



annual  
report  
2016



CLOVER PAKISTAN LIMITED

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## Company Information

### BOARD OF DIRECTORS

Iqbal Ali Lakhani  
Zulfiqar Ali Lakhani  
Amin Mohammed Lakhani  
Tasleemuddin Ahmed Batlay  
A. Aziz H. Ebrahim  
Shahid Ahmed Khan  
Syed Shahid Ali Bukhari

Chairman  
Chief Executive

### ADVISOR

Sultan Ali Lakhani

### AUDIT COMMITTEE

Syed Shahid Ali Bukhari  
Iqbal Ali Lakhani  
Tasleemuddin Ahmed Batlay

Chairman

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Iqbal Ali Lakhani  
Zulfiqar Ali Lakhani  
Tasleemuddin Ahmed Batlay

Chairman

### COMPANY SECRETARY

Mansoor Ahmed

### EXTERNAL AUDITORS

EY FORD RHODES  
Chartered Accountants

### INTERNAL AUDITORS

BDO EBRAHIM & CO.  
Chartered Accountants

### REGISTERED OFFICE

Lakson Square, Building No. 2  
Sarwar Shaheed Road  
Karachi-74200

### SHARE REGISTRAR

FAMCO ASSOCIATES (PRIVATE) LIMITED  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S, Shahrah-e-Faisal,  
Karachi

### WEBSITE

[www.clover.com.pk](http://www.clover.com.pk)

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 30th Annual General Meeting of CLOVER PAKISTAN LIMITED will be held on Thursday, October 27, 2016 at 08:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
2. To declare a final cash dividend @ 10% i.e. Re.1.00 per share of Rs.10 each. This is in addition to interim cash dividend @ 575% i.e. Rs.57.50 per share already paid.
3. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

#### Special Resolution

4. To consider, and if thought fit, to pass the following resolution as special resolution:

**"RESOLVED** that the Articles of Association of the Company be and are hereby amended by inserting the following new Clause 59(a) between the existing Clause 59 and Clause 60 of the Articles of Association of the Company.

59(a) The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan for the time being in force and from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein."

#### Ordinary Resolutions

5. To consider to pass the following ordinary resolutions:
  - a) **"RESOLVED** that the transactions carried out in normal course of business with associated companies as disclosed in Note No.30 of the audited financial statements for the year ended June 30, 2016 be and are hereby ratified and approved."
  - b) **"RESOLVED** that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 160 of the Companies Ordinance, 1984 in the above matters mentioned in item Nos.4 & 5 is annexed.

By Order of the Board



**MANSOOR AHMED**  
Company Secretary

Karachi: September 23, 2016

# CLOVER PAