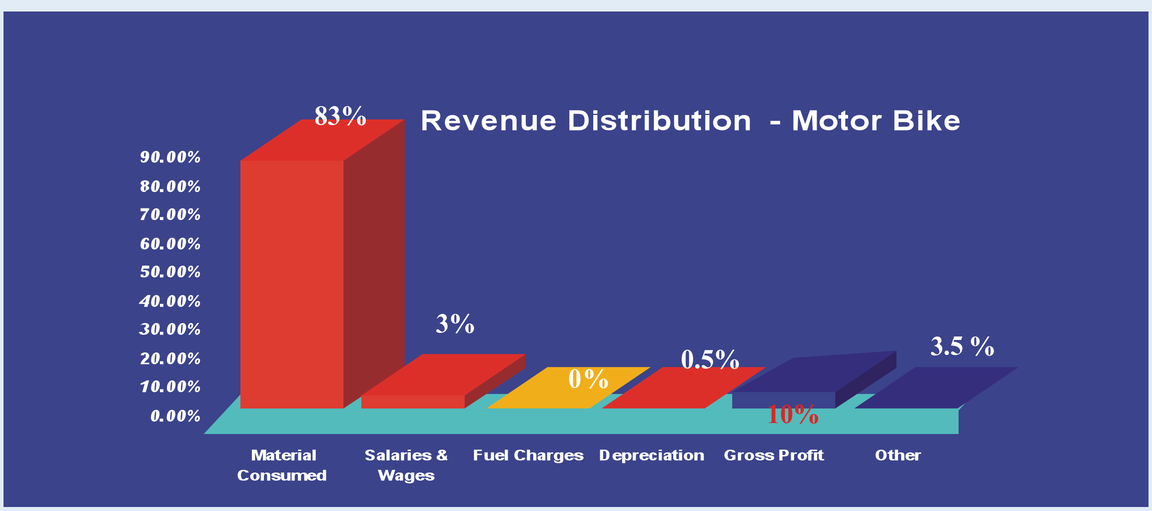

Revenue Distribution - Consolidated
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0
53%
14%
7%
2%
4%
2%
4%
7%
2%
5%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Financial Charges
Freight & Handling
Advertisment & Sales Promotion
Profits
Tax/WWP/ WWF
Other


Revenue Distribution - D/E + Bonded
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
42%
13%
6%
2%
34%
3%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Soap
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
74%
3%
4%
0%
18%
1%
Material Conaumod
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Corrugation
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
76%
6%
4%
1%
11%
2%
Material Conaumod
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Paper & Board
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
63%
8%
23%
2%
3%
1%
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other


Revenue Distribution - Motor Bike
90.00%
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
83%
3%
0%
0.5%
10%
3.5 %
Material Consumed
Salaries & Wages
Fuel Charges
Depreciation
Gross Profit
Other

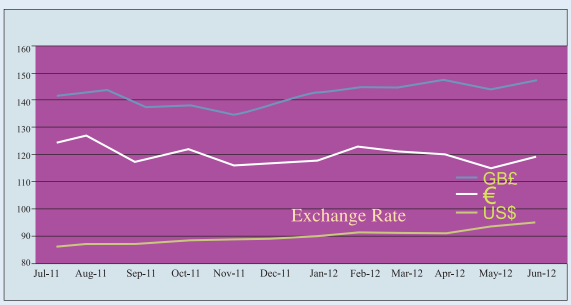
Directors’ Report to the Shareholders

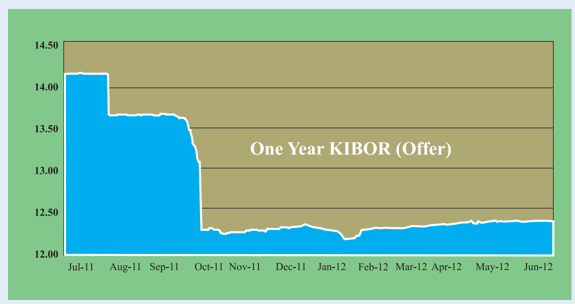
The directors of your Company take pleasure in presenting the Annual Report together with your Company’s Annual Audited Financial Statements for the year ended June 30, 2012.

Economic Outlook

Pakistan’s economy is locked in a high inflation-low growth nexus for some years now. With falling real private fixed investment in the last four years, GDP growth has not been able to attain an upward trajectory. Although the average inflation for FY12 was contained to 11% but the main reason for this moderation in inflation is a collapse in real private investment, indicating a structurally weak economy. Persistent shortages of electricity and gas are adding to the cost of production, making business planning quite difficult and forcing the productive sectors to operate below capacity. As a result, despite significant reduction in interest rates, businesses prefer to avoid significant commitments in terms of expansion and long term fixed investments. Other restraining factors clogging economic wheel include: uncertain political environment, high input prices together with exchange rate depreciation, and weak economic conditions in Pakistan’s major export-destination economies.

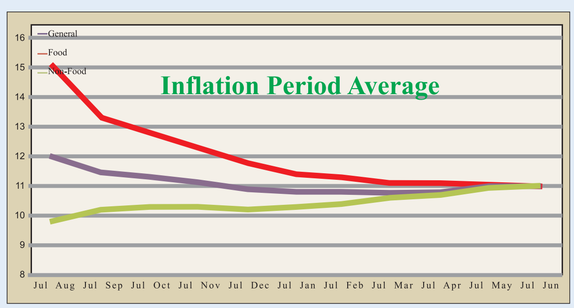
Breaking out of this rather complex nexus was the real challenge faced by the Company during the year but it played its required role in nudging the macro (and micro) economic outcomes.





Operating and Financial Results

The management of your Company is well aware of the posed challenges and is deploying most feasible marketing mix at trade and retail levels and is taking all possible measures to meet these challenges. Moreover, your Company is continually reviewing its business strategy to cope with the threats and has been incessantly endeavoring not only to tap alternative inexpensive sources of raw material/ inputs but also trying to optimize the throughput.



Following is the summary of comparative financial results*

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

- *Global Econo Trade (Private) Limited (GET) is wholly owned subsidiary of your Company.*
- *Your Company and GET virtually 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)	2012		2011		% Change	
	Treet	Consolidated	Treet	Consolidated	(1) over (3)	(2) over (4)
	(1)	(2)	(3)	(4)		
Sales (net of sales tax)	2,820,669	5,715,274	2,280,950	4,605,309	23.66	24.10
Gross Profit	715,855	1,417,538	507,008	1,021,919	41.19	38.71
Operating Profit	451,016	643,069	379,215	568,588	18.93	13.10
Profit before taxation	367,929	489,777	290,118	465,230	26.82	5.28
Provision for taxation	(57,941)	(69,242)	(68,714)	(113,064)	(15.68)	(38.76)
Profit after taxation	309,988	420,535	221,404	352,166	40.01	19.41
EPS (in Rupees)	7.41	10.05	5.29	8.42		

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	
					2011-2012	2010-2011
Local Sales	26.14%	10.65%	35.53%	25.74%	70%	70%
Export Sales	19.55%	(100.00%)	0.00%	19.44%	30%	30%
Total Sales	23.58%	10.51%	35.53%	24.31%	for Blade & Soap Operations	

Factors having +ve Impact on Operating Profit:

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

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

Factors having -ve Impact on Net Profit:

- Increased financial charges due to borrowing incurred for various projects & increased working capital requirements;
- Increase in depreciation due to addition in fixed assets;
- Provision for doubtful debts;
- Increase in advertisement & promotional expenses;

- Increased charges on account of salaries and wages due to general inflation, increased production, increased manpower and costs related to various insurance schemes;
- General increase in power tariffs and in-house power generations;

Factors having +ve Impact on Net Profit:

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

Segment-wise Results:

Blade/Disposable Razors			
Rs. in '000	**2011-2012**	**2010-2011**	**% Change**
Sales Net	3,173,300	2,567,758	23.58%
Inter-group Purchase	(4,414)	(5,906)	(25.26)%
Gross Profit	1,083,432	800,202	35.39%

Blade/disposable business posted excellent growth both in local and export markets. Sales strategy was mainly focused on wider market coverage, improved product penetration and strong follow-ups. Raw material cost in terms of dollar, excluding petrochemical products, remains static during the year to due to yearly contracts with the suppliers.

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

Soaps			
Rs. in '000	**2011-2012**	**2010-2011**	**% Change**
Sales Net	815,034	737,500	10.51%
Inter-group Purchase	(3,821)	(6,626)	(42.33)%
Gross Profit	145,556	122,189	19.12%

Soap sales showed good growth over last period due to effective marketing mix but influx of imported soaps through unofficial channels was the major areas of concern during the year. However, fuel cost is economized through biomass energy sources and use of noodles instead of tallow in soap making and improvement plan that is implemented in the manufacturing process this year.

Corrugation			
Rs. in '000	**2011-2012**	**2010-2011**	**% Change**
Sales Net	1,234,210	954,705	29.28%
Inter-group Sales	68,961	64,468	6.97%
Inter-group Purchase	(316,789)	(355,506)	(10.89%)
Gross Profit	146,415	82,807	76.81%

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. Despite slow growth in LSM, we are able to achieve higher sales both in terms of volume and price due to sustained efforts made to broaden the customer base through market penetration and product diversification.

Moreover, increase in tariff rates and power outages [and burden is felt in the shape of expensive in-house generation] and inflationary impact on salaries & wages [outsourced services], transportation costs, provision against doubtful debts were negative factors on net profitability during the year.

Paper & Board			
Rs. in '000	**2011-2012**	**2010-2011**	**% Change**
Sales Net	231,302	124,616	85.61%
Inter-group Sales	316,789	355,506	(10.89%)
Inter-group Purchase	(60,726)	(51,936)	16.92%
Gross Profit	15,428	10,555	46.17%

Paper & Board Mill has shown good volume growth during the year and size of the project is capable to produce an average of 30~40 Tons of paper per day but with some modifications this capacity can be increased. Most of the supplies are fed to the Corrugation Division and with this vertical integration, we are able not only to bring cost of paper down but also have better control on quality [and lead time]. Moreover, it has also strengthen our bargaining position vis-à-vis outside sources.

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

Motorbike Project			
Rs. in '000	**2011-2012**	**2010-2011**	**% Change**
Sales Net	261,428	220,730	18.44%
Gross Profit	26,707	6,166	333.13%

Sales from Motorbike segment although showed volume growth but recovery issue are imminent and Rs. 23.30 million is written off against bad debts and appropriate legal action is being taken against the wrongdoers; moreover, sales and marketing strategy is being revamped to avoid further losses and new models are being added in due course of time.

Financial Management

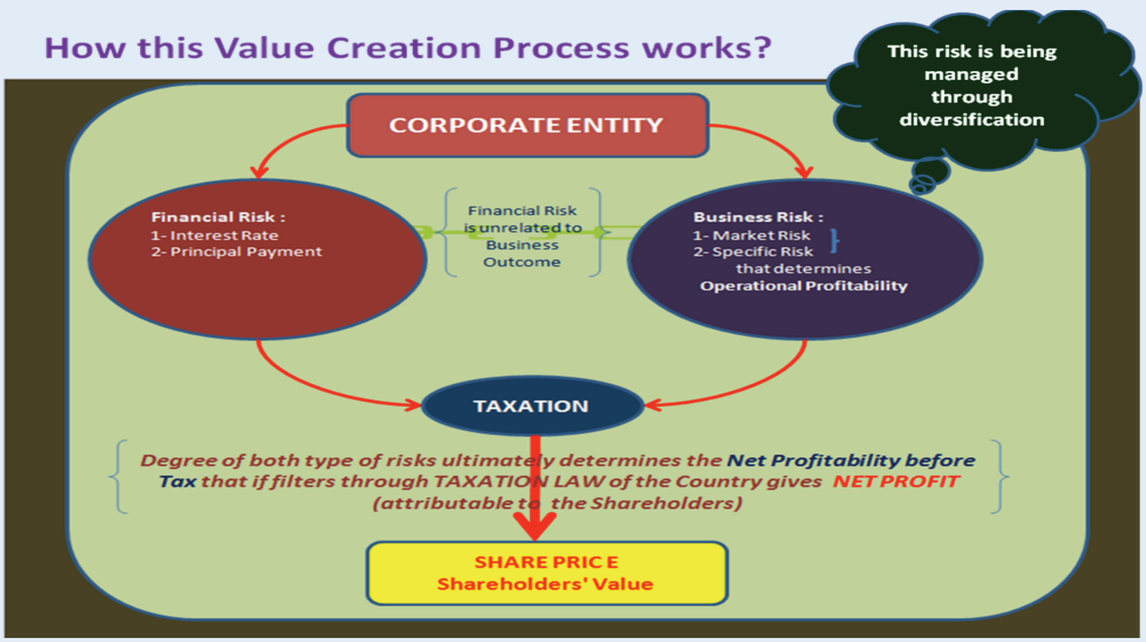
We are going to replace our existing bank borrowings* (KIBOR Based) with more flexible financial product that have following features:

- Flexible like shares i.e. linked to profitability
- Tax efficient
- Tradable and hence liquid i.e. ease of entry and exit for the investors
- Repayment of principal i.e. debt repayment

Financial instruments that we are going to issue are "Participation Term Certificates (PTC)". Management is confident that return on PTC [that are structured as such] would be attractive so renounceable offer was made to the existing shareholders of the Company.

***Common perception is that Debt Capital Market is last resort of Financing! It is not necessarily true…. All depends on the structure!**

Your Company takes pride in introducing and issuing first listed PTCs with many distinctive features. Management of your Company believes that such financial restructuring will contribute towards increased profitability which will ultimately translate into increased shareholders value.



Operational profitability is dependent on business risk. We are managing this risk through our diversification strategy. But to arrive at net profitability we have to make two further decisions, first is how to finance the business and secondly how to manage our taxation. **Problem lies here.** Taxation laws favour debt instrument but creates financial risk, on the other hand equity mitigates financial risk but increases taxation bill of the Company. Your Company has combined good features of debt and equity instruments and developed this hybrid instrument.

Management of your Company believes that it would have positive impact on the shareholders' value.

Share Price is increased ↑If we can reduce ↓ the impact of following factors:
1- Interest Payments;
2- Principal Payment ;
3- Taxation;
Increase ↑ in *Net Profitability* coupled with the following factors will help to increase ↑the Share Price of the Company (i.e. shareholders' value):
1- Deleveraging i.e. reduction in the borrowings;
2- Increase in free-float and increase in tradability [and hence liquidity];
3- Increase in capital reserves;

Salient Features of the Issue:

The total issue consists of **Rs.1,255 million** to be issued in the form of secured rated and listed Participation Term Certificates (PTCs) being instruments of redeemable capital under the Companies Ordinance, 1984 was offered to the existing shareholders of the Company through **Renounceable Offer Letter (ROL)** [i.e. by way of right] in the following ratio:

ONE PTC @ Rs. 30.00 [Premium : NILL] against
ONE Ordinary Share held on July 13, 2012

Capital market for debt instruments is not developed in Pakistan. There are issues for the investors and for the Company as well. Trading activity (and hence liquidity) is quite dull. Your Company fully analyzed the situation and developed this financial product to redress these issues.

Conventional debt instruments are traded on Bond Automated Trading System (BATS) and issued in multiple of Rs. 5,000/- with certain minimum investment threshold (that straddles between Rs. 10,000/- to Rs. 25,000/-). Moreover, they are either based on KIBOR or are Fixed Return based.

Three things are important for trading:
1. ***Difference in Expectation:*** Trading is not possible if expectation of buyer and seller is same. KIBOR is very much predictable in the short run. If decline in KIBOR is expected, everyone will be buyer and vice versa. We have embedded profitability factor in the structure. Some investors would have positive bet on the Company's profitability and someone would have otherwise so trading would be possible.
2. ***Start Investing with Minimum of Rs. 30/- :*** Face value of PTC is Rs. 30/- with lot size just One PTC. This will broaden the investors' base and facilitate the common person's participation.
3. ***PTC will be traded just like share:***

PTC will be traded on the following stock exchanges:

a. KSE - Karachi Automated Trading System (KATS)
b. LSE - Unified Trading System (UTS)
c. ISE -Unified Trading System (UTS)

Trading rules applicable to shares will apply to PTCs as well apart from availability of market maker. Since, we made the renounceable offer to our valuable shareholders, ROL was also traded on all three stock exchanges from July 30, 2012 to September 07, 2012.

Other Features:

- The PTCs are being issued for **07** years;
- The PTCs will **not** carry any voting rights;
- The PTCs will partially be **redeemable through conversion** into Ordinary Shares [ranked pari passu with the existing shares] of the Company each year;
- The PTCs will partially be **redeemable in cash** each year at redemption price as per formulae;
- Profit Payments are **not** based on KIBOR based but linked to the Profitability of the Company;
- The PTCs will get **minimum profit** payments each year;
- In addition to above, the PTCs will **participate in the profitability** of the Company based on the consolidated profits of the Company;
- No. of PTCs remains the same till last payment i.e. October 09, 2019, but principal payment will reduce each year. However, **entitlements** (i.e. Minimum Payment in Cash, No. of Shares through Conversion and basis of Profit Participation in the profitability) **remains the same** over the entire period;

Management of your Company believes that PTC will provide an alternate debt instrument in the capital market. This pioneering financial innovation would also enhance the Company's corporate image and profile.

Appropriations:

Rs. in million	2011-2012	2010-2011
Un-Appropriated Profit b/f	735,130	507,752
Realization of : Revaluation Surplus (Net)/ Gain on Disposal of Investment	13,720	5,974
Profit during the period	309,988	221,404
Profit available for appropriation	1,058,838	735,130
Dividend Distributed	41,822	-
Un-Appropriated Profit c/f	1,017,016	735,130
Dividend Declared (Final)	83,644	41,822

Production

This year illustrated an increase of **8.25%** in the production of razor/blades over the last year as follows:

Plant Capacity & Production:

(in millions)	Rated	2012	2011
Hyderabad	525	684	632
Lahore	750	969	895
	1275	1653	1527

Dividend

The Directors of your company have recommended a cash dividend of Rs. 2/- per share i.e. @ 20%.

Code of Corporate Governance

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

Compliance with Code of Corporate Governance

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

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

Employee Benefit Funds

Value of investments (in Rs. Million) of employees' retirement funds as per their respective audited accounts for the year ended on June 30, 2012 are as follows:

Provident Fund	256.581
Gratuity Fund	102.457
Superannuation Fund	108.844
Service Fund	59.037
Housing Fund	5.597

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 Karim 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.

Human Resource and Remuneration Committee is formed during the year. The following are the member of the Committee:

Mr. Jalees Ahmed Siddiqui	Chairman
Mr. Munir Karim Bana	Member
Syed Sheharyar Ali	Member
Mr. Muhammad Shafique Anjum	Member
Mr. Amir Zia	Member
Mr. Ayaz Ahmed	Secretary

Disposal of Shares

The Management of your Company disposed of its holding in the shares of ZIL Limited to realize the capital gain in this financial year.

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	05	
MRS. FERIEL ALI MEHDI	01	Leave of Absence
DR. MRS. NILOUFER MAHDI	04	Leave of Absence
SYED SHEHARYAR ALI	05	
MR. MUHAMMAD SHAFIQUE ANJUM	04	Leave of Absence
MR. IMRAN AZIM	03	Leave of Absence
MR. MUNIR K. BANA	05	
MR. JALEES AHMED SIDDIQUI	03	Leave of Absence

Pattern of Shareholding

The pattern of shareholding of your Company as on June 30, 2012 is annexed with this report. This statement is in accordance with the amendments made through the Code.

Share Trading

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

Auditors

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

Future Outlook

Even if agriculture sector performs as per historical trends in FY13, revival in industrial performance is not likely since the energy crisis is not over yet. Given that some of the major crops have already shown bumper output last year, it might be difficult for agriculture sector to repeat last year's performance. Similarly, given the fragile global economic conditions, an export-led growth also looks less likely. To revive economic growth, the focus must be on an endogenous reform process that focuses on improving infrastructure, productivity, and governance. Shattered business confidence and meager expectations are more profound to outweigh the impact of reduction in interest rates. Moreover, expansionary monetary policy without tackling supply side issues will trigger inflation and hence interest rates ultimately and may result in resource misallocation based on short term interest rate reduction.

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

Blades

Trade with India is likely to boost up in the coming months that offer both opportunities and threat for the Company. Your Company is making appropriate strategy to capture the opportunities and counter the ensuing threats. BMR is under way to enhance the capacities and to add new products that will help to explore the new markets.

Soaps

Tallow Prices [along with Palm Oil Prices] are expected to calm down further in the coming financial year that would have positive impact on the margins. As mentioned earlier, soaps influx in the market from informal channels are adding difficulties to this sector.

Corrugated Packaging

As mentioned earlier LSM growth is slow down in the Country and this status quo is likely to be maintained in the coming year as well. But Pakistan's market size is a massive plus for the country with a population of 180 million people. This mammoth number presents tremendous potential and scope for market development and expansion. Your Company is ready to make every effort to effectively tap this potential.

Paper & Board

Per capital consumption of the Country is still very low and potential exists for good growth in the industry. But this industry is fuel intensive, thus right governmental policies are required to redress this issue.

Motorbike

Sales and Marketing strategy is altogether revamped to avoid further bad debts. Pakistani market for motor bikes is humongous particularly due to consecutive good crops and resultant creation of wealth in the suburb areas. New models will be added to cater the market requirement.

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 02, 2012

Statement of Compliance With Best Practices of the Code of Corporate Goverenance for the year ended June 30, 2012

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

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

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

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

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

4. No casual vacancy occurred during the year.

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

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

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

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

9. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

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

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

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

15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of Ethics as adopted by ICAP.

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

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

For and on behalf of the Board of Directors

LAHORE:
October 02, 2012

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 2012.

KPMG & CO.
Chartered Accountants
(Farid Uddin Ahmad)

LAHORE:
October 02, 2012

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Treet Corporation Limited** ("the Holding Company") and its subsidiary companies as at 30 June 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Treet Corporation Limited and its subsidiary company, First Treet Manufacturing Modaraba. The financial statements of other subsidiary companies, Global Econo Trade (Private) Limited, 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 our opinion, in so far as it relates 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 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 circumstances.

In our opinion, the consolidated financial statements present fairly the consolidated financial position of Treet Corporation Limited and its subsidiary companies as at 30 June 2012 and the consolidated results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

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

Lahore
Date: October 02, 2012

Consolidated Balance Sheet

as at June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	2,097,328	2,016,863
Investment property	7	55,939	56,689
Long term investments	8	196,584	73,411
Long term loans and deposits	9	76,429	60,450
		2,426,280	2,207,413
Current assets			
Stores and spares	10	213,609	169,734
Stock-in-trade	11	946,859	781,338
Trade debts	12	496,659	392,664
Short term investments	13	398,491	399,899
Loans, advances, deposits, prepayments and other receivables	14	587,639	587,356
Cash and bank balances	15	589,921	310,690
		3,233,178	2,641,681
Non-current assets held for sale	16	98,252	225,285
		3,331,430	2,866,966
Liabilities			
Current liabilities			
Short term borrowings	17	1,690,116	1,877,415
Loan from director		350,000	-
Trade and other payables	18	717,231	597,972
Accrued mark-up on short term borrowings		49,000	42,310
Provision for taxation		105,340	92,477
		2,911,687	2,610,174
Net current assets		419,743	256,792
Non-current liabilities			
Long term deposits	19	2,489	2,491
Deferred taxation	20	82,249	82,651
		84,738	85,142
Contingencies and commitments	21		
		2,761,285	2,379,063
Represented by:			
Authorized capital			
70,000,000 (2011: 70,000,000) ordinary shares of Rs. 10 each		700,000	700,000
10,000,000 (2011: 10,000,000) preference shares of Rs. 10 each		100,000	100,000
		800,000	800,000
Issued, subscribed and paid-up capital	22	418,222	418,222
Reserves	23	458,328	361,221
Unappropriated profit		1,137,871	839,836
Shareholders' equity		2,014,421	1,619,279
Non-controlling interest		2,200	1,400
		2,016,621	1,620,679
Surplus on revaluation of property - net of tax	24	744,664	758,384
		2,761,285	2,379,063

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Profit and Loss Account

for the year ended June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Sales - net	25	5,715,274	4,605,309
Cost of sales	26	4,297,736	3,583,390
Gross profit		1,417,538	1,021,919
Administrative expenses	27	137,575	105,348
Distribution expenses	28	636,894	347,983
		774,469	453,331
Operating profit		643,069	568,588
Finance cost	29	245,157	237,940
Other operating expenses	30	19,790	14,541
		264,947	252,481
Other operating income	31	125,858	161,561
Share of profit of associate		11,216	5,355
		515,196	483,023
Workers' profit participation fund (WPPF)		20,187	15,714
Workers' welfare fund (WWF)		5,232	2,079
		25,419	17,793
Profit before taxation		489,777	465,230
Taxation			
- Group	32	66,198	111,015
- Associate		3,044	2,049
		69,242	113,064
Profit from continuing operations		420,535	352,166
Attributable to:			
Equity holders of the parent		420,225	351,954
Non-controlling interest		310	212
		420,535	352,166
Earnings per share - basic and diluted *(Rupees)*	39	10.05	8.42

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Statement of Comprehensive Income

for the year ended June 30, 2012

	2012	2011
	(Rupees in thousand)	
Profit for the year	420,535	352,166
Other comprehensive income - net of taxes		
Unrealized gain on available-for-sale investments	3,019	-
Total comprehensive income for the year	423,554	352,166
Attributable to :		
Equity holders of the parent	423,244	351,954
Non-controlling interest	310	212
	423,554	352,166

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Cash Flow Statement

for the year ended June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Cash generated from operations	36	711,218	472,130
Finance cost paid		(238,466)	(236,072)
Taxes paid		(106,241)	(86,876)
WPPF and WWF paid		(43,351)	(10,154)
Payment to gratuity fund		(13,012)	(11,492)
Payment to superannuation fund		(12,311)	(11,661)
		(413,381)	(356,255)
Net cash inflow from operating activities		297,837	115,875
Cash flows from investing activities			
Fixed capital expenditure		(219,479)	(263,027)
Proceeds from sale of property, plant and equipment		153,193	16,576
Long term investments		(101,826)	15,297
Long term loans and deposits		(15,979)	2,718
Interest received		11,948	16,961
Dividend received		26,886	19,914
Net cash outflow from investing activities		(145,257)	(191,561)
Cash flows from financing activities			
Long term deposits		(2)	-
Loan from director		350,000	-
Proceeds from issue of shares		581	343
Short term borrowings		61,212	(172,645)
Dividend paid		(36,629)	(36)
Net cash inflow / (outflow) from financing activities		375,162	(172,338)
Net increase / (decrease) in cash and cash equivalents		527,742	(248,024)
Cash and cash equivalents at the beginning of year		(529,087)	(281,063)
Cash and cash equivalents at the end of year	37	(1,345)	(529,087)

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Statement of Changes in Equity

for the year ended June 30, 2012

	Share capital	Capital Reserve	General Reserve	Fair value Reserve	Statutory Reserve	Un-appropriated profit	Total equity attributable to shareholders of parent company	Non - controlling Interest	Total shareholders equity
	(--				R u p e e s i n	t h o u s a n d	--)		
Balance as at 01 July 2010	418,222	8,949	266,400	-	24,258	553,535	1,271,364	881	1,272,245
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	-	5,974	5,974	-	5,974
Unappropriated profit relating to partial disposal of investment in associated company	-	-	-	-	-	(10,013)	(10,013)	-	(10,013)
Additional capital subscribed by non-controlling interest	-	-	-	-	-	-	-	343	343
Transferred to statutory reserve	-	-	-	-	61,614	(61,614)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	351,954	351,954	212	352,166
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(36)	(36)
Balance as at 30 June 2011	418,222	8,949	266,400	-	85,872	839,836	1,619,279	1,400	1,620,679
Balance as at 01 July 2011	418,222	8,949	266,400	-	85,872	839,836	1,619,279	1,400	1,620,679
Final dividend @ 10 % for the year ended 30 June 2011	-	-	-	-	-	(41,822)	(41,822)	-	(41,822)
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	-	5,991	5,991	-	5,991
Surplus on revaluation of property, plant and equipment realised through disposal	-	-	-	-	-	7,729	7,729	-	7,729
Additional capital subscribed by non-controlling interest	-	-	-	-	-	-	-	581	581
Transferred to statutory reserve	-	-	-	-	94,088	(94,088)	-	-	-
Total comprehensive income for the year	-	-	-	3,019	-	420,225	423,244	310	423,554
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(91)	(91)
Balance as at 30 June 2012	418,222	8,949	266,400	3,019	179,960	1,137,871	2,014,421	2,200	2,016,621

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Consolidated Notes to the Financial Statements

for the year ended June 30, 2012

1. Status and nature of the business

The group comprises of :

Holding Company

- Treet Corporation Limited

Subsidiary companies

	2012	2011
	(Holding Percentage)	
- Global Econo Trade (Private) Limited	100.00%	100.00%
- First Treet Manufacturing Modaraba	99.80%	99.80%
- TCL Labor-Hire Company (Private) Limited	100.00%	100.00%
- Treet Services (Private) Limited	100.00%	100.00%
- Treet Power Limited	100.00%	100.00%

Associated Company

- Loads Limited

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

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

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

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

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

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

Basis of Consolidation

These consolidated financial statements comprise of the financial statements of the holding company and its subsidiary companies as at 30 June 2012.

(a) Subsidiaries

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

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

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

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

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

(b) Non-controlling interest

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

(c) Associates

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. Use of estimates and judgments

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

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

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

	Note
- Retirement and other benefits	5.1
- Provision for taxation	5.2
- Residual values and useful lives of property, plant and equipment	5.3
- Provisions and contingencies	5.17
- Interest rate and cross currency swaps	5.18

4. Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 01 January 2012.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the group.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The group's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses amounting to Rs. 37.257 million at 30 June 2012 would need to be recognized in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS

27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The group has not yet decided when to adopt IFRS 9.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 01 January 2012, however, they do not affect the group's financial statements.

5. Summary of significant accounting policies

5.1 Employee retirement benefits

<u>Defined contribution plans</u>

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

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

Defined benefit plans

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

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

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

(ii) 10% of the fair value of any plan assets.

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

5.2 Taxation

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

Current

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

Deferred

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

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

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

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

5.3 Property, plant and equipment

Cost

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

Gain/(loss) on disposal

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

Capitalization threshold

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

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

Incremental depreciation

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

Method of depreciation

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

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

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

Assets, which have been fully depreciated, are retained in the books at a nominal value of Re. 1.00.

Subsequent costs

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

5.4 Capital work-in-progress

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

5.5 Investment property

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

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

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

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

5.6 Investments

Investment in subsidiaries

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

Investments available for sale

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

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

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

Held to maturity investments

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

Investments at fair value through profit or loss

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

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

5.7 Impairment of assets

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

Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset’s revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. A reversal of the impairment loss is recognized in income.

5.8 Stores and spares

These are valued at the lower of moving average cost and net realizable value except for items in transit, which are valued at invoice price and related expenses incurred upto the balance sheet date. Adequate provision is made for slow moving items. The group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.9 Stock-in-trade

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

5.10 Trade debts

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

5.11 Foreign currency translation

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

5.12 Revenue recognition

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

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

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

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

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

(v) Other revenues are recorded on accrual basis.

5.13 Borrowing cost

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

5.14 Financial instruments

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

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

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

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

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

5.15 Cash and cash equivalents

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

5.16 Trade and other payables

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

5.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

5.18 Derivative financial instruments and hedging activities

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

5.19 Research and development costs

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

5.20 Group Employees Housing Fund

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

5.21 Dividends

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

5.22 Segment reporting

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

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

5.23 Contingent assets

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

5.24 Contingent liabilities

A contingent liability is disclosed when:

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

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

	Note	2012	2011
		(Rupees in thousand)	

6. PROPERTY, PLANT AND EQUIPMENTS

	Note	2012	2011
Operating fixed assets	6.1	1,788,428	1,935,365
Transfer to non-current assets held for sale	16	(16,267)	(143,300)
		1,772,161	1,792,065
Capital work-in-progress	6.2	325,167	224,798
		2,097,328	2,016,863

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost as at 01 July 2011	Additions/ (Deletions)	Cost as at 30 June 2012	Accumulated depreciation as at 01 July 2011	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2012	Book value as at 30 June 2012
	%	(------------------------------------R u p e e s	i n	t h o u s a n d	---------------------------------)			
Freehold land	-	965,815	- (136,811)	829,004	-	-	-	829,004
Building	5	565,186	1,077 -	566,263	117,387	27,405 -	144,792	421,471
Plant and machinery	10	944,362	44,592 (498)	988,456	499,758	65,458 (237)	564,979	423,477
Furniture and equipment	10 - 25	42,621	3,782 (137)	46,266	27,518	3,557 (75)	31,000	15,266
Vehicles	20	108,971	69,659 (23,824)	154,806	46,927	22,601 (13,932)	55,596	99,210
2012		2,626,955	119,110 (161,270)	2,584,795	691,590	119,021 (14,244)	796,367	1,788,428

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

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

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

	2012	2011
	(Rupees in thousand)	
Land	247,500	247,500
Buildings	211,156	212,921
	458,656	460,421

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit/ (loss)	Mode of disposal	Sold to	
	(------------------------------------ Rupees in thousand						------------------------------------)	
Vehicles								
Toyota Corolla	1,271	1,271	-	-	-	Company scheme	Syed Shahid Ali	
Honda City	881	881	-	231	231	Negotiation	Mr. M. Tanveer	
Suzuki Cultus	613	613	-	195	195	Company scheme	Mr. M. Asim Khan	
Suzuki Cultus	613	613	-	201	201	Company scheme	Mr. M. Yousaf Khokhar	
Suzuki Cultus	595	595	-	195	195	Company scheme	Mr. Maqsood Ahmed	
Suzuki Cultus	595	595	-	195	195	Company scheme	Mr. Adnan Rashid	
Suzuki Bolan	482	482	-	300	300	Company scheme	Mr. M. Naeem	
Suzuki Mehran	425	425	-	139	139	Company scheme	Mr. Sohail Masood	
Suzuki Mehran	420	420	-	136	136	Company scheme	Mr. Rehan Tariq	
Suzuki Cultus	595	565	30	195	165	Company scheme	Mr. Faisal Rana	
Honda Civic	400	363	37	400	363	Negotiation	Mr. Jamil Malik	
Suzuki Alto	508	476	32	207	175	Negotiation	Mr. Ikhlaq Ahmad	
Honda Civic	860	731	129	483	354	Insurance claim	Mr. Arshad Latif	
Honda City	1,312	832	480	750	270	Company scheme	Mr. Sharukh Ehsaan	Employees
Suzuki Cultus	809	405	404	600	196	Company scheme	Mr. Jawad Ahmad	
Suzuki Mehran	505	252	253	350	97	Company scheme	Mr. Hassam bin Shams	
Suzuki Mehran	400	193	207	400	193	Company scheme	Mr. Moazzam Hussain	
Honda City	1,232	500	732	972	240	Company scheme	Mr. Ihsan Gill	
Toyota Corolla	1,414	497	917	1,166	249	Company scheme	Mr. Tariq Aziz	
Daihatsu Coure	600	190	410	455	45	Company scheme	Mr. Imran Khan	
Honda CRV	4,200	559	3,641	4,150	509	Company scheme	Mr. Shahid Ali	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Manzoor Ahmad	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Raees Ahmad	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Ahtramuddin	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Fareed Khan	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. M. Atta Warsi	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Sher Muhammad	

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit/ (loss)	Mode of disposal	Sold to
	(----------------------------------- Rupees in thousand-----------------------------------)						
Motor Cycle	59	58	1	59	58	Company scheme	Mr. K. Mahmood
Motor Cycle	73	73	-	73	73	Company scheme	Mr Naseem khan
Motor Cycle	59	58	1	59	58	Company scheme	Mr. Toor
Motor Cycle	73	73	-	73	73	Company scheme	Mr. Asghar
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Zaheer
Motor Cycle	54	54	-	-	-	Company scheme	Mr. Idrees
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Rahid khan
Motor Cycle	77	77	-	20	20	Company scheme	Mr. Waleed Iqbal
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Emanual
Motor Cycle	54	54	-	54	54	Company scheme	Mr Abdul Qayum
Motor Cycle	54	54	-	54	54	Company scheme	Mr Saeed Ahmad
Motor Cycle	69	59	10	59	49	Company scheme	Mr. Mansoor Ahmad
Motor Cycle	59	58	1	59	58	Company scheme	Mr. Iftikhar Ahmad
Motor Cycle	68	61	7	68	61	Company scheme	Mr. Zulfiqar Ahmad
Motor Cycle	68	60	8	68	60	Company scheme	Mr. Nazir Maseeh
Motor Cycle	69	69	-	69	69	Company scheme	Mr. Aneel Taj
Motor Cycle	60	38	22	60	38	Company scheme	Mr. Muhammad Rafique
Motor Cycle	60	40	20	60	40	Company scheme	Mr. Muhammad Ilyas
Motor Cycle	63	29	34	63	29	Company scheme	Mr. Muhammad Aslam
Motor Cycle	83	39	44	83	39	Company scheme	Mr. Safwan Mushtaq
Suzuki Cultus	560	38	522	560	38	Company scheme	Mr. Zahid Anwar
	20,962	13,014	7,948	13,831	5,883		
Land							
233 Kanals	136,812	-	136,812	136,446	(366)	Negotiation	Miscellaneous
	136,812		136,812	136,446	(366)		
Plant & Machinery							
USA Model UPS	498	237	261	229	(32)	Scrapped	
	498	237	261	229	(32)		
Other assets with book value less than Rs. 50,000	2,998	993	2,005	2,687	682	Negotiation	Miscellaneous
2012	161,270	14,244	147,026	153,193	6,167		
2011	23,384	16,690	6,694	16,576	9,882		

	Note	2012	2011
		(Rupees in thousand)	
6.1.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	26.1	59,777	49,459
Cost of goods sold - soap	26.2	2,678	548
Cost of goods sold - packaging material	26.3	12,953	12,854
Cost of goods sold - bike	26.4	1,210	1,190
Cost of goods sold - paper and board	26.5	12,815	12,742
		89,433	76,793
Administrative expenses	27	23,162	21,955
Distribution expenses	28	6,426	6,003
		119,021	104,751
6.2 Capital work-in-progress			
Building		13,695	42,113
Plant and machinery		311,472	182,685
		325,167	224,798

7. INVESTMENT PROPERTY

	Annual rate of depreciation	Cost as at 01 July 2011	Transfer to non-current assets held for sale	Cost as at 30 June 2012	Accumulated depreciation as at 01 July 2011	Depreciation charge for the year	Accumulated depreciation as at 30 June 2012	Book value as at 30 June 2012
	%	(-------------------	-----------------	R u p e e s	i n	t h o u s a n d	-----------------	-------------------)
Freehold land	-	46,000	-	46,000	-	-	-	46,000
			-					
Building on freehold land	5	15,000	-	15,000	4,311	750	5,061	9,939
2012		61,000	-	61,000	4,311	750	5,061	55,939

	Annual rate of depreciation	Cost as at 01 July 2010	Transfer to non-current assets held for sale	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(-------------------	-----------------	R u p e e s	i n	t h o u s a n d	-----------------	-------------------)
Freehold land	-	127,985	-	46,000	-	-	-	46,000
			(81,985)					
Building on freehold land	5	15,000	-	15,000	3,561	750	4,311	10,689
2011		142,985	(81,985)	61,000	3,561	750	4,311	56,689

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 2012 amounts to Rs. 90 million (2011: Rs. 108 million).

	Note	2012	2011
		(Rupees in thousand)	
8. LONG TERM INVESTMENTS			
Available for sale investments	8.1	28,863	36,968
Investments in associated companies:			
ZIL Limited	8.2	-	36,443
Loads Limited	8.3	167,721	-
		196,584	73,411
8.1 Available for sale investments			
Quoted investments	8.1.1	13,911	25,263
Un-quoted investments	8.1.2	14,952	11,705
		28,863	36,968

	Note	Latest available audited financial statements for the year ended	2012 Number	2011 Number	Cost 2012	Cost 2011	Market value 2012	Market value 2011	Percentage of holding 2012 %	Percentage of holding 2011 %
					............(Rupees in thousand)...........					
8.1.1 Quoted investments										
Associated companies										
ZIL Limited		30 June 2011	500	-	3	-	52	-	1	-
Add: unrealized gain					49	-				
					52	-				
IGI Investment Bank Limited		30 June 2011	6,599,549	15,311,000	10,889	63,931	13,859	25,263	3.46	7.22
Less: Provision for impairment					-	(38,668)				
Add: Unrealised gain					2,970	-				
					13,859	25,263				
					13,911	25,263	13,911	25,263		

	Note	Latest available audited financial statements for the year ended	Number of ordinary shares of Rs. 10 each 2012 Number	2011 Number	Cost 2012	Cost 2011	Percentage of holding 2012 %	2012 %
					(Rupees in thousand)			
8.1.2 Un-quoted investments								
Techlogix International Limited	8.1.2.1	31 December 2011	748,879	748,879	8,593	8,593	0.74	0.74
Less: Provision for impairment					(7,038)	(7,038)		
					1,555	1,555		
Systems Limited	8.1.2.1	31 December 2011	956,172	637,448	10,150	10,150	2.46	1.27
Visionet Systems Inc.	8.1.2.1 & 8.1.2.2	30 June 2012	36,891	-	3,247	-	2.46	-
					14,952	11,705		

8.1.2.1 The breakup value per share as per latest available audited financial statements for Techlogix International Limited, Systems Limited and Visionet Systems Incorporation is Rs. 3.58 (2011: Rs. 2.08), Rs. 18.65 (2011: Rs. 20.92) and Rs. 150.52 per share respectively.

8.1.2.2 This represents the shares received as bonus in kind from Systems Limited, the holding company of Visionet Systems Incorporation.

		2012	2011
		(Rupees in thousand)	
8.2	**Investments in associated company - ZIL Limited**		
	Cost of investment	4,137	5,418
	Post acquisition profit:		
	Brought forward	32,347	42,360
	Profit for the year before taxation	4,342	5,355
	Less: provision for taxation	(1,362)	(2,049)
	Less: dividends received during the year	(1,460)	(3,347)
		1,520	(41)
		38,004	47,737
	Less: carrying amount of investment disposed off	(38,001)	(11,294)
	Less: investment classified as available for sale investments	(3)	-
	Balance as at 30 June	-	36,443
8.3	**Investments in associated company - Loads Limited**		
	Cost of investment	162,529	-
	Profit for the year before taxation	6,874	-
	Less: provision for taxation	(1,682)	-
		5,192	-
	Balance as at 30 June	167,721	-

	Note	2012	2011
		(Rupees in thousand)	
9. LONG TERM LOANS AND DEPOSITS			
Loan to Loads Limited - an associated company	9.1	-	40,000
Loan to housing fund - unsecured		3,895	5,733
Loans to employees - secured, considered good	9.2	45,367	3,547
Utility deposits		15,511	15,577
Less : current portion			
Loan to housing fund - unsecured	14	(5,044)	(1,802)
Loan to employees - secured, considered good	14	(4,263)	(2,986)
		(9,307)	(4,788)
Deposit against rented plant and premises	9.5	20,169	343
Others		794	38
		76,429	60,450

9.1 This represents unsecured loan given to Loads Limited bearing mark-up at the rate of Nil (2011: 14.91 %).

9.2 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. 2.276 million (2011: Rs. 0.343 million) receivable from the executives of the holding company. There is no amount that is receivable from directors and chief executive.

	2012	2011
	(Rupees in thousand)	
9.3 Reconciliation of the carrying amount of loans to executives:		
Balance as at 01 July	343	655
Disbursements	3,794	3,907
Repayments	(1,861)	(4,219)
Balance as at 30 June	2,276	343

9.4 The maximum amount due from the executives at the end of any month during the year was Rs. 0.95 million (2011: Rs. 0.91 million).

9.5 The Modaraba has given an interest free loan to Khatoon Industries (Private) Limited ("KIL") of Rs. 17.21 million and Rs. 2.96 million for equipment installation and civil works of rice husk boiler respectively. This loan will be adjusted against lease amount payable to KIL for using soap manufacturing facility in 100 equal monthly installments for loan against equipment and 36 equal monthly installments for loan against civil works.

	Note	2012	2011
		(Rupees in thousand)	
10. STORES AND SPARES			
Stores		62,191	48,776
Spares	10.1	151,418	120,958
		213,609	169,734

10.1 It includes spares in transit amounting to Rs. 43.378 million (2011: Rs. 29.03 million).

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

	Note	2012	2011
		(Rupees in thousand)	
11. STOCK-IN-TRADE			
Blades:			
Raw and packing material	11.1	298,249	242,475
Work-in-process		47,305	44,587
Finished goods	11.2	77,583	79,097
		423,137	366,159
Slow moving raw material stock written off	26.1	(2,486)	(940)
		420,651	365,219
Soaps:			
Raw and packing materials	11.3	109,186	131,435
Work-in-process		34,913	14,681
Finished goods		24,395	22,862
		168,494	168,978
Packing material:			
Raw and packing materials	11.4	222,011	165,696
Work-in-process		3,044	3,575
Finished goods		8,205	3,317
		233,260	172,588
Bike:			
Raw and packing materials		78,812	14,942
Work-in-process		12,021	10,359
Finished goods		-	114
		90,833	25,415
Paper and board:			
Raw and packing materials	11.5	24,252	42,450
Work-in-process		191	-
Finished goods		9,178	6,688
		33,621	49,138
		946,859	781,338

11.1 It includes raw material in transit amounting to Rs. 49.135 million (2011: Rs. 36.593 million).

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs. Nil million (2011: Rs. 2.181 million).

11.3 It includes raw material in transit amounting to Rs. 33.33 million (2011: Rs.38.29 million) and raw material amounting to Rs. Nil (2011: 37.23) held by third party.

11.4 It includes raw material in transit amounting to Rs. 4.505 million (2011: Rs. 23.080 million).

11.5 It includes raw material in transit amounting to Rs. Nil million (2011: Rs. 0.038 million).

	Note	2012	2011
		(Rupees in thousand)	
12. TRADE DEBTS			
Secured against letters of credit		21,025	19,540
Unsecured - considered good		475,634	373,124
		496,659	392,664
Considered doubtful – others	12.1	31,203	12,464
		527,862	405,128
Provision for doubtful debt		(31,203)	(12,464)
		496,659	392,664
12.1 The movement in provision for doubtful debts for the year is as follows:			
Balance as at 01 July		(12,464)	-
Provision for the year - net of recoveries	28	(18,739)	(12,464)
Bad debt written off against provision		-	-
Balance as at 30 June		(31,203)	(12,464)
13. SHORT TERM INVESTMENTS			
Investment at fair value through profit or loss			
Listed equity securities	13.1	366,806	328,995
Mutual funds	13.2	21,685	65,904
Term finance certificates		5,000	5,000
Term deposit receipts		5,000	-
		398,491	399,899

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

	Share certificates		Market value	
	2012 Number	2011 Number	2012 (Rupees in thousand)	2011
Sector /Companies				
Banks				
NIB Bank Limited	2,217,532	600,000	4,413	906
Cement				
Fauji Cement Limited	-	180,000	-	742
Power generation and distribution				
Kohinoor Energy Limited	2,151,707	1,476,562	46,262	24,363

	Share certificates		Market value	
	2012 Number	2011 Number	2012 (Rupees in thousand)	2011
Modaraba				
First Habib Bank Modaraba	500	444,854	4	3,559
First National Bank Modaraba	2,903,187	2,570,555	14,284	15,192
First Al-Noor Modaraba	474,547	-	2,325	-
First Punjab Modaraba	199,801	-	296	-
Allied Rental Modaraba	-	9,991	-	175
Industrial metal and mining				
Crescent Steel and Allied Products Limited	1,511,763	1,185,965	35,067	30,977
Sugar and allied industry				
Shahtaj Sugar Mills Limited	167,455	113,852	12,800	7,167
Al-Noor Sugar Mills Limited	637,973	613,788	27,014	24,091
Mirpur Khas Sugar Mills Limited	17,170	-	646	-
The Thal Industries Corporation Limited	32,068	32,067	1,403	1,740
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	40,081	39,250	29,945	42,555
Textile				
Indus Dyeing and Manufacturing Company Limited	421,571	388,001	170,631	148,011
Bannu Woolen Mills Limied	34,961	-	787	-
Sunrays Textile Mills Limited	2,612	-	168	-
Janana De Malucho Textile Mills Limited	17,686	-	363	-
Industrial transport				
Pakistan National Shipping Corporation Limited	-	19,876	-	477
Financial services				
IGI Investment Bank Limited	-	4,393,969	-	7,250
ATLAS Insurance Limited	126,969	-	3,796	-
Habib Insurance Company Limited	332,349	-	3,685	-
Non life insurance				
IGI Insurance Company Limited	-	259,386	-	18,805
Petroleum				
Pakistan Petroleum Limited	-	8,000	-	1,657

	Share certificates		Market value	
	2012 Number	2011 Number	2012 (Rupees in thousand)	2011
Miscellaneous				
Descon Oxychem Limited	214,575	-	833	-
Amtex Limited	417,600	524,898	894	1,328
Dadex Eternit Limited	8,000	-	357	-
Shifa International Hospital	37,739	-	1,168	-
Otsuka Pakistan Limited	10,390	-	372	-
Dynea Pakistan Limited	134,660	-	2,723	-
Ghani Gases Limited	105,822	-	978	-
PICIC Investment Fund	100,000	-	551	-
Habib Adl Limited	245,282	-	5,041	-
			366,806	328,995

13.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2012 Number	2011 Number	2012 (Rupees in thousand)	2011
MCB FSL Trustee Namco Income Fund	-	7,068	-	736
First Habib Cash Fund	114,733	101,194	11,596	10,426
Trustee Pakistan Cash Management	24,121	16,114	1,207	824
Askari Sovereign Cash Fund	18,136	32,650	1,833	3,286
MCFSL - Trustee KASB Cash Fund	-	11,767	-	1,216
Pakistan Cash Management Fund	-	32,229	-	1,647
Trustee Nafa Cash Fund	-	114,187	-	1,183
MCB Cash Management Optimiser	-	21,137	-	2,118
Atlas Money Market Fund	10,012	-	5,032	-
NIT Government Bond	-	4,000,000	-	44,468
PICIC Cash Management Fund	10,020	-	1,007	-
Faysal Money Market Fund	9,827	-	1,010	-
			21,685	65,904

	Note	2012	2011
		(Rupees in thousand)	
14. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to housing fund - unsecured	9	5,044	1,802
Current portion of loan to employees - secured, considered good	9	4,263	2,986
		9,307	4,788
Advances to employees - secured, considered good	14.1	11,588	3,648
Advances - unsecured, considered good			
Suppliers		244,256	300,800
Income tax		230,999	181,539
		475,255	482,339
Margin deposits - Letter of credits		2,905	3,218
Prepayments		10,404	9,555
Insurance claim receivable		386	300
Interest accrued		4,392	1,446
Advances to related parties	14.2		
Wazir Ali Industries Limited		13	13
Loads Limited		72	72
Packages Limited		-	30
IGI Investment Bank		10,000	1,250
		10,085	1,365
Receivable from statutory authorities			
Export rebate		14,024	7,884
Freight subsidy		6,359	6,359
Collector of customs		2,763	1,885
Sales tax		14,160	57,767
		37,306	73,895
Workers profit participation fund		5,372	-
Dividend receivable		5,688	947
Service fund		-	391
Miscellaneous		14,951	5,464
		587,639	587,356

14.1 These are interest free advances to the 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. 2.650 million (2011: Rs. 1.962 million) receivable from executives of the holding company.

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

	Note	2012	2011
		(Rupees in thousand)	
15. CASH AND BANK BALANCES			
Cash in hand		12,364	3,216
Cash at bank - local currency			
Current accounts		29,258	71,440
Saving accounts	15.1	548,299	236,034
		577,557	307,474
		589,921	310,690

15.1 These carry mark-up ranging from 5 to 12 percent per annum (2011: 5 to 12 percent per annum).

	Note	2012	2011
16. NON-CURRENT ASSETS HELD FOR SALE			
Balance as at 01 July		225,285	-
Carrying value of freehold land previously classified under property, plant and equipment	6	-	143,300
Carrying value of freehold land previously classified under investment property	7	-	81,985
Disposals during the year		(127,033)	-
Balance as at 30 June		98,252	225,285

16.1 The group had entered into various agreements to sell the above mentioned freehold lands. Under these agreements sale was expected to be completed within one year upon receipt of the full amount and registration of the sale deed. However, during the year, the buyers requested for an extension in the payment period till December 2012 which the management granted with mutual consent. Advance amounting to Rs. 91.593 million has been received against the non-current assets held for sale as at 30 June 2012.

16.2 The approximate market value of non-current assets held for sale as at 30 June 2012 amounts to Rs. 141 million (2011: Rs. 278 million).

	Note	2012	2011
		(Rupees in thousand)	
17. SHORT TERM BORROWINGS			
Short term running finance - secured	17.1	591,266	839,777
Money market loans - secured	17.2	488,850	565,000
Export refinance - secured	17.3	610,000	472,638
		1,690,116	1,877,415

17.1 The holding company has arranged facilities for short-term running finance from various banks under mark-up arrangement to the extent of Rs. 1,950 million (2011: Rs. 2,001 million). These carry mark-up at the rates ranging from 12.48 to 15.06 percent per annum (2011: 12.24 to 15.73 percent per annum).

17.2 This represents money market loans obtained from commercial banks. These carry mark-up at the rates ranging from 12.92 to 15.06 percent per annum (2011: 13.04 to 14.75 percent per annum). These loans are for periods ranging from 30 to 180 days.

17.3 The holding company has arranged facilities of export refinance from various banks under mark-up arrangement to the extent of Rs. 1,050 million (2011: Rs. 700 million). These carry mark-up at the rate of 11 percent per annum (2011: 9.5 to 11 percent per annum).

17.4 All short term borrowings of the holding company are secured by way of joint first pari passu hypothecation charge of Rs. 4,135 million (2011: 3,753 million) on the entire present and future current assets of the holding company.

	Note	2012	2011
		(Rupees in thousand)	
18. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties	18.1	2,977	120
Others		54,575	30,325
		57,552	30,445
Other creditors			
Related parties	18.2	1,549	1,573
Others		102,883	32,350
		104,432	33,923
Payable against letter of credit		17,201	15,764
Accrued liabilities		334,107	222,143
Advances from customers		24,499	39,612
Advance against non-current assets held for sale		91,593	160,319
Payable to broker		-	5,891
Workers' profit participation fund		-	15,714
Workers' welfare fund	18.4	5,233	2,079
Payable to employees provident fund		-	1,619
Employees deposits		38,845	26,838
Payable to employees housing fund		584	286
Payable to gratuity fund	18.5	16,793	13,012
Payable to superannuation fund	18.5	14,750	12,311
Unclaimed dividend		6,060	776
Payable to employees		311	375
Sales tax payable		3,734	6,306
Income tax deducted at source		454	2,715
Other payables		1,083	7,844
		717,231	597,972

	2012	2011
	(Rupees in thousand)	
18.1 Trade creditors		
Packages Limited	2,292	120
DIC Pakistan Limited	685	-
	2,977	120
18.2 Related parties		
ZIL Limited	65	87
IGI Insurance Limited	11	13
IGI Investment Bank	1,463	1,463
Orient Trading (Private) Limited	10	10
	1,549	1,573
18.3 Workers' profit participation fund		
Balance as at 01 July	15,714	5,534
Add: Allocation for the year	20,225	15,714
	35,939	21,248
Less: (Paid) / received during the year	(40,714)	(5,534)
Balance as at 30 June	(4,775)	15,714
18.4 Workers' welfare fund		
Balance as at 01 July	2,079	4,620
Add: Allocation for the year	3,617	2,079
	5,696	6,699
Less: Paid during the year	(1,936)	(4,620)
Balance as at 30 June	3,760	2,079

18.5 Employee benefits

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

	2012			
	Gratuity	Super-annuation	Total	2011
	(Rupees in thousand)			
Net liability as at 01 July	13,012	12,311	25,323	23,153
Expense for the year	16,793	14,750	31,543	25,323
Contributions made by the group during the year	(13,012)	(12,311)	(25,323)	(23,153)
Net liability as at 30 June	16,793	14,750	31,543	25,323

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

	2012			
	Gratuity	**Super-annuation**	**Total**	2011
		(Rupees in thousand)		
Present value of defined benefit obligation	123,212	117,515	240,727	211,604
Fair value of plan assets	(85,663)	(86,264)	(171,927)	(148,543)
Un-recognized actuarial losses	(20,756)	(16,501)	(37,257)	(37,738)
Closing liability	16,793	14,750	31,543	25,323
c) Movement in present value of defined benefits obligation is as follows:				
Present value of defined benefit obligation as at 01 July	107,825	103,779	211,604	183,723
Current service cost	11,267	10,173	21,440	18,591
Interest cost	15,096	14,529	29,625	22,047
Benefits paid during the year	(11,507)	(11,652)	(23,159)	(23,297)
Actuarial loss / (gain) on present value of defined benefit obligation	531	686	1,217	10,540
Present value of defined benefit obligation as at 30 June	123,212	117,515	240,727	211,604
d) Movement in fair value of plan assets is as follows:				
Fair value of plan assets as at 01 July	73,910	74,632	148,542	133,314
Expected return on plan assets	10,348	10,449	20,797	15,998
Contribution paid during the year	13,012	12,311	25,323	23,153
Benefits paid during the year	(11,507)	(11,651)	(23,158)	(23,297)
Actuarial loss on plan assets	(100)	523	423	(625)
Fair value of plan assets as at 30 June	85,663	86,264	171,927	148,543
Plan assets comprise of:				
Term finance certificates	16,400	19,995	36,395	38,057
Listed securities	9,542	10,568	20,110	16,786
Deposits with banks	7,254	2,487	9,741	7,953
Investment in mutual funds	1,672	1,275	2,947	6,219
Government securities	49,300	49,000	98,300	76,500
Payable to other fund	30	-	30	261
Other	1,465	2,939	4,404	2,767
	85,663	86,264	171,927	148,543

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

	2012 Gratuity	2012 Super-annuation	2012 Total	2011
	(Rupees in thousand)			
Current service cost	11,267	10,173	21,440	18,591
Interest cost	15,096	14,529	29,625	22,047
Expected return on assets	(10,348)	(10,449)	(20,797)	(15,998)
Actuarial loss	778	497	1,275	683
Net amount chargeable to profit and loss account	16,793	14,750	31,543	25,323

f) Actuarial valuation of these plans were carried out as of 30 June 2012 using the projected unit credit method, the principal actuarial assumptions used are as follows:

	2012	2011
Expected rate of increase in salary level	12%	13%
Valuation discount rate	13%	14%
Rate of return on plan assets	14%	12%

g) **Historical Information**

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

	As at 30 June 2012	2011	2010	2009	2008
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	123,212	107,825	91,088	81,314	68,354
Fair value of plan assets	85,663	73,910	65,999	60,264	56,932
Deficit	(37,549)	(33,915)	(25,089)	(21,050)	(11,422)
Experience adjustment arising on obligation loss	531	7,368	78	4,463	2,452
Experience adjustment arising on plan assets (loss)/gain	(100)	(283)	(1,521)	(3,070)	(3,024)

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				
	2012	2011	2010	2009	2008
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	117,515	103,779	92,635	84,846	72,027
Fair value of plan assets	86,264	74,633	67,315	60,535	55,102
Deficit	(31,251)	(29,146)	(25,320)	(24,311)	(16,925)
Experience adjustment arising on obligation (gain)/loss	686	3,172	(897)	4,414	1,806
Experience adjustment arising on plan assets gain/(loss)	523	(342)	(163)	(1,043)	(3,546)

19. LONG TERM DEPOSITS

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

	2012	2011
	(Rupees in thousand)	
20. DEFERRED TAXATION		
Debit / (credit) balances arising from:		
Accelerated tax depreciation	82,951	82,814
Provision for doubtful debts	(702)	(163)
	82,249	82,651

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies - the holding company

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

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

- For the assessment year 1999-2000 the Taxation Officer Circle-11, Companies Zone-II, Lahore had charged additional tax amounting to Rs. 3.269 million on the grounds that the holding company had failed to deposit the tax due on the basis of the holding company's return filed on dated 30-12-1999. The Taxation Officer was wrong as the due tax had been paid by the holding company. In this regard, a rectification application had been moved to the department to rectify the levy of additional tax. Since this mistake is apparent from the record therefore, we feel it would be rectified accordingly, with a tax refund equivalent to that amount available to the holding company.

21.2 Commitments

- Outstanding letters of credit as at 30 June 2012 amounted to Rs. 779.415 million (2011: Rs. 124.054 million).

- Commitments for ijarah rentals for ijarah financing from Standard Chartered Modaraba Rs. 8.711 million (2011: Nil).

	2012	2011
	(Rupees in thousand)	
- For the year ended 30 June 2013	3,797	-
- For the year ended 30 June 2014	3,797	-
- For the year ended 30 June 2015	1,117	-
	8,711	-

22. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of Shares)			(Rupees in thousand)	
2,594,075	2,594,075	Ordinary shares of Rs. 10 each fully paid-up in cash	25,940	25,940
1,095,000	1,095,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	10,950	10,950
38,133,175	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	381,332
41,822,250	41,822,250		418,222	418,222

22.1 Reconciliation of number of shares

IGI Insurance Limited and Loads Limited (associated companies), respectively hold 5,442,060 and 2,731,000 (2011: 5,442,060 and 2,731,000) ordinary shares of Rs. 10 each fully paid in cash in the holding company.

	Note	2012	2011
		(Rupees in thousand)	
23. RESERVES			
Capital reserves	23.1	8,949	8,949
General reserves		266,400	266,400
Fair value reserves		3,019	-
Statutory reserves		179,960	85,872
		458,328	361,221
23.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium		8,320	8,320
		8,949	8,949
24. SURPLUS ON REVALUATION OF PROPERTY - NET OF TAX			
Net surplus as at 01 July		758,384	764,358
Transfer to unappropriated profit as a result of incremental depreciation charged during the current year		(9,216)	(9,191)
Related deferred tax as a result of incremental depreciation charged during the current year		3,225	-
Transfer to unappropriated profit as a result of disposal		(7,729)	3,217
		(13,720)	(5,974)
Net surplus as at 30 June		744,664	758,384
25. SALES - NET			
Blades	25.1	3,173,300	2,567,758
Soaps	25.2	815,034	737,500
Packing material	25.3	1,234,210	954,705
Bike	25.4	261,428	220,730
Paper and board	25.5	231,302	124,616
		5,715,274	4,605,309
25.1 Blades			
Local sales		2,451,608	1,891,116
Export sales		1,191,549	996,659
		3,643,157	2,887,775
Less: Sales tax		336,180	273,441
Trade discount		133,677	25,357
Excise duty		-	21,219
		469,857	320,017
		3,173,300	2,567,758

	2012	2011
	(Rupees in thousand)	
25.2 Soaps		
Local Sales	977,284	902,334
Export Sales	-	934
	977,284	903,268
Less: Sales tax	162,175	154,890
Trade discount	75	1
Excise duty	-	10,877
	162,250	165,768
	815,034	737,500
25.3 Packing material		
Local Sales	1,426,429	1,120,966
Less: Sales tax	191,410	152,673
Trade discount	809	-
Excise duty	-	13,588
	192,219	166,261
	1,234,210	954,705
25.4 Bike		
Local Sales	304,293	267,861
Less: Sales tax	42,032	38,503
Trade discount	833	4,879
Excise duty	-	3,749
	42,865	47,131
	261,428	220,730
25.5 Paper and board		
Local Sales	266,624	147,958
Less: Sales tax	35,322	21,185
Excise duty	-	2,157
	35,322	23,342
	231,302	124,616

	Note	2012	2011
		(Rupees in thousand)	

26. COST OF GOODS SOLD

	Note	2012	2011
Blades	26.1	2,085,454	1,761,650
Soaps	26.2	665,657	608,685
Packing material	26.3	839,967	580,860
Bike	26.4	234,721	214,564
Paper and board	26.5	471,937	417,631
		4,297,736	3,583,390

26.1 Cost of goods sold - blades

	Note	2012	2011
Opening stock of raw material and packing material		205,882	169,064
Purchases		1,321,865	1,123,036
Slow moving raw material stock written off	11	2,486	940
Less: Closing stock of raw and packing material		(298,249)	(205,882)
Raw and packing materials consumed		1,231,984	1,087,158
Stores and spares consumed		99,119	103,341
Salaries, wages and other benefits	26.1.1	424,415	361,944
Fuel and power		182,968	129,682
Repair and maintenance		14,975	22,535
Rent, rates and taxes		2,590	3,082
Insurance		28,868	23,521
Product research and development		35	187
Traveling and conveyance		10,917	15,937
Printing and stationery		2,706	2,113
Postage and telephone		4,822	4,433
Legal and professional charges		1,936	323
Entertainment		1,547	936
Staff training		286	364
Subscriptions		618	2,864
Depreciation on property, plant and equipment	6.1.4	59,777	49,459
Ijarah lease rentals		2,485	-
Other expenses		16,610	12,820
		2,086,658	1,820,699
Opening stock of work-in-process		44,587	33,292
Closing stock of work-in-process	11	(47,305)	(44,587)
Cost of goods manufactured		2,083,940	1,809,404
Opening stock of finished goods		79,097	31,343
Closing stock of finished goods	11	(77,583)	(79,097)
		2,085,454	1,761,650

26.1.1 Salaries, wages and other benefits include Rs. 22.02 million (2011: Rs. 22.78 million) and Rs. 17.99 million (2011: Rs. 13.32 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2012	2011
			(Rupees in thousand)	
26.2	**Cost of goods sold - soaps**			
	Opening stock of raw material and packing material		55,918	71,186
	Purchases		632,891	498,683
	Closing stock of raw material and packing material		(75,527)	(55,918)
	Raw material and packing material consumed		613,282	513,951
	Stores and spares consumed		5,695	6,094
	Salaries, wages and other benefits		23,487	23,573
	Fuel and power		32,387	38,621
	Traveling and conveyance		351	7
	Repair and maintenance		1,112	637
	Plant rental		7,776	7,740
	Insurance		489	507
	Fee and Subscriptions		5	167
	Depreciation on property, plant and equipment	6.1.4	2,678	548
	Manufacturing charges		708	-
	Legal and professional expenses		1,245	-
	Other expenses		-	6,622
			689,215	598,467
	Opening stock of work-in-process		14,682	23,868
	Closing stock of work-in-process		(34,913)	(14,682)
	Cost of goods manufactured		668,984	607,653
	Opening stock of finished goods		22,862	23,894
	Closing stock of finished goods		(26,189)	(22,862)
			665,657	608,685
26.3	**Cost of goods sold - packing material**			
	Opening stock of raw material and packing material		142,616	33,515
	Purchases		720,587	540,735
	Closing stock of raw material and packing material		(217,506)	(142,616)
	Raw material and packing material consumed		645,697	431,634
	Stores and spares consumed		33,878	29,945
	Salaries, wages and other benefits		77,750	58,084
	Fuel and power		49,569	38,572
	Repair and maintenance		12,054	4,064
	Rent rates and taxes		173	83
	Insurance		1,500	1,332
	Traveling and conveyance		5,107	1,038
	Depreciation on property, plant and equipment	6.1.4	12,953	12,854
	Legal and professional expenses		26	-
	Other expenses		2,521	1,489
			841,228	579,095

	Note	2012	2011
		(Rupees in thousand)	
Opening stock of work-in-process		3,575	5,108
Closing stock of work-in-process		(3,044)	(3,575)
Cost of goods manufactured		841,759	580,628
Opening stock of finished goods		3,317	3,549
Closing stock of finished goods		(5,109)	(3,317)
		839,967	580,860

26.4 Cost of goods sold - bike

	Note	2012	2011
Opening stock of raw material and packing material		14,942	26,770
Purchases		281,961	192,461
Closing stock of raw material and packing material		(78,812)	(14,942)
Raw material and packing material consumed		218,091	204,289
Stores and spares consumed		828	1,078
Salaries and wages		8,550	8,399
Fuel and power		5	6
Repair and maintenance		1,437	876
Rent, rates and taxes		-	5
Postage		77	69
Printing and stationery		556	557
Legal and professional		8	6
Entertainment		59	54
Traveling and conveyance		570	540
Depreciation on property, plant and equipment	6.1.4	1,210	1,190
Product research and development		42	181
Other expenses		4,836	664
		236,269	217,914
Opening stock of work-in-process		10,359	3,071
Closing stock of work-in-process		(12,021)	(10,359)
Cost of goods manufactured		234,607	210,626
Opening stock of finished goods		114	4,052
Closing stock of finished goods		-	(114)
		234,721	214,564

	Note	2012	2011
		(Rupees in thousand)	
26.5 Cost of goods sold - paper and board			
Opening stock of raw material and packing material		42,412	12,378
Purchases		246,858	279,593
Closing stock of raw material and packing material		(24,252)	(42,412)
Raw material and packing material consumed		265,018	249,559
Stores and spares consumed		20,742	16,158
Salaries and wages		43,401	35,934
Fuel and power		126,514	99,678
Repair and maintenance		3,789	5,152
Rent, rates and taxes		196	192
Insurance		1,338	1,017
Depreciation on property, plant and equipment	6.1.4	12,815	12,742
Legal and professional expenses		213	-
Other manufacturing expenses		628	990
Cost of goods manufactured		474,654	421,422
Opening stock of work-in-process		-	-
Closing stock of work-in-process		(191)	-
Opening stock of finished goods		6,688	2,897
Closing stock of finished goods		(9,214)	(6,688)
		471,937	417,631

27. ADMINISTRATIVE EXPENSES

	Note	2012	2011
Salaries and other benefits	27.1	81,908	53,632
Electricity and gas		381	1,141
Repairs and maintenance		971	601
Rent, rates and taxes		1,754	350
Traveling and conveyance		3,034	2,008
Entertainment		1,990	941
Insurance		640	544
Staff training		15	242
Postage and telephone		499	685
Printing and stationery		1,344	1,134
Legal and professional charges	27.2	14,931	16,491
Donations	27.3	830	854
Computer expenses		882	3,460
Directors' fee	33.2	370	260
Subscription		67	146
Depreciation on property, plant and equipment	6.1.4	23,162	21,955
Depreciation on investment property	7.1	750	750
Other expenses		4,047	154
		137,575	105,348

27.1 Salaries and other benefits include Rs. 2.26 million (2011: Rs. 0.81 million) and Rs. 4.35 million (2011: Rs. 1.92 million) in respect of defined benefit schemes and defined contribution schemes respectively.

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

	2012	2011
	(Rupees in thousand)	
Statutory audit	2,055	1,655
Half yearly review	450	500
Certification fee	83	1,409
Out of pocket expenses	400	205
	2,988	3,769

27.3 This includes an amount of Rs. 0.18 million (2011: 0.1 million) donated to Institute of Islamic Culture for Syed Shahid Ali (Chief Executive of the Holding Company).

	Note	2012	2011
		(Rupees in thousand)	
28. DISTRIBUTION EXPENSES			
Salaries and other benefits	28.1	134,369	88,576
Repair and maintenance		7,708	3,459
Freight, octroi and handling		102,206	86,739
Electricity and gas		-	1,213
Export commission		25,170	13,816
Advertising		260,018	97,032
Provision for doubtful debt	12.1	18,739	12,464
Bad debts written off		23,298	-
Rent, rates and taxes		5,069	5,992
Insurance		-	25
Product development		1,281	280
Traveling and conveyance		26,513	19,305
Entertainment		524	163
Meeting and conferences		-	596
Subscription		-	711
Staff training		-	35
Printing and stationery		1,471	1,527
Postage and telephone		4,289	4,058
Depreciation on property, plant and equipment	6.1.4	6,426	6,003
Computer expenses		22	143
Legal and professional charges		7,192	420
Other expenses		12,599	5,426
		636,894	347,983

28.1 Salaries and other benefits include Rs. 3 million (2011: Rs. 1.74 million) and Rs. 5.70 million (2011: Rs. 2.25 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2012	2011
		(Rupees in thousand)	
29. FINANCE COST			
Mark-up on short term borrowings		235,499	226,925
Bank charges		9,658	10,833
Interest on workers profit participation fund		-	182
		245,157	237,940
30. OTHER OPERATING EXPENSES			
Impairment loss on un-quoted long term investments available-for-sale		-	7,038
Impairment loss due to fair value adjustment of long term investments available-for-sale		-	7,503
Loss on disposal of associate		7,149	-
Unrealized loss due to fair value adjustment of investments at fair value through profit and loss		8,208	-
Exchange loss		4,433	-
		19,790	14,541
31. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		11,948	11,737
Profit on disposal of long term investments		11,014	14,016
Interest income from Loads Limited		-	3,489
Unrealised gain on short term investments at fair value through profit or loss		4,734	53,471
Realized gain on disposal of short term investments at fair value through profit or loss		4,174	8,912
Dividend from short term investments		30,511	15,305
Dividend from long term investments		4,363	2,196
		66,744	109,126
Income from non-financial assets			
Profit on disposal of property, plant and equipment		6,167	9,882
Rental income from investment property		11,578	10,666
Scrap sale		22,003	19,020
Export rebate		13,317	15,746
Realised exchange loss		-	(3,343)
Unrealised exchange gain		1,282	148
Others	31.1	4,767	316
		59,114	52,435
		125,858	161,561

31.1 This includes Rs. 0.272 million (2011: Rs. 0.307 million) in respect of unclaimed dividend.

	2012	2011
	(Rupees in thousand)	

32. TAXATION

	2012	2011
Current		
- For the year	88,782	92,477
- For prior years	(22,182)	(4,870)
Deferred		
- For the year	(402)	23,408
	66,198	111,015

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executives	
	2012	2011	2012	2011	2012	2011
	(Rupees in thousand)					
Remuneration	16,364	5,455	15,276	9,458	96,080	61,253
Provident fund	-	-	679	584	3,573	2,826
Service fund	-	-	679	584	3,573	2,826
Housing fund	-	-	423	-	1,815	1,242
Bonus	-	-	4,826	3,072	22,652	12,691
Entertainment	52	494	-	-	-	-
Utilities	1,636	545	679	584	3,785	2,995
Medical	1,744	545	679	584	3,786	2,995
	19,796	7,039	23,241	14,866	135,264	86,828
Number of persons	1	1	3	3	42	39

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

33.2 Six (2011: six) non-executive directors were paid fee aggregating Rs. 0.370 million (2011: Rs. 0.260 million).

34. TRANSACTIONS WITH RELATED PARTIES

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

	Relationship with the group	Nature of transactions	2012	2011
			(Rupees in thousand)	
I	**Associated undertakings**			
	Load Limited	Purchase of goods	4,515	5,569
		Mark-up paid	860	-
		Mark-up received	996	-
	Packages Limited	Purchase of goods	148,483	119,943
		Sale of goods	1,048	64
	ZIL Limited	Purchase of goods	642	1,209
	Orient Trading (Private) Limited	Purchase of services	-	10
	Specialized Motorcycles (Private) Limited	Purchase of goods	-	2,250
	IGI Insurance Limited	Purchase of services	10,754	2,289
	International General Insurance	Purchase of services	-	736
	Cutting Edge (Private) Limited	Purchase of services	2,574	2,360
II	**Post employment benefit plans**			
	Superannuation fund	Contribution	14,750	12,311
	Gratuity fund	-do-	16,793	13,012
	Provident fund	-do-	13,945	11,580
	Service fund	-do-	7,556	6,148
	Housing fund	-do-	3,387	2,436

35. FINANCIAL INSTRUMENTS

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

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

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

35.1 Credit risk

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

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

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

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

(i) Exposure to credit risk

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

	2012	2011
	(Rupees in thousand)	
Long term investment	196,584	73,411
Loans and deposits	82,684	65,238
Trade debts	496,659	392,664
Short term investments	398,491	399,899
Loans, advances, deposits, prepayments and other receivables	40,096	13,336
Bank balances	577,557	307,474
	1,792,071	1,252,022

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

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

	2012	2011
	(Rupees in thousand)	
- Local parties	475,634	373,124
- Foreign parties	21,025	19,540
	496,659	392,664

	2012	2011
	(Rupees in thousand)	
The aging of trade debts at the reporting date is:		
Less than 30 days	229,209	44,197
Past due 1 - 3 months	81,868	300,746
Past due 3 - 6 months	21,982	24,138
Past due 6 - 9 months	52,040	22,504
Above one year	111,560	1,079
	496,659	392,664

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

(ii) Credit quality of major financial assets

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

Banks	Rating Short term	Rating Long term	Rating Agency	2012 (Rupees in thousand)	2011
NIB Bank Limited	A1+	AA-	PACRA	19,125	9,474
Faysal Bank Limited	A-1+	AA	PACRA & JCR	105,947	67,942
United Bank Limited	A-1+	AA+	JCR-VIS	5,180	107,370
Bank Islami Pakistan Limited	A1	A	PACRA	586	846
Habib Bank Limited	A-1+	AA+	JCR-VIS	7,885	6,917
MCB Bank Limited	A1+	AA	PACRA	46	501
Askari Commercial Bank Limited	A1+	AA	PACRA	-	46
Citibank N.A.	A-1	A+	Standard & poor's	612	332
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,447	5,917
Bank of Punjab	A-1+	AA-	PACRA	5,374	-
HSBC Bank Middle East Limited	P-1	A-1	Moody's	2,857	-
MCB Bank Limited	A1+	AA+	PACRA	84,599	-
Silk Bank Limited	A-2	A-	JCR-VIS	10,000	-
Burj Bank Limited	A-2	A-	JCR-VIS	4	-
Dubai Islami Bank Pakistan Limited	A-1	A	JCR-VIS	257,412	-
KASB Bank Limited	A-2	A-	PACRA	15,141	-
Barclays Bank PLC, Pakistan	A-1+	AA-	Standard & Poor's	58,391	97,938
Bank Alflah Limited	A1+	AA	PACRA & JCR	764	10,014
Samba Bank Limited	A-1	A+	JCR-VIS	187	177
				577,557	307,474

35.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The group is not materially exposed to liquidity risk as substantially all obligations / commitments of the 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 2				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	655,874	655,874	655,874	-	-
Long term deposits	2,489	2,489	-	2,489	-
Short term borrowings	1,690,116	1,690,116	1,690,116	-	-
Loan from director	350,000	350,000	350,000	-	-
Accrued mark-up on short term borrowings	49,000	49,000	49,000	-	-
	2,747,479	2,747,479	2,744,990	2,489	-

	2 0 11				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	572,595	572,595	572,595	-	-
Long term deposits	2,491	2,491	-	2,491	-
Short term borrowings	1,877,415	1,877,415	1,877,415	-	-
Accrued mark-up on short term borrowings	42,310	42,310	42,310	-	-
	2,494,811	2,494,811	2,492,320	2,491	-

35.3 Market risk

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

35.4 Currency risk

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

	2012	2011
	(Rupees in thousand)	
Outstanding Letters of Credit	502,283	15,764

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2012	**2011**	**2012**	**2011**
Rupees per USD	90.53	86.25	94.20	86.05

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher / lower by Rs. 6.225 million (2011: Rs. 1.576 million), mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

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

35.5 Interest rate risk

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

	2012	**2011**	**2012**	**2011**
	Effective rate (Percentage)		**(Rupees in thousand)**	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	5 - 12	5 - 12	548,299	236,034
Financial liabilities				
Floating rate instrument				
Short term borrowings	12.48 -15.06	9.5 - 15.73	1,690,116	1,877,415

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs. 11.336 million (2011: Rs. 11.616 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

35.6 Other price risk

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

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

	2012	2011
	(Rupees in thousand)	
Effect on profit and loss	(39,849)	(39,990)
Effect on equity	(2,886)	(2,526)
Effect on investments	(42,735)	(42,516)

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

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 an arm's length transaction.

35.6.1 Fair value of financial instruments

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

Financial instruments carried at fair value are categorized as follows:

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

	2 0 1 2			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
Short term investments at fair value through profit or loss	398,491	-	-	398,491
Long term investments available for sale	13,911	-	14,952	28,863
	412,402	-	14,952	427,354

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

35.7 Operational risk

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

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

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

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

35.8 Financial instruments by categories

	Available for sale		At fair value through profit and loss	
	2012	2011	2012	2011
	(Rupees in thousand)			
Financial assets as per balance sheet				
Long term investments	28,863	36,968	-	-
Loans and deposits	-	-	-	-
Trade debts	-	-	-	-
Short term investments	-	-	-	399,899
Loans, advances, deposits, prepayments and other receivables	-	-	-	-
Bank balances	-	-	-	-
	28,863	36,968	-	399,899

	Loans and receivables		Investment at equity method	
	2012	2011	2012	2011
	(Rupees in thousand)			
Long term investments	-	-	-	36,443
Loans and deposits	82,684	65,238	-	-
Trade debts	496,659	392,664	-	-
Short term investments	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	40,096	13,336	-	-
Bank balances	577,557	307,474	-	-
	1,196,996	778,712	-	36,443

	Total	
	2012	2011
	(Rupees in thousand)	
Long term investments	28,863	73,411
Loans and deposits	82,684	65,238
Trade debts	496,659	392,664
Short term investments	-	399,899
Loans, advances, deposits, prepayments and other receivables	40,096	13,336
Bank balances	577,557	307,474
	1,225,859	1,252,022

	Other financial liabilities 2012	2011
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	655,874	572,595
Long term deposits	2,489	2,491
Short term borrowings	1,690,116	1,877,415
Loan from director	350,000	-
Accrued mark-up on short term borrowings	49,000	42,310
	2,747,479	2,494,811

35.9 Capital risk management

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

The group's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

The debt-to-equity ratios as at 30 June 2012 and at 30 June 2011 were as follows:

	2012	2011
	(Rupees in thousand)	
Total debt	1,690,116	1,877,415
Total equity and debt	3,704,537	3,496,694
Debt-to-equity ratio	46%	54%

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	2012	2011
		(Rupees in thousand)	
36. CASH GENERATED FROM OPERATIONS			
Profit before taxation		489,777	465,230
Adjustments for non-cash and other items:			
Finance cost		245,157	237,940
Depreciation on property, plant and equipment	6.1	119,021	104,751
Depreciation on investment property	7	750	750
Provision for gratuity		16,793	13,012
Provision for superannuation fund scheme		14,750	12,311
Profit on bank deposits		(11,948)	(15,226)
Provision for doubtful debt		18,739	12,464
Slow moving raw material stock written off		2,486	940
Impairment on long term investments		-	14,541
Profit on sale of property, plant and equipment		(6,167)	(9,882)
Profit on disposal of long term investments		(11,014)	(14,016)
Loss on disposal of associate		7,149	-
Provision for WPPF and WWF		25,419	17,793
Unrealized gain on investment at fair value through profit or loss		(4,734)	(53,471)
		416,401	321,907
Cash generated from operations			
Unrealized exchange gain		(1,282)	(148)
Share of profit from associate		(11,216)	(5,355)
Dividend income		(34,874)	(17,501)
		(47,372)	(23,004)
Operating profit before working capital changes		858,806	764,133
(Increase) / decrease in current assets			
Stores and spares		(43,875)	(16,663)
Stock-in-trade		(168,007)	(287,324)
Trade debtors		(121,452)	(149,779)
Short term investment		6,142	153,456
Loans, advances, deposits, prepayments and other receivables		59,290	(224,972)
		(267,902)	(525,282)
Increase in current liabilities			
Trade and other payables		120,314	233,279
		711,218	472,130
37. CASH AND CASH EQUIVALENT			
Cash and bank balances	15	589,921	310,690
Short term running finance - secured	17.1	(591,266)	(839,777)
		(1,345)	(529,087)

38. OPERATING SEGMENTS

38.1 Geographical information

Significant sales are made by the group in the following countries:

	2012	2011
	(Rupees in thousand)	
Pakistan	4,523,725	3,607,716
Iran	142,287	224,557
Saudi Arabia	221,438	199,927
China	151,327	107,584
Bangladesh	163,559	99,686
Jordan	89,480	67,250
Syria	-	55,120
Brazil	38,874	54,458
Yemen	69,232	24,869
Morocco	16,177	31,171
Angola	36,357	24,170
United Arab Emirates	140,501	20,457
Taiwan	19,742	16,153
Vietnam	12,338	13,517
Egypt	16,821	11,558
Other countries	73,416	47,116
	5,715,274	4,605,309

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

38.2 Business segments

As at 30 June 2012 the group is engaged into following main business segments:

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

	Note	Blades 2012	Blades 2011	Soaps 2012	Soaps 2011	Packing material 2012	Packing material 2011	Bike 2012	Bike 2011	Paper & board 2012	Paper & board 2011	Total 2012	Total 2011
		(-----	-----	-----	-----	-----	-----	Rupees in thousand	-----	-----	-----	-----	-----)
Sales		3,643,157	2,887,775	977,284	903,268	1,426,429	1,120,966	304,293	267,861	266,624	147,958	6,617,787	5,327,828
Less : Sales tax		336,180	273,441	162,175	154,890	191,410	152,673	42,032	38,503	35,322	21,185	767,119	640,692
Trade discount		133,677	25,357	75	1	809	-	833	4,879	-	-	135,394	30,237
Excise duty		-	21,219	-	10,877	-	13,588	-	3,749	-	2,157	-	51,590
		469,857	320,017	162,250	165,768	192,219	166,261	42,865	47,131	35,322	23,342	902,513	722,519
		3,173,300	2,567,758	815,034	737,500	1,234,210	954,705	261,428	220,730	231,302	124,616	5,715,274	4,605,309
Net sales		3,173,300	2,567,758	815,034	737,500	1,234,210	954,705	261,428	220,730	231,302	124,616	5,715,274	4,605,309
Cost of sales		2,085,454	1,761,650	665,657	608,685	839,967	580,860	234,721	214,564	471,937	417,631	4,297,736	3,583,390
Gross profit		1,087,846	806,108	149,377	128,815	394,243	373,845	26,707	6,166	(240,635)	(293,015)	1,417,538	1,021,919
Inter company / inter segment - net sales		-	-	-	-	68,961	64,468	-	-	316,789	355,506	385,750	419,974
Inter company / inter sement - purchases		(4,414)	(5,906)	(3,821)	(6,626)	(316,789)	(355,506)	-	-	(60,726)	(51,936)	(385,750)	(419,974)
Gross profit - segment wise		1,083,432	800,202	145,556	122,189	146,415	82,807	26,707	6,166	15,428	10,555	1,417,538	1,021,919
Administrative expenses	27	109,868	88,061	10,345	6,857	10,012	7,615	6,291	1,878	1,059	937	137,575	105,348
Distribution cost	28	424,093	204,753	103,978	70,276	76,849	50,893	28,835	21,501	3,139	560	636,894	347,983
Operating profit/segment results		549,471	507,388	31,233	45,056	59,554	24,299	(8,419)	(17,213)	11,230	9,058	643,069	568,588
Finance cost (Note 29)												245,157	237,940
Other operating expenses (Note 30)												19,790	14,541
Other operating income (Note 31)												125,858	161,561
												503,980	477,668
Share of profit of associate												11,216	5,355
Workers' profit participation fund (WPPF)												20,187	15,714
Workers' welfare fund (WWF)												5,232	2,079
Profit before income tax												489,777	465,230
Income tax charges												69,242	113,064
Profit for the year												420,535	352,166
38.3 Segment assets	38.3.1	1,086,236	503,090	356,145	172,538	1,008,434	433,646	269,849	131,501	304,137	102,961	3,024,801	1,343,736
Unallocated assets												2,732,909	3,730,643
Total Assets												5,757,710	5,074,379
38.4 Segment liabilities	38.4.1	2,499,176	2,160,585	158,099	245,374	59,442	74,592	45,220	24,096	38,350	12,274	2,800,287	2,516,921
Unallocated liabilities												196,138	178,395
												2,996,425	2,695,316

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

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

39. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2012	2011
Profit for the year after taxation	Rupees in thousand	420,225	351,954
Weighted average number of shares	Number in thousand	41,822	41,822
Earnings per share	Rupees	10.05	8.42

	Note	Production capacity	Actual production	
		(Unit in millions)	2012	2011
			(Units in millions)	
40. PLANT CAPACITY AND PRODUCTION				
Blades - units in millions		1,275	1,653	1,527
Soap - in metric tonnes		5,000	4,657	4,800
Packing material - in metric tonnes	40.1	30,000	21,699	19,187
Bike - in units	40.2	12,000	7,661	6,654
Paper and board - in metric tonnes		15,000	10,878	9,907

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

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

41. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 02, 2012 by the Board of Directors of the holding company.

42 GENERAL

42.1 Corresponding figures have been rearranged or reclassified wherever necessary, for the purposes of comparison. However, no significant rearrangements or reclassifications have been made.

42.2 The Board of directors in its meetings held on 02 October 2012 has proposed a final cash dividend of Rs. 2 per share (2011: Re 1 per share) for the year ended 30 June 2012 amounting to Rs. 83,644 million (2011: Rs. 41,822 million) for the approval of the members at the annual general meeting to be held on 31 Oct 2012. These consolidated financial statements do not reflect this proposed dividend payable.

LAHORE:	**Syed Shahid Ali**	**Muhammad Shafique Anjum**
October 02, 2012	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 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 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 & Co.

Lahore
Date: October 02, 2012

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

Balance Sheet
as at June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	1,760,540	1,660,191
Investment property	7	55,939	56,689
Long term investments	8	1,412,891	848,742
Long term loans and deposits	9	6,973	8,453
		3,236,343	2,574,075
Current assets			
Stores and spares	10	139,277	112,572
Stock-in-trade	11	403,373	360,247
Trade debts	12	492,887	706,993
Short term investments	13	363,470	359,494
Loans, advances, deposits, prepayments and other receivables	14	314,690	247,682
Cash and bank balances	15	129,538	78,549
		1,843,235	1,865,537
Non-current assets held for sale	16	98,252	225,285
		1,941,487	2,090,822
Liabilities			
Current liabilities			
Short term borrowings	17	1,690,116	1,877,415
Loan from director		350,000	-
Trade and other payables	18	474,278	386,082
Accrued mark-up on short term borrowings		49,000	42,310
Provision for taxation		73,264	50,023
		2,636,658	2,355,830
Net current liabilities		(695,171)	(265,008)
Non-current liabilities			
Long term deposits	19	2,339	2,341
Deferred taxation	20	80,563	80,563
		82,902	82,904
Contingencies and commitments	21		
		2,458,270	2,226,163
Represented by:			
Authorised capital			
70,000,000 (2011: 20,000,000) ordinary shares of Rs. 10 each		700,000	700,000
10,000,000 (2011: 10,000,000) preference shares of Rs. 10 each		100,000	100,000
		800,000	800,000
Issued, subscribed and paid-up capital	22	418,222	418,222
Reserves	23	278,368	314,427
Unappropriated profit		1,017,016	735,130
Shareholders' equity		1,713,606	1,467,779
Surplus on revaluation of property - net of tax	24	744,664	758,384
		2,458,270	2,226,163

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Profit and Loss Account

for the year ended June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Sales - net	25	2,820,669	2,280,950
Cost of sales	26	2,104,814	1,773,942
Gross profit		715,855	507,008
Administrative expenses	27	88,589	74,678
Distribution expenses	28	176,250	53,115
		264,839	127,793
Operating profit		451,016	379,215
Finance cost	29	240,153	225,437
Other operating expenses	30	1,805	17,899
		241,958	243,336
Other operating income	31	183,506	171,546
		392,564	307,425
Workers' profit participation fund (WPPF)		19,628	15,371
Workers' welfare fund (WWF)		5,007	1,936
		24,635	17,307
Profit before taxation		367,929	290,118
Taxation	32	57,941	68,714
Profit for the year from continuing operations		309,988	221,404
Earnings per share - basic and diluted *(Rupees)*	39	7.41	5.29

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Comprehensive Income
for the year ended June 30, 2012

	2012	2011
	(Rupees in thousand)	
Profit for the year	309,988	221,404
Other comprehensive income:		
Unrealized gain on available for sale investments	2,992	13,916
Total comprehensive income for the year	312,980	235,320

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Cash Flow Statement

for the year ended June 30, 2012

	Note	2012	2011
		(Rupees in thousand)	
Cash generated from operations	37	813,316	280,569
Finance cost paid		(233,463)	(220,764)
Taxes paid		(60,035)	(46,452)
WPPF and WWF paid		(42,307)	(9,807)
Payment to gratuity fund		(9,463)	(7,884)
Payment to superannuation fund		(10,250)	(9,398)
		(355,518)	(294,305)
Net cash inflow/ (outflow) from operating activities		457,798	(13,736)
Cash flows from investing activities			
Fixed capital expenditure		(209,707)	(218,859)
Proceeds from sale of property, plant and equipment		153,193	16,576
Long term investments		(559,269)	(284,835)
Long term loans and deposits		1,480	(764)
Interest received		4,902	3,941
Dividend received		76,431	38,290
Net cash outflow from investing activities		(532,970)	(445,651)
Cash flows from financing activities			
Long term deposits		(2)	-
Loan from director		350,000	-
Short term borrowings		61,212	27,355
Dividend paid		(36,538)	-
Net cash inflow from financing activities		374,672	27,355
Net increase/ (decrease) in cash and cash equivalents		299,500	(432,032)
Cash and cash equivalents at the beginning of year		(761,228)	(329,196)
Cash and cash equivalents at the end of year	38	(461,728)	(761,228)

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Statement of Changes in Equity

for the year ended June 30, 2012

	Share Capital	Capital Reserve	General Reserve	Fair value Reserve	Un-appropriated profit	Total
	(----------------Rupees in thousand---------------)					
Balance as at 01 July 2010	418,222	8,949	266,400	32,951	507,752	1,234,274
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	5,974	5,974
Realized gain on disposal of available for sale investments transfer to profit and loss	-	-	-	(7,789)	-	(7,789)
Total comprehensive income for the year	-	-	-	13,916	221,404	235,320
Balance as at 30 June 2011	418,222	8,949	266,400	39,078	735,130	1,467,779
Balance as at 01 July 2011	418,222	8,949	266,400	39,078	735,130	1,467,779
Incremental depreciation relating to surplus on revaluation of property - net of tax	-	-	-	-	5,991	5,991
Surplus on revaluation of property, plant and equipment realised through disposal	-	-	-	-	7,729	7,729
Realized gain on disposal of available for sale investments transfer to profit and loss	-	-	-	(39,051)	-	(39,051)
Final dividend @ 10 % for the year ended 30 June 2011					(41,822)	(41,822)
Total comprehensive income for the year	-	-	-	2,992	309,988	312,980
Balance as at 30 June 2012	418,222	8,949	266,400	3,019	1,017,016	1,713,606

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

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Notes to the Financial Statements

for the year ended June 30, 2012

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. Its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is manufacturing and sale of razors and razor blades alongwith sale of soaps. The registered office of the Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore.

2. Basis of preparation

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following long term investments:

Name of company	2012	2011
	(Holding percentage)	
Subsidiaries		
- Global Econo Trade (Private) Limited	100.00%	100.00%
- First Treet Manufacturing Modaraba Limited	99.80%	99.80%
Associates		
- Loads Limited		

2.2 Statement of compliance

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

2.3 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.

2.4 Functional and presentation currency

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

3. Use of estimates and judgments

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

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

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

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

4. Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 01 January 2012.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses amounting to Rs. 37.257 million at 30 June 2012 would need to be recognized in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- IFRS 9, ‘Financial Instruments’, issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Company’s accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The Company has not yet decided when to adopt IFRS 9.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 01 January 2012, however, they do not affect the Company’s financial statements.

5. Summary of significant accounting policies

5.1 Employee retirement benefits

<u>Defined contribution plans</u>

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

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

Defined benefit plans

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

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

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

(ii) 10% of the fair value of any plan assets.

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

5.2 Taxation

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

Current

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

Deferred

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

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

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

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

5.3 Property, plant and equipment

Cost

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

Gain/(loss) on disposal

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

Capitalization threshold

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

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

Incremental depreciation

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

Method of depreciation

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

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

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

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

Subsequent costs

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

5.4 Capital work-in-progress

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

5.5 Investment property

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

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

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

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

5.6 Investments

Investment in subsidiaries

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

Investments available-for-sale

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

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

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

Held to maturity investments

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

Investments at fair value through profit or loss

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

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

5.7 Impairment of assets

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

Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset’s revised carrying amount over its estimated useful life. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. A reversal of the impairment loss is recognized in income.

5.8 Stores and spares

These are valued at the lower of moving average cost and net realizable value except for items in transit, which are valued at invoice price and related expenses incurred upto the balance sheet date. Adequate provision is made for slow moving items. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.9 Stock-in-trade

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

5.10 Trade debts

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

5.11 Foreign currency translation

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

5.12 Revenue recognition

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

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

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

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

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

(v) Other revenues are recorded on accrual basis.

5.13 Borrowing cost

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

5.14 Financial instruments

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

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

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

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

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

5.15 Cash and cash equivalents

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

5.16 Trade and other payables

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

5.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

5.18 Derivative financial instruments and hedging activities

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

5.19 Research and development costs

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

5.20 Company Employees Housing Fund

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

5.21 Dividends

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

5.22 Contingent liabilities

A contingent liability is disclosed when:

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

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

	Note	2012	2011
		(Rupees in thousand)	

6. PROPERTY, PLANT AND EQUIPMENTS

	Note	2012	2011
Operating fixed assets	6.1	1,491,383	1,612,546
Transfer to non-current assets held for sale	16	(16,267)	(143,300)
		1,475,116	1,469,246
Capital work-in-progress	6.2	285,424	190,945
		1,760,540	1,660,191

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost as at 01 July 2011	Additions/ (Deletions)	Cost as at 30 June 2012	Accumulated depreciation as at 01 July 2011	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2012	Book value as at 30 June 2012
	%	(------------------------------------	R u p e e s	i n	t h o u s a n d	----------------------------------)		
Freehold land	-	923,014	- (136,811)	786,203	-	-	-	786,203
Building	5	442,216	1,077 -	443,293	100,917	21,000 -	121,917	321,376
Plant	10	715,805	41,388 (498)	756,695	443,797	42,434 (237)	485,994	270,701
Furniture and equipment	10 - 25	41,407	3,104 (137)	44,374	27,228	3,330 (75)	30,483	13,891
Vehicles	20	108,971	69,659 (23,824)	154,806	46,925	22,601 (13,932)	55,594	99,212
2012		2,231,413	115,228 (161,270)	2,185,371	618,867	89,365 (14,244)	693,988	1,491,383

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

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

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

	2012	2011
	(Rupees in thousand)	
Land	247,500	247,500
Buildings	211,156	212,921
	458,656	460,421

6.1.3 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit	Mode of disposal	Sold to	
	(------------------------------------ Rupees in thousand					------------------------------------)		
Vehicles								
Toyota Corolla	1,271	1,271	-	-	-	Company scheme	Syed Shahid Ali	
Honda City	881	881	-	231	231	Negotiation	Mr. M. Tanveer	
Suzuki Cultus	613	613	-	195	195	Company scheme	Mr. M. Asim Khan	
Suzuki Cultus	613	613	-	201	201	Company scheme	Mr. M. Yousaf Khokhar	
Suzuki Cultus	595	595	-	195	195	Company scheme	Mr. Maqsood Ahmed	
Suzuki Cultus	595	595	-	195	195	Company scheme	Mr. Adnan Rashid	
Suzuki Bolan	482	482	-	300	300	Company scheme	Mr. M. Naeem	
Suzuki Mehran	425	425	-	139	139	Company scheme	Mr. Sohail Masood	
Suzuki Mehran	420	420	-	136	136	Company scheme	Mr. Rehan Tariq	
Suzuki Cultus	595	565	30	195	165	Company scheme	Mr. Faisal Rana	
Honda Civic	400	363	37	400	363	Negotiation	Mr. Jamil Malik	
Suzuki Alto	508	476	32	207	175	Negotiation	Mr. Ikhlaq Ahmad	Employees
Honda Civic	860	731	129	483	354	Insurance claim	Mr. Arshad Latif	Employees
Honda City	1,312	832	480	750	270	Company scheme	Mr. Sharukh Ehsaan	Employees
Suzuki Cultus	809	405	404	600	196	Company scheme	Mr. Jawad Ahmad	Employees
Suzuki Mehran	505	252	253	350	97	Company scheme	Mr. Hassam	Employees
Suzuki Mehran	400	193	207	400	193	Company scheme	Mr. Moazzam Hussain	Employees
Honda City	1,232	500	732	972	240	Company scheme	Mr. Ihsan Gill	Employees
Toyota Corolla	1,414	497	917	1,166	249	Company scheme	Mr. Tariq Aziz	Employees
Daihatsu Coure	600	190	410	455	45	Company scheme	Mr. Imran Khan	Employees
Honda CRV	4,200	559	3,641	4,150	509	Company scheme	Mr. Shahid Ali	Employees
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Manzoor Ahmad	Employees
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Raees Ahmad	Employees
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Ahtramuddin	Employees
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Fareed Khan	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. M. Atta Warsi	
Motor Cycle	68	67	1	68	67	Company scheme	Mr. Sher Muhammad	
Motor Cycle	59	58	1	59	58	Company scheme	Mr. K. Mahmood	
Motor Cycle	73	73	-	73	73	Company scheme	Mr Naseem khan	
Motor Cycle	59	58	1	59	58	Company scheme	Mr. Toor	
Motor Cycle	73	73	-	73	73	Company scheme	Mr. Asghar	
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Zaheer	
Motor Cycle	54	54	-	-	-	Company scheme	Mr. Idrees	
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Rahid khan	

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit/ (loss)	Mode of disposal	Sold to
	(------------------------------------ Rupees in thousand------------------------------------)						
Motor Cycle	77	77	-	20	20	Company scheme	Mr. Waleed Iqbal
Motor Cycle	54	54	-	54	54	Company scheme	Mr. Emanual
Motor Cycle	54	54	-	54	54	Company scheme	Mr Abdul Qayum
Motor Cycle	54	54	-	54	54	Company scheme	Mr Saeed Ahmad
Motor Cycle	69	59	10	59	49	Company scheme	Mr. Mansoor Ahmad
Motor Cycle	59	58	1	59	58	Company scheme	Mr. Iftikhar Ahmad
Motor Cycle	68	61	7	68	61	Company scheme	Mr. Zulfiqar Ahmad
Motor Cycle	68	60	8	68	60	Company scheme	Mr. Nazir Maseeh
Motor Cycle	69	69	-	69	69	Company scheme	Mr. Aneel Taj
Motor Cycle	60	38	22	60	38	Company scheme	Mr. Muhammad Rafique
Motor Cycle	60	40	20	60	40	Company scheme	Mr. Muhammad Ilyas
Motor Cycle	63	29	34	63	29	Company scheme	Mr. Muhammad Aslam
Motor Cycle	83	39	44	83	39	Company scheme	Mr. Safwan Mushtaq
Suzuki Cultus	560	38	522	560	38	Company scheme	Mr. Zahid Anwar
	20,962	13,014	7,948	13,831	5,883		
Land							
233 Kanals	136,812	-	136,812	136,446	(366)	Negotiation	Miscellaneous
	136,812	-	136,812	136,446	(366)		
Plant & Machinery							
USA Model UPS	498	237	261	229	(32)	Scrapped	
	498	237	261	229	(32)		
Other assets with book value less than Rs. 50,000	2,998	993	2,005	2,687	682	Negotiation	Miscellaneous
2012	161,270	14,244	147,026	153,193	6,167		
2011	23,384	16,690	6,694	16,576	9,882		

	Note	2012	2011
		(Rupees in thousand)	
6.1.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	26.1	59,777	49,459
Administrative expenses	27	23,162	21,953
Distribution expenses	28	6,426	6,003
		89,365	77,415
6.2 Capital work-in-progress			
Building		13,695	20,490
Plant and machinery		271,729	170,455
		285,424	190,945

7. INVESTMENT PROPERTY

	Annual rate of depreciation	Cost as at 01 July 2011	Transfer to non-current assets held for sale	Cost as at 30 June 2012	Accumulated depreciation as at 01 July 2011	Depreciation charge for the year	Accumulated depreciation as at 30 June 2012	Book value as at 30 June 2012
	%	(---------------------------------------	R u p e e s	i n	t h o u s a n d	-------------------------------------)		
Freehold land	-	46,000	-	46,000	-	-	-	46,000
Building on freehold land	5	15,000	-	15,000	4,311	750	5,061	9,939
2012		61,000	-	61,000	4,311	750	5,061	55,939

	Annual rate of depreciation	Cost as at 01 July 2010	Transfer to non-current assets held for sale	Cost as at 30 June 2011	Accumulated depreciation as at 01 July 2010	Depreciation charge for the year	Accumulated depreciation as at 30 June 2011	Book value as at 30 June 2011
	%	(---------------------------------------	R u p e e s	i n	t h o u s a n d	-------------------------------------)		
Freehold land	-	127,985	(81,985)	46,000	-	-	-	46,000
Building on freehold land	5	15,000	-	15,000	3,561	750	4,311	10,689
2011		142,985	(81,985)	61,000	3,561	750	4,311	56,689

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 2012 amounts to Rs. 90 million (2011: Rs. 108 million).

	Note	2012	2011
		(Rupees in thousand)	
8. LONG TERM INVESTMENTS			
Subsidiary companies - at cost	8.1	1,221,499	768,559
Available-for-sale investments	8.2	191,392	80,183
		1,412,891	848,742

8.1 Subsidiary company - at cost

	Note	2012	2011
Global Econo Trade (Private) Limited	8.1.1	50,000	50,000
First Treet Manufacturing Modaraba Limited	8.1.2	1,171,499	718,559
		1,221,499	768,559

8.1.1 It represents 4,999,996 (2011: 4,999,996) ordinary shares of Rs. 10 each in Global Econo Trade (Private) Limited (GET). The Company holds 99.99% (2011: 99.99%) equity shares in GET.

8.1.2 It represents 71,855,897 (2011: 71,855,897) ordinary certificates of Rs. 10 each in First Treet Manufacturing Modaraba Limited (FTMM). The Company holds 89.82% (2011: 89.82%) issued certificates in FTMM. The increase in investment during the year pertains to subscription to a right issue, certificates against which have not been issued yet.

	Note	2012	2011
		(Rupees in thousand)	
8.2 Available-for-sale investments			
Quoted investments	8.2.1	13,911	68,478
Un-quoted investments	8.2.2	177,481	11,705
		191,392	80,183

	Latest available audited financial statements for the year ended	2012 Number	2011 Number	Cost 2012	Cost 2011	Market value 2012	Market value 2011	Percentage of holding 2012 %	Percentage of holding 2011 %
				...........(Rupees in thousand)...........					
8.2.1 Quoted investments									
Associated companies									
ZIL Limited	30 June 2011	500	730,100	3	4,137	52	43,215	0.009	13.71
Add: unrealized gain				49	39,078				
				52	43,215				
Others - related party									
IGI Investment Bank Limited	30 June 2011	6,599,549	15,311,000	10,889	63,931	13,859	25,263	3.46	7.22
Less: Provision for impairment				-	(38,668)				
Add: Unrealised gain				2,970	-				
				13,859	25,263				
				13,911	68,478	13,911	68,478		

	Note	Latest available audited financial statements for the year ended	Number of ordinary shares of Rs. 10 each 2012 Number	2011 Number	Cost 2012	Cost 2011	Percentage of holding 2012 %	2012 %
					(Rupees in thousand)			
8.2.2 Un-quoted investments								
Techlogix International Limited	8.2.2.1	31 Dec. 2010	748,879	748,879	8,593	8,593	0.74	0.74
Less: Provision for impairment					(7,038)	(7,038)		
					1,555	1,555		
Systems Limited	8.2.2.1	31 Dec. 2011	956,172	637,448	10,150	10,150	2.46	2.46
Loads Limited	8.2.2.1	30 June 2011	1,250,221	-	162,529	-	20.82	-
Visionet Systems Incorporation	8.2.2.1 and 8.2.2.2	30 June 2012	36,891	-	3,247	-	2.46	-
					177,481	11,705		

8.2.2.1 The breakup value per share as per latest available audited financial statements for Techlogix International Limited, Systems Limited, Loads Limited and Visionet Systems Incorporation is Rs. 3.58 (2011: Rs. 2.08), Rs. 18.65 (2011: Rs. 20.92) and Rs. 150.52 per share respectively.

8.2.2.2 This represents the shares received as bonus in kind from Systems Limited, the holding company of Visionet Systems Incorporation.

	Note	2012	2011
		(Rupees in thousand)	
9. LONG TERM LOANS AND DEPOSITS			
Loan to housing fund - unsecured		3,895	5,733
Loans to employees - secured, considered good	9.1	5,367	3,547
Less : current portion			
Loan to housing fund - unsecured	14	(1,992)	(1,802)
Loan to employees - secured, considered good	14	(4,263)	(2,986)
		(6,255)	(4,788)
Utility deposits		3,966	3,961
		6,973	8,453

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. 2.276 million (2011: Rs. 0.343 million) receivable from the executives of the Company. There is no amount that is receivable from directors and chief executive.

9.2 Reconciliation of the carrying amount of loans to executives:

	Note	2012	2011
		(Rupees in thousand)	
Balance as at 01 July		343	655
Disbursements		3,794	3,907
Repayments		(1,861)	(4,219)
Balance as at 30 June		2,276	343

9.3 The maximum amount due from the executives at the end of any month during the year was Rs. 0.95 million (2011: Rs. 0.91 million).

	Note	2012	2011
10. STORES AND SPARES			
Stores		16,817	12,566
Spares	10.1	122,460	100,006
		139,277	112,572

10.1 It includes spares-in-transit amounting to Rs. 39.939 million (2011: Rs. 27.2 million).

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

	Note	2012	2011
		(Rupees in thousand)	
11. STOCK-IN-TRADE			
Raw materials and packing material	11.1	298,249	242,475
Work-in-process		47,305	44,587
Finished goods		60,305	74,125
		405,859	361,187
Slow moving raw material stock written off	26.1	(2,486)	(940)
		403,373	360,247

11.1 It includes raw material in transit amounting to Rs. 49.135 million (2011: Rs. 39.593 million).

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realisable value amounted to Rs. Nil (2011: Rs. 2.181 million).

	Note	2012	2011
		(Rupees in thousand)	
12. TRADE DEBTS			
Secured against letters of credit		21,025	19,540
Unsecured - considered good			
Global Econo Trade (Private) Limited			
- subsidiary company	12.1	416,625	686,864
Others		55,237	589
		492,887	706,993
Considered doubtful – others	12.2	465	465
		493,352	707,458
Provision for doubtful debt		(465)	(465)
		492,887	706,993

12.1 The maximum aggregate amount due from subsidiary company at the end of any month during the year was Rs. 887.965 million (2011: Rs. 686.864 million).

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

	Note	2012	2011
Balance as at 01 July		465	-
Provision for the year - net of recoveries	28	-	465
Balance as at 30 June		465	465

	Note	2012	2011
13. SHORT TERM INVESTMENTS			
Investment at fair value through profit or loss			
Listed equity securities	13.1	346,874	302,482
Mutual funds	13.2	11,596	57,012
Term deposit receipts		5,000	-
		363,470	359,494

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

	Share certificates		Market value	
	2012	**2011**	**2012**	**2011**
	Number	**Number**	**(Rupees in thousand)**	
Sector /Companies				
Banks				
NIB Bank Limited	2,217,532	600,000	4,413	906
Cement				
Fauji Cement Limited	-	180,000	-	742
Power generation and distribution				
Kohinoor Energy Limited	2,151,707	1,476,562	46,262	24,363
Modaraba				
First Habib Bank Modaraba	500	444,854	4	3,559
First Punjab Modaraba	199,801	-	296	-
First Al Noor Modaraba	474,547	-	2,325	-
First National Bank Modaraba	2,903,187	2,570,555	14,284	15,192
Allied Rental Modaraba	-	9,991	-	175
Industrial Metal and Mining				
Crescent Steel and Allied Products Limited	819,250	1,185,965	19,008	30,977
Sugar and allied industry				
Shahtaj Sugar Mills Limited	128,455	113,852	9,819	7,167
Mirpur Khas Sugar Mills Limited	17,170	-	646	-
Al-Noor Sugar Mills Limited	635,543	613,788	26,911	24,091
The Thal Industries Corporation Limited	32,068	32,067	1,403	1,740
Cable and electrical goods				
Siemens Pakistan Engineering Company Limited	40,081	39,250	29,945	42,555
Textile				
Indus Dyeing and Manufacturing Company Limited	421,571	386,801	170,631	147,553
Bannu Woolen Mills Limited	34,961	-	787	-
Janana De Malucho Textiles Limited	17,686	-	363	-
Sunrays Textile Mills Limited	2,612	-	168	-
Industrial Transport				
Pakistan National Shipping Corporation Limited	-	19,876	-	477

	Share certificates		Market value	
	2012	2011	2012	2011
	Number	Number	(Rupees in thousand)	
Petroleum				
Pakistan Petroleum Limited	-	8,000	-	1,657
Insurance				
Atlas Insurance Limited	100,569	-	3,007	-
Habib Insurance Company Limited	332,349	-	3,685	-
Miscellaneous				
Descon Oxychem Limited	214,575	-	833	-
Amtex Limited	417,600	524,898	894	1,328
Habib Adl Limited	245,282	-	5,041	-
Shifa International Hospital	37,739	-	1,168	-
Otsuka Pakistan Limited	10,390	-	372	-
Ghani Gases Limited	105,822	-	978	-
Dynea Pakistan Limited	134,660	-	2,723	-
PICIC Investment Fund	100,000	-	551	-
Dadex Eternit Limited	8,000	-	357	-
			346,874	302,482

13.2 Details of investment in mutual funds are stated below:

	Units		Market value	
	2012	2011	2012	2011
	Number	Number	(Rupees in thousand)	
First Habib Cash Fund	114,733	101,194	11,596	10,426
MCB Cash Management Optimiser	-	21,137	-	2,118
NIT Government Bond	-	4,000,000	-	44,468
			11,596	57,012

	Note	2012	2011
		(Rupees in thousand)	
14. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to housing fund	9	1,992	1,802
Current portion of loan to employees - secured, considered good	9	4,263	2,986
		6,255	4,788
Advances to subsidiary companies:			
Global Econo Trade (Private) Limited	14.1 & 14.2	3,383	1,875
First Treet Manufacturing Modaraba	14.1 & 14.3	3,080	-
TCL Labor-Hire Company (Private) Limited - subsidiary of Global Econo Trade (Private) Limited	14.1 & 14.4	11,899	19,257
Advances to employees - secured, considered good	14.5	6,166	2,446
Advances - unsecured, considered good			
Suppliers		75,071	44,287
Income tax		144,120	118,785
		219,191	163,072
Margin deposits - Letter of credits		2,905	3,218
Prepayments		9,683	6,428
Insurance claim receivable from IGI Insurance Limited - a related party		386	300
Advances to related parties	14.6		
Wazir Ali Industries Limited		13	13
Loads Limited		72	72
Packages Limited		-	30
IGI Investment Bank		10,000	1,250
		10,085	1,365
Workers' profit participation fund	18.3	5,372	-
Receivable from statutory authorities			
Export rebate		14,024	7,884
Freight subsidy		6,359	6,359
Collector of customs		2,763	1,885
Sales tax		2,088	24,931
		25,234	41,059
Dividend receivable		5,009	947
Service fund		-	391
Miscellaneous		6,042	2,536
		314,690	247,682

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

14.2 Maximum aggregate amount due from Global Econo Trade (Private) Limited at the end of any month during the year was Rs. 3.383 million (2011: Rs. 1.875 million).

14.3 Maximum aggregate amount due from First Treet Manufacturing Modaraba at the end of any month during the year was Rs. 3.080 million.

14.4 Maximum aggregate amount due from TCL Labor-Hire Company (Private) Limited at the end of any month during the year was Rs. 12.649 million (2011: Rs. 19.257 million).

14.5 These are interest free advances to the 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. 2.650 million (2011: Rs. 1.962 million) receivable from executives of the Company.

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

	Note	2012	2011
		(Rupees in thousand)	
15. CASH AND BANK BALANCES			
Cash in hand		11,955	2,599
Cash at bank - local currency			
Current accounts		8,479	15,799
Saving accounts	15.1	109,104	60,151
		117,583	75,950
		129,538	78,549

15.1 These carry mark-up at the rates ranging from 5 to 12 percent per annum (2011: 5 to 12 percent per annum).

	Note	2012	2011
16. NON-CURRENT ASSETS HELD FOR SALE			
Balance as at 01 July		225,285	-
Carrying value of freehold land previously classified under property, plant and equipment	6	-	143,300
Carrying value of freehold land previously classified under investment property	7	-	81,985
Disposals during the year		(127,033)	-
Balance as at 30 June		98,252	225,285

16.1 The Company had entered into various agreements to sell the above mentioned freehold lands. Under these agreements sale was expected to be completed within one year upon receipt of the full amount and registration of the sale deed. However, during the year, the buyers requested for an extension in the payment period till December 2012 which the management granted with mutual consent. Advance amounting to Rs. 91.593 million has been received against the non-current assets held for sale as at 30 June 2012.

16.2 The approximate market value of non-current assets held for sale as at 30 June 2012 amounts to Rs. 141 million (2011: Rs. 278 million).

	Note	2012	2011
		(Rupees in thousand)	
17. SHORT TERM BORROWINGS			
Short term running finance - secured	17.1	591,266	839,777
Money market loans - secured	17.2	488,850	565,000
Export refinance - secured	17.3	610,000	472,638
		1,690,116	1,877,415

17.1 The Company has arranged facilities for short-term running finance from various banks under mark-up arrangement to the extent of Rs. 1,950 million (2011: Rs. 2,001 million). These carry mark-up at the rates ranging from 12.48 to 15.06 percent per annum (2011: 12.24 to 15.73 percent per annum).

17.2 This represents money market loans obtained from commercial banks. These carry mark-up at the rates ranging from 12.92 to 15.06 percent per annum (2011: 13.04 to 14.75 percent per annum). These loans are for periods ranging from 30 to 180 days.

17.3 The Company has arranged facilities of export refinance from various banks under mark-up arrangement to the extent of Rs. 1,050 million (2011: Rs. 700 million). These carry mark-up at the rate of 11 percent per annum (2011: 9.5 to 11 percent per annum).

17.4 All short term borrowings of the Company are secured by way of joint first pari passu hypothecation charge of Rs. 4,135 million (3,753 million) on the entire present and future current assets of the Company.

	Note	2012	2011
		(Rupees in thousand)	
18. TRADE AND OTHER PAYABLES			
Trade creditors			
Related parties	18.1	1,457	50
Others		25,244	10,251
		26,701	10,301
Other creditors			
Related parties	18.2	1,549	1,573
Others		27,347	9,094
		28,896	10,667
Payable against letter of credit		17,201	15,764
Accrued liabilities		211,805	85,103
Advances from customers		16,004	19,707
Advance against non-current assets held for sale		91,593	160,319
Payable to broker		-	5,891
Workers' profit participation fund	18.3	-	15,371
Workers' welfare fund	18.4	5,007	1,936
Payable to employees provident fund		-	1,619
Employees deposits		38,456	26,750
Payable to employees housing fund		584	286
Payable to gratuity fund	18.5	16,793	13,012
Payable to superannuation fund	18.5	14,750	12,311
Unclaimed dividend		6,060	776
Other payables		428	6,269
		474,278	386,082

		2012	2011
18.1 Related parties			
Associated Undertakings			
Packages Limited		1,457	50
		1,457	50

		2012	2011
18.2 Related parties			
Associated Undertakings			
ZIL Limited		65	87
IGI Insurance Limited		11	13
IGI Investment Bank		1,463	1,463
Orient Trading (Private) Limited		10	10
		1,549	1,573

	Note	2012	2011
		(Rupees in thousand)	
18.3 Workers' profit participation fund			
Balance as at 01 July		15,371	5,788
Add: Allocation for the year		19,628	15,371
		34,999	21,159
Interest on funds utilised in the Company's business	29	-	182
		34,999	21,341
Less: (Paid) / received during the year		(40,371)	(5,970)
Balance (receivable)/ payable as at 30 June		(5,372)	15,371
18.4 Workers' welfare fund			
Balance as at 01 July		1,936	4,019
Add: Allocation for the year		5,007	1,936
		6,943	5,955
Less: Paid during the year		(1,936)	(4,019)
Balance as at 30 June		5,007	1,936

18.5 Employee benefits

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

	2012			
	Gratuity	**Super-annuation**	**Total**	2011
	(Rupees in thousand)			
Net liability as at 01 July	13,012	12,311	25,323	23,153
Expense for the year				
Treet Corporation Limited	13,244	12,689	25,933	19,452
Global Econo Trade (Private) Limited	-	-	-	1,875
TCL Labor-Hire Company (Private) Limited	3,549	2,061	5,610	3,996
	16,793	14,750	31,543	25,323
Contributions made by the Company during the year	(13,012)	(12,311)	(25,323)	(23,153)
Net liability as at 30 June	16,793	14,750	31,543	25,323

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

	2012			
	Gratuity	**Super-annuation**	**Total**	2011
	(Rupees in thousand)			
Present value of defined benefit obligation	123,212	117,515	240,727	211,604
Fair value of plan assets	(85,663)	(86,264)	(171,927)	(148,543)
Un-recognized actuarial losses	(20,756)	(16,501)	(37,257)	(37,738)
Closing liability	16,793	14,750	31,543	25,323

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

Present value of defined benefit obligation as at 01 July	107,825	103,779	211,604	183,723
Current service cost	11,267	10,173	21,440	18,591
Interest cost	15,096	14,529	29,625	22,047
Benefits paid during the year	(11,507)	(11,652)	(23,159)	(23,297)
Actuarial loss / (gain) on present value of defined benefit obligation	531	686	1,217	10,540
Present value of defined benefit obligation as at 30 June	123,212	117,515	240,727	211,604

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

Fair value of plan assets as at 01 July	73,910	74,632	148,542	133,314
Expected return on plan assets	10,348	10,449	20,797	15,998
Contribution paid during the year	13,012	12,311	25,323	23,153
Benefits paid during the year	(11,507)	(11,651)	(23,158)	(23,297)
Actuarial loss on plan assets	(100)	523	423	(625)
Fair value of plan assets as at 30 June	85,663	86,264	171,927	148,543

Plan assets comprise of:

Term finance certificates	16,400	19,995	36,395	38,057
Listed securities	9,542	10,568	20,110	16,786
Deposits with banks	7,254	2,487	9,741	7,953
Investment in mutual funds	1,672	1,275	2,947	6,219
Government securities	49,300	49,000	98,300	76,500
Payable to other fund	30	-	30	261
Other	1,465	2,939	4,404	2,767
	85,663	86,264	171,927	148,543

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

	2012			
	Gratuity	**Super-annuation**	**Total**	2011
	(Rupees in thousand)			
Current service cost	11,267	10,173	21,440	18,591
Interest cost	15,096	14,529	29,625	22,047
Expected return on assets	(10,348)	(10,449)	(20,797)	(15,998)
Actuarial loss	778	497	1,275	683
Net amount chargeable to profit and loss account	16,793	14,750	31,543	25,323

The expense included in above table includes Rs. Nil (2011: Rs. 1.875 million) relating to Global Econo Trade (Private) Limited and Rs. 5.610 million (2011: Rs. 3.996 million) relating to TCL Labor-Hire Company (Private) Limited.

f) Actuarial valuation of these plans were carried out as of 30 June 2012 using the projected unit credit method, the principal actuarial assumptions used are as follows:

	2012	**2011**
Expected rate of increase in salary level	12%	13%
Valuation discount rate	13%	14%
Rate of return on plan assets	14%	12%

g) **Historical Information**

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

	As at 30 June				
	2012	**2011**	**2010**	**2009**	**2008**
	(-------------Rupees in thousand----------------)				
Present value of defined benefit obligation	123,212	107,825	91,088	81,314	68,354
Fair value of plan assets	85,663	73,910	65,999	60,264	56,932
Deficit	(37,549)	(33,915)	(25,089)	(21,050)	(11,422)
Experience adjustment arising on obligation loss	531	7,368	78	4,463	2,452
Experience adjustment arising on plan assets (loss)	(100)	(283)	(1,521)	(3,070)	(3,024)

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				
	2012	2011	2010	2009	2008
	(------------Rupees in thousand				---------------)
Present value of defined benefit obligation	117,515	103,779	92,635	84,846	72,027
Fair value of plan assets	86,264	74,633	67,315	60,535	55,102
Deficit	(31,251)	(29,146)	(25,320)	(24,311)	(16,925)
Experience adjustment arising on obligation (gain)/loss	686	3,172	(897)	4,414	1,806
Experience adjustment arising on plan assets gain/(loss)	523	(342)	(163)	(1,043)	(3,546)

19. LONG TERM DEPOSITS

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

	2012	2011
	(Rupees in thousand)	
20. DEFERRED TAXATION		
Debit / (credit) balances arising from:		
Accelerated tax depreciation	80,726	80,726
Provision for doubtful debts	(163)	(163)
	80,563	80,563

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

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

- For the assessment year 1999-2000 the Taxation Officer Circle-11, Companies Zone-II, Lahore had charged additional tax amounting to Rs. 3.269 million on the grounds that the Company had failed to deposit the tax due on the basis of the Company's return filed on dated 30-12-1999. The Taxation Officer was wrong as the due tax had been paid by the Company. In this regard a rectification application had been moved to the department to rectify the levy of additional tax. Since this mistake is apparent from the record therefore, we feel it would be rectified accordingly, with a tax refund equivalent to that amount available to the Company.

21.2 Commitments

- Outstanding letters of credit as at 30 June 2012 amounted to Rs 499.282 million (2011: Rs 122.227 million).

- Commitments for ijarah rentals for ijarah financing from Standard Chartered Modaraba Rs. 8.711 million (2011: Nil).

	2012	2011
	(Rupees in thousand)	
- For the year ended 30 June 2013	3,797	-
- For the year ended 30 June 2014	3,797	-
- For the year ended 30 June 2015	1,117	-
	8,711	-

22. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of Shares)			(Rupees in thousand)	
2,594,075	2,594,075	Ordinary shares of Rs. 10 each fully paid-up in cash	25,940	25,940
1,095,000	1,095,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	10,950	10,950
38,133,175	38,133,175	Ordinary shares of Rs. 10 each fully issued as bonus shares	381,332	381,332
41,822,250	41,822,250		418,222	418,222

22.1 IGI Insurance Limited and Loads Limited (associated companies), hold 5,442,060 and 2,731,000 (2011: 5,442,060 and 2,731,000) fully paid-in cash ordinary shares of the Company of Rs. 10 each, respectively.

	Note	2012	2011
		(Rupees in thousand)	
23. RESERVES			
Capital reserves	23.1	8,949	8,949
General reserves		266,400	266,400
Fair value reserves		3,019	39,078
		278,368	314,427
23.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium		8,320	8,320
		8,949	8,949
24. SURPLUS ON REVALUATION OF PROPERTY - NET OF TAX			
Net surplus as at 01 July		758,384	764,358
Transfer to un-appropriated profit as a result of incremental depreciation charged during the current year		(9,216)	(9,191)
Related deferred tax as a result of incremental depreciation charged during the current year		3,225	3,217
Transfer to un-appropriated profit as a result of disposal		(7,729)	-
		(13,720)	(5,974)
Net surplus as at 30 June		744,664	758,384
25. SALES - NET			
Blades	25.1	2,820,669	2,280,016
Soaps - export sales		-	934
		2,820,669	2,280,950
25.1 Blades			
Local sales		2,279,332	1,624,955
Export sales		1,191,549	996,659
		3,470,881	2,621,614
Less: Sales tax		315,695	235,380
Trade discount		334,517	85,000
Excise duty		-	21,218
		650,212	341,598
		2,820,669	2,280,016

	Note	2012	2011
		(Rupees in thousand)	
26. COST OF GOODS SOLD			
Blades	26.1	2,104,814	1,773,017
Soaps	26.2	-	925
		2,104,814	1,773,942
26.1 Cost of goods sold - blades			
Opening stock of raw material and packing material		205,882	169,064
Purchases		1,326,279	1,128,958
Slow moving raw material stock written off	11	2,486	940
Less: Closing stock of raw and packing material		(298,249)	(205,882)
Raw and packing materials consumed		1,236,398	1,093,080
Stores and spares consumed		99,119	103,341
Salaries, wages and other benefits	26.1.1	426,764	363,869
Fuel and power		182,968	129,682
Repairs and maintenance		14,975	22,535
Rent, rates and taxes		2,590	3,082
Insurance		28,868	23,521
Product research and development		35	187
Traveling and conveyance		10,917	15,937
Printing and stationery		2,706	2,113
Postage and telephone		4,822	4,433
Legal and professional charges		1,936	323
Entertainment		1,547	936
Staff training		286	364
Subscriptions		618	2,864
Depreciation on property, plant and equipment	6.1.4	59,777	49,459
Ijarah lease rentals		2,485	-
Other expenses		16,901	12,820
		2,093,712	1,828,546
Opening stock of work-in-process		44,587	33,292
Closing stock of work-in-process	11	(47,305)	(44,587)
Cost of goods manufactured		2,090,994	1,817,251
Opening stock of finished goods		74,125	29,891
Closing stock of finished goods	11	(60,305)	(74,125)
		2,104,814	1,773,017

26.1.1 Salaries, wages and other benefits include Rs. 12.5 million (2011: Rs. 18.78 million) and Rs. 22.83 million (2011: Rs. 9.74 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2012	2011
		(Rupees in thousand)	
26.2 Cost of goods sold - soaps			
Opening stock of finished goods		-	-
Purchases		-	925
Closing stock of finished goods		-	-
		-	925

27. ADMINISTRATIVE EXPENSES

	Note	2012	2011
Salaries and other benefits	27.1	45,288	31,350
Electricity and gas		89	310
Repairs and maintenance		449	469
Rent, rates and taxes		1,749	347
Traveling and conveyance		1,789	1,380
Entertainment		1,828	886
Staff training		15	242
Postage and telephone		391	561
Printing and stationery		1,092	905
Legal and professional charges	27.2	9,838	10,834
Donations	27.3	830	854
Computer expenses		882	3,431
Directors' fee	33.2	370	260
Subscription		67	146
Depreciation on property, plant and equipment	6.1.4	23,162	21,953
Depreciation on investment property	7	750	750
		88,589	74,678

27.1 Salaries and other benefits include Rs. 2.242 million (2011: Rs. 0.67 million) and Rs. 3.05 million (2011: Rs. 1.24 million) in respect of defined benefit schemes and defined contribution schemes respectively.

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

	2012	2011
	(Rupees in thousand)	
Statutory audit	800	800
Half yearly review	300	300
Certification fee	-	1,409
Out of pocket expenses	165	124
	1,265	2,633

27.3 This includes an amount of Rs. 0.18 million (2011: 0.1 million) donated to Institute of Islamic Culture for Syed Shahid Ali (Chief Executive of the Holding Company).

	Note	2012	2011
		(Rupees in thousand)	
28. DISTRIBUTION EXPENSES			
Salaries,wages and other benefits		57	-
Repairs and maintenance		57	34
Advertising		107,397	-
Freight, octroi and handling		26,214	25,431
Export commission		25,170	13,816
Provision for doubtful debt	12.2	-	465
Rent, rates and taxes		-	11
Insurance		-	25
Traveling and conveyance		1,058	703
Entertainment		44	44
Product development		469	-
Postage and telephone		598	493
Depreciation on property, plant and equipment	6.1.4	6,426	6,003
Computer expenses		-	75
Others expenses		8,760	6,015
		176,250	53,115
29. FINANCE COST			
Mark-up on short term borrowings		233,998	219,184
Bank charges		6,155	6,071
Interest on Workers' Profit Participation Fund	18.3	-	182
		240,153	225,437
30. OTHER OPERATING EXPENSES			
Impairment loss on un-quoted long term investments available for sale	8.2.2	-	7,038
Impairment loss due to fair value adjustment of qouted long term investments available for sale		-	7,503
Realised exchange loss		1,805	3,358
		1,805	17,899

	Note	2012	2011
		(Rupees in thousand)	
31. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		4,902	3,941
Profit on disposal of long term investments available for sale		37,691	14,016
Unrealised gain on short term investments at fair value through profit or loss		3,364	52,437
Realized gain on disposal of short term investments at fair value through profit or loss		2,940	8,866
Dividend from short term investments		28,049	15,305
Dividend from long term investments		55,691	23,919
		132,637	118,484
Income from non-financial assets			
Profit on disposal of property, plant and equipment		6,167	9,882
Rental income from investment property		11,578	10,666
Scrap sale		18,253	16,304
Export rebate		13,317	15,746
Unrealised exchange gain		1,282	148
Others	31.1	272	316
		50,869	53,062
		183,506	171,546

31.1 This includes Rs. 0.272 million (2011: Rs. 0.307 million) in respect of unclaimed dividend.

	Note	2012	2011
32. TAXATION			
Current			
- For the year	32.1	73,264	50,023
- For prior years		(15,323)	(4,730)
Deferred			
- For the year		-	23,421
		57,941	68,714

	2012	2011
	Percentage	
32.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Income exempt for tax purposes	(1.61)	(7.36)
Income chargeable to tax at lower rate	(9.87)	(3.15)
Effect of change in prior year	(4.16)	(1.63)
Others	(1.12)	0.82
	(16.76)	(11.32)
Average effective tax rate charged to profit and loss account	18.24	23.68

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executives	
	2012	2011	2012	2011	2012	2011
	(Rupees in thousand)					
Remuneration	16,364	5,455	5,334	3,253	57,290	34,058
Provident fund	-	-	236	203	2,530	2,052
Service fund	-	-	236	203	2,530	2,052
Housing fund	-	-	-	-	1,070	899
Bonus	-	-	1,684	1,043	16,968	10,294
Entertainment	52	494	-	-	-	-
Utilities	1,636	545	236	203	2,530	2,052
Medical	1,744	545	236	203	2,530	2,052
	19,796	7,039	7,962	5,108	85,448	53,459
Number of persons	1	1	1	1	28	27

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

33.2 Six (2011: six) non-executive directors were paid fee aggregating Rs. 0.370 million (2011: Rs. 0.260 million).

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables (14.1 & 14.5) and trade and other payables (18.1 & 18.2) and remuneration of directors and key management personnel are disclosed in note 34. Other significant transactions with related parties are as follows:

	Relationship with the Company	Nature of transactions	2012	2011
			(Rupees in thousand)	
I	**Subsidiaries**			
	TCL Labor-Hire Company (Private) Limited	Purchase of services	61,373	66,564
		Reimbursable expenses paid on behalf of subsidiary	18,105	9,877
	Global Econo Trade (Private) Limited	Sale of goods	1,026,824	1,281,925
		Purchase of goods	-	16,759
		Reimbursable expenses paid on behalf of subsidiary	2,659	14,753
	First Treet Manufacturing Modaraba	Purchase of goods	4,414	6,831
II	**Associated undertakings**			
	Loads Limited	Purchase of goods	4,515	5,224
	Packages Limited	Purchase of goods	63,363	39,715
	ZIL Limited	Purchase of goods	642	1,209
	Orient Trading (Private) Limited	Purchase of services	-	10
	Wazir Ali Industries Limited	Purchase of goods and services	150	-
	IGI Insurance Limited	Purchase of services	10,682	20,649
III	**Post employment benefit plans**			
	Superannuation fund	Contribution	12,689	10,048
	Gratuity fund	-do-	13,244	9,404
	Provident fund	-do-	9,148	7,560
	Service fund	-do-	4,378	3,428
	Housing Fund	-do-	1,479	1,212

35. FINANCIAL INSTRUMENTS

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

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

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

35.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from trade receivables. Out of the total financial assets of Rs. 2,556 million (2011: Rs. 2,013 million), the financial assets which are subject to credit risk amounted to Rs. 2,556 million (2011: Rs. 2,013 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.

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

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

(i) Exposure to credit risk

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

	2012	2011
	(Rupees in thousand)	
Long term investment	1,412,891	848,742
Loans and deposits	13,228	13,241
Trade debts	492,887	706,993
Short term investments	363,470	359,494
Loans, advances, deposits, prepayments and other receivables	29,413	8,457
Bank balances	117,583	75,950
	2,429,472	2,012,877

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

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

	2012	2011
	(Rupees in thousand)	
- Local parties	412,748	687,453
- Foreign parties	80,139	19,540
	492,887	706,993

	2012	2011
	(Rupees in thousand)	
The aging of trade debts at the reporting date is:		
Less than 30 days	300,498	434,101
Past due 1 - 3 months	180,742	270,761
Past due 3 - 6 months	9,129	-
Past due 6 - 12 months	-	-
Above one year	2,518	2,131
	492,887	706,993

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

(ii) Credit quality of major financial assets

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

Banks	Rating Short term	Rating Long term	Rating Agency	2012	2011
				(Rupees in thousand)	
NIB Bank Limited	A1+	AA-	PACRA	15,990	2,306
Faysal Bank Limited	A-1+	AA	PACRA & JCR	24,987	1,883
United Bank Limited	A-1+	AA+	JCR-VIS	1	50,014
Habib Bank Limited	A-1+	AA+	JCR-VIS	7,547	7,949
Askari Commercial Bank Limited	A1+	AA	PACRA	46	46
Citibank N.A.	A-1	A+	Standard & Poor’s	612	332
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,447	4,847
Bank of Punjab	A-1+	AA-	PACRA	5,374	-
HSBC Bank Middle East Limited	P-1	A-1	Moody’s	2,857	-
KASB Bank Limited	A-2	A-	PACRA	15,141	-
MCB Bank Limited	A1+	AA+	PACRA	32,393	-
Silk Bank Limited	A-2	A-	JCR-VIS	10,000	
Barclays Bank PLC, Pakistan	A-1+	AA-	Standard & Poor’s	-	8,396
Burj Bank limited	A-2	A-	JCR-VIS	4	-
Samba Bank Limited	A-1	A+	JCR-VIS	184	177
				117,583	75,950

35.2 Liquidity risk

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

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

	2012				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	466,265	466,265	466,265	-	-
Long term deposits	2,339	2,339	-	2,339	-
Loan from director	350,000	350,000	350,000	-	-
Short term borrowings	1,690,116	1,690,116	1,690,116	-	-
Accrued mark-up on short term borrowings	49,000	49,000	49,000	-	-
	2,557,720	2,557,720	2,555,381	2,339	-

	2011				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial Liabilities					
Trade and other payables	361,261	361,261	361,261	-	-
Long term deposits	2,341	2,341	-	2,341	-
Short term borrowings	1,877,415	1,877,415	1,877,415	-	-
Accrued mark-up on short term borrowings	42,310	42,310	42,310	-	-
	2,283,327	2,283,327	2,280,986	2,341	-

35.3 Market risk

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

35.4 Currency risk

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

	2012	2011
	(Rupees in thousand)	
Outstanding letters of credit	502,283	15,764

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2012	2011	2012	2011
Rupees per USD	90.53	86.25	94.20	86.05

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar with all other variables held constant, post-tax profit would have been higher / lower by Rs. 6.225 million (2011: Rs. 1.576 million), mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

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

35.5 Interest rate risk

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

	2012	2011	2012	2011
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
Fixed rate instruments				
Bank balances - deposit accounts	5 - 12	5 - 12	109,104	60,151
Financial liabilities				
Floating rate instrument				
Short term borrowings	12.48 -15.06	9.5 - 15.73	1,690,116	1,877,415

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, profit after taxation for the year would have been Rs 11.336 million (2011: Rs 11.616 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

35.6 Other price risk

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

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

	2012	2011
	(Rupees in thousand)	
Effect on profit and loss	(36,347)	(35,949)
Effect on equity	(1,391)	(6,848)
Effect on investments	(37,738)	(42,797)

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 an arm's length transaction.

35.6.1 Fair value of financial instruments

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

Financial instruments carried at fair value are categorized as follows:

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

	2 0 1 2			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
Short term investments at fair value through profit or loss	363,470	-	-	363,470
Long term investments available for sale	13,911	-	177,481	191,392
	377,381	-	177,481	554,862

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

35.7 Operational risk

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

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

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

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

35.8 Financial instruments by categories

	Available for sale		At fair value through profit and loss	
	2012	**2011**	**2012**	**2011**
	(Rupees in thousand)			
Financial assets as per balance sheet				
Long term investments	191,392	80,183	-	-
Loans and deposits	-	-	-	-
Trade debts	-	-		
Short term investments	-	-	363,470	359,494
Loans, advances, deposits, prepayments and other receivables	-	-	-	-
Bank balances	-	-	-	-
	191,392	80,183	363,470	359,494

	Loans and receivables		Investment at equity method	
	2012	2011	2012	2011
	(Rupees in thousand)			
Long term investments	-	-	1,221,499	768,559
Loans and deposits	13,228	13,241	-	-
Trade debts	492,887	706,993	-	-
Short term investments	-	-	-	-
Loans, advances, deposits, prepayments and other receivables	29,413	8,457	-	-
Bank balances	117,583	75,950	-	-
	653,111	804,641	1,221,499	768,559

	Total	
	2012	2011
	(Rupees in thousand)	
Long term investments	1,412,891	848,742
Loans and deposits	13,228	13,241
Trade debts	492,887	706,993
Short term investments	363,470	359,494
Loans, advances, deposits, prepayments and other receivables	29,413	8,457
Bank balances	117,583	75,950
	2,429,472	2,012,877

	Other financial liabilities	
	2012	2011
	(Rupees in thousand)	
Financial liabilities as per balance sheet		
Trade and other payables	466,265	361,261
Loan from director	350,000	-
Long term deposits	2,339	2,341
Short term borrowings	1,690,116	1,877,415
Loan from director	350,000	-
Accrued mark-up on short term borrowings	49,000	42,310
	2,907,720	2,283,327

35.9 Capital risk management

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

The Company's objectives when managing capital are:

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

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

The debt-to-equity ratios as at 30 June 2012 and at 30 June 2011 were as follows:

	2012	2011
	(Rupees in thousand)	
Total debt	1,690,116	1,877,415
Total equity and debt	3,403,722	3,345,194
Debt-to-equity ratio	50%	56%

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

36. OPERATING SEGMENTS

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

36.1 Sales from blades represent 100% (2011: 99.96%) of total sales of the Company.

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

	Note	2012	2011
		(Rupees in thousand)	
Pakistan		1,629,120	1,283,357
Iran		142,287	224,557
Saudi Arabia		221,438	199,927
China		151,327	107,584
Bangladesh		163,559	99,686
Jordan		89,480	67,250
Syria		-	55,120
Brazil		38,874	54,458
Yemen		69,232	24,869
Morocco		16,177	31,171
Angola		36,357	24,170
United Arab Emirates		140,501	20,457
Taiwan		19,742	16,153
Vietnam		12,338	13,517
Egypt		16,821	11,558
Other countries		73,416	46,182
		2,820,669	2,280,016

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

37. CASH GENERATED FROM OPERATIONS

	Note	2012	2011
Profit before taxation		367,929	290,118
Adjustments for non cash and other items:			
Finance cost		240,153	225,437
Depreciation on property, plant and equipment	6.1	89,365	77,415
Depreciation on investment property	7	750	750
Provision for gratuity		13,244	9,404
Provision for superannuation fund scheme		12,689	10,048
Profit on bank deposits		(4,902)	(3,941)
Provision for doubtful debt		-	465
Slow moving raw material stock written off		2,486	940
Impairment on long term investments		-	7,503
Profit on sale of property, plant and equipment		(6,167)	(9,882)
Provision for WPPF and WWF		24,635	17,307
Unrealized gain on investment at fair value through profit or loss		(3,364)	(52,437)
Transfer to profit and loss account on sale of available for sale long term investments		(37,691)	-
Unrealized exchange gain		(1,282)	(148)
Dividend income		(83,740)	(39,224)
		246,176	243,637
Operating profit before working capital changes		614,105	533,755

		2012	2011
		(Rupees in thousand)	
Decrease / (increase) in current assets			
Stores and spares		(26,705)	939
Stock-in-trade		(45,612)	(89,247)
Trade debtors		215,388	(387,889)
Short term investment		(613)	127,606
Loans, advances, deposits, prepayments and other receivables		(32,239)	(40,034)
		110,219	(388,625)
Increase in current liabilities			
Trade and other payables		88,992	135,439
		813,316	280,569

38. CASH AND CASH EQUIVALENT

		2012	2011
Cash and bank balances	15	129,538	78,549
Short term running finance - secured	17.1	(591,266)	(839,777)
		(461,728)	(761,228)

39. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2012	2011
Profit for the year after taxation	Rupees in thousand	309,988	221,404
Weighted average number of shares	Number in thousand	41,822	41,822
Earnings per share	Rupees	7.41	5.29

40. PLANT CAPACITY AND PRODUCTION

	Production capacity	Actual production	
	(Unit in millions)	2012	2011
		(Units in millions)	
Hyderabad plant	525	684	632
Lahore plant	750	969	895
		1,653	1,527

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on Octobr 02, 2012 by the Board of Directors of the holding company.

42 GENERAL

42.1 Corresponding figures have been rearranged or reclassified wherever necessary, for the purposes of comparison. However, no significant rearrangements or reclassifications have been made.

42.2 The Board of directors in its meetings held on 02 October 2012 has proposed a final cash dividend of Rs. 2 per share (2011: Re 1 per share) for the year ended 30 June 2012 amounting to Rs. 83,644 million (2011: Rs. 41,822 million) for the approval of the members at the annual general meeting to be held on 31 Oct 2012. These consolidated financial statements do not reflect this proposed dividend payable.

LAHORE:
October 02, 2012

Syed Shahid Ali
Chief Executive Officer

Muhammad Shafique Anjum
Director

Key Operating Financial Data

Rs.(000)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	5,715,274	4,605,309	3,574,921	2,830,565	2,012,941	1,288,155	1,248,908	1,223,935	1,035,357	1,036,704
Export Sales	1,191,549	997,593	886,032	684,688	449,572	413,219	362,053	309,188	215,422	154,114
Gross Profit	1,417,538	1,021,919	709,028	520,888	290,816	255,862	278,222	438,435	390,336	404,735
Profit before Taxation	489,777	465,230	281,535	(10,493)	32,340	102,261	101,201	287,344	282,082	437,210
Profit after Taxation	420,535	352,166	266,341	(48,763)	22,957	88,733	91,726	218,743	212,742	363,535
Shareholders' Equity + Revaluation Surplus	2,761,285	2,379,063	2,036,603	1,851,453	1,352,119	1,429,131	1,258,609	1,128,438	1,034,330	610,855
Fixed Assets - Net	2,153,267	2,073,552	2,148,004	1,975,012	1,095,561	871,003	678,552	347,448	392,538	177,244
Total Assets	5,757,710	5,074,379	4,230,548	3,903,684	2,735,425	2,212,719	2,032,245	1,649,520	1,488,980	960,204
Total Liabilities	2,996,425	2,695,316	2,193,945	2,052,231	1,383,306	783,185	773,636	521,082	454,650	349,349
Current Assets	3,233,178	2,641,681	1,920,089	1,653,905	1,238,574	958,036	1,044,803	1,091,205	921,615	660,629
Current Liabilities	2,911,687	2,610,174	2,132,211	1,974,534	1,346,486	756,760	743,630	514,882	407,749	301,570
Cash Dividend	20%	10%	50%	0%	0%	20%	20%	70%	100%	150%
Stock Dividend	0%	0%	900%	0%	0%	0%	0%	0%	0%	0%
Shares Outstanding	41,822,250	41,822,250	41,822,250	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225	4,182,225

Important Ratios

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Profitability										
Gross Profit	24.80%	22.19%	19.83%	18.40%	14.45%	19.86%	22.28%	35.82%	37.70%	39.04%
Profit before Tax	8.57%	10.10%	7.88%	-0.37%	1.61%	7.94%	8.10%	23.48%	27.24%	42.17%
Profit after Tax	7.36%	7.65%	7.45%	-1.72%	1.14%	6.89%	7.34%	17.87%	20.55%	35.07%
Return to Equity										
Return on Equity before Tax	17.74%	19.56%	13.82%	-0.57%	2.39%	7.16%	8.04%	25.46%	27.27%	71.57%
Return on Equity after Tax	15.23%	14.80%	13.08%	-2.63%	1.70%	6.21%	7.29%	19.38%	20.57%	59.51%
Earning per Shares	10.06	8.42	6.37	(11.66)	5.49	21.22	21.93	52.30	50.87	86.92
Liquidity/Leverage										
Current Ratio	1.11	1.01	0.90	0.84	0.92	1.27	1.41	2.12	2.26	2.19
Break-up Value per Share	66.02	56.89	48.70	442.70	323.30	341.72	300.94	269.82	247.32	146.06
Total Liabilities to Equity	1.09	1.13	1.08	1.11	1.02	0.55	0.61	0.46	0.44	0.57

% Change	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales	24.10%	28.82%	26.30%	40.62%	56.27%	3.14%	2.04%	18.21%	-0.13%	18.95%
Export Sales	19.44%	12.59%	29.41%	52.30%	8.80%	14.13%	17.10%	43.53%	39.78%	21.32%
Gross Profit	38.71%	44.13%	36.12%	79.11%	13.66%	-8.04%	-36.54%	12.32%	-3.56%	43.29%
Profit before Taxation	5.28%	65.25%	-2783.07%	-132.45%	-68.38%	1.05%	-64.78%	1.87%	-35.48%	121.50%
Profit after Taxation	19.41%	32.22%	-646.19%	-312.41%	-74.13%	-3.26%	-58.07%	2.82%	-41.48%	162.33%
Shareholders' Equity + Revaluation Surplus	16.07%	16.82%	10.00%	36.93%	-5.39%	13.55%	11.54%	9.10%	69.32%	92.54%
Fixed Assets - Net	3.84%	-3.47%	8.76%	80.27%	25.78%	28.36%	95.30%	-11.49%	121.47%	49.33%
Total Assets	13.47%	19.95%	8.37%	42.71%	23.62%	8.88%	23.20%	10.78%	55.07%	35.95%
Total Liabilities	11.17%	22.85%	6.91%	48.36%	76.63%	1.23%	48.47%	14.61%	30.14%	-10.21%
Current Assets	22.39%	37.58%	16.09%	33.53%	29.28%	-8.30%	-4.25%	18.40%	39.51%	15.61%
Current Liabilities	11.55%	22.42%	7.99%	46.64%	77.93%	1.77%	44.43%	26.27%	35.21%	-20.67%
Dividend	100.00%	-80.00%			-100.00%	0.00%	-71.43%	-30.00%	-33.33%	12.78%
Shares Outstanding	0.00%	0.00%	900.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Pattern of Shareholding as at June 30, 2012

SR. NO.	NO. OF SHARES FROM	TO	SHARES HELD CDC	PHYSICAL	NO. OF SHAREHOLDERS	NO. OF SHARES
1	1	100	339.00	838.00	1,177	45,904
2	101	500	372.00	422.00	794	223,671
3	501	1,000	209.00	137.00	346	291,382
4	1,001	5,000	253.00	183.00	436	1,079,524
5	5,001	10,000	42.00	42.00	84	624,081
6	10,001	15,000	20.00	7.00	27	337,025
7	15,001	20,000	12.00	8.00	20	352,701
8	20,001	25,000	9.00	4.00	13	298,876
9	25,001	30,000	2.00	2.00	4	110,830
10	30,001	35,000	2.00	1.00	3	97,190
11	35,001	40,000	1.00	-	1	35,317
12	40,001	45,000	2.00	3.00	5	204,850
13	45,001	50,000	-	1.00	1	48,580
14	50,001	55,000	1.00	-	1	51,877
15	55,001	60,000	5.00	-	5	286,888
16	70,001	75,000	1.00	-	1	70,100
17	75,001	80,000	4.00	-	4	315,104
18	80,001	85,000	1.00	-	1	85,000
19	85,001	90,000	2.00	1.00	3	256,290
20	110,001	115,000	1.00	-	1	115,000
21	190,001	195,000	1.00	-	1	190,990
22	250,001	255,000	-	1.00	1	250,530
23	390,001	395,000	1.00	-	1	394,080
24	600,001	605,000	-	2.00	2	1,203,460
25	605,001	610,000	-	1.00	1	606,720
26	635,001	640,000	1.00	-	1	635,140
27	915,001	920,000	1.00	-	1	918,999
28	995,001	1,000,000	1.00	-	1	1,000,000
29	2,730,001	2,735,000	1.00	-	1	2,731,000
30	3,470,001	3,475,000	1.00	-	1	3,474,000
31	3,980,001	3,985,000	1.00	-	1	3,980,121
32	5,440,001	5,445,000	1.00	-	1	5,442,060
33	5,495,001	5,500,000	-	1.00	1	5,500,000
34	10,560,001	10,565,000	-	1.00	1	10,564,960
			1,287	1,655	2,942	41,822,250

	CDC	CDC	Physical	Physical	TOTAL	TOTAL	%
Investment Companies	2	80,440	-	-	2	80,440	0.19%
Joint Stock Companies	37	393,033	4	4,220	41	397,253	0.95%
Bank, DFI, Insurance	7	1,707,333	2	180	9	1,707,513	4.08%
Foreign Company	-	-	1	5,500,000	1	5,500,000	13.15%
Public Sector	-	-	-	-	-	-	0.00%
Modaraba	1	1,450	-	-	1	1,450	0.00%
Individual	1,231	4,206,801	1,644	2,766,029	2,875	6,972,830	16.67%
IGI Inurance Limited	1	5,442,060	-	-	1	5,442,060	13.01%
NIT	1	3,980,121	-	-	1	3,980,121	9.52%
Loads Limited	1	2,731,000	-	-	1	2,731,000	6.53%
Syed Shahid Ali	-	-	1	10,564,960	1	10,564,960	25.26%
Dr. Mrs. Niloufer Mahdi	-	-	1	603,170	1	603,170	1.44%
Mrs. Feriel Ali Mehdi	-	-	1	250,530	1	250,530	0.60%
Syed Sheharyar Ali	1	3,474,000	-	-	1	3,474,000	8.31%
Shafique Anjum	-	-	1	25,050	1	25,050	0.06%
Executive	3	24,072	-	-	3	24,072	0.06%
Others	2	67,801	-	-	2	67,801	0.16%
	1,287	**22,108,111**	**1,655**	**19,714,139**	**2,942**	**41,822,250**	**100.00%**

SHAREHOLDERS HOLDING 10% CERTIFICATES

Sr. No.	Name of Shareholder	Shares
1	IGI INSURANCE LIMITED	5,442,060
2	SYED SHAHID ALI	10,564,960
3	M/S. ESCANABA LTD.	5,500,000

Detail of shares purchased by Syed Shahid Ali

DATE OF PURCHASE	NO. OF SHARES	RATE PER SHARE
19-07-2011	2,579	53.89
25-10-2011	86,930	44.02
22-11-2011	1,120	39.11
28-12-2012	40,000	45.55
06-03-2012	23,928	42.58
07-03-2012	20,000	43.66
TOTAL SHARES PURCHASED	**174,557**	

Detail of shares sold by Mrs. Ferial Ali Mehdi

DATE OF PURCHASE	NO. OF SHARES	RATE PER SHARE
Date of Transaction	Number of Shares	Rate per Share
18-09-2012	500	67.50
19-09-2012	121,000	67.00
20-09-2012	126,500	69.80
24-09-2012	1,530	71.40
TOTAL SHARES SOLD	249,530	

Form of Proxy

We, ____

of____________________________CDC Investor /Sub A/C NO. / FOLIO NO. ________________________

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

Mr./Miss/Ms. ____

of_________________________CDC Investor /Sub A/C NO. / FOLIO NO. _______________________ and

or failing him/her ____________________________________ of __________________________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/ us at the Annual General Meeting of the Company to be held on 31 October 2012 (Wednesday) 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________________2012.

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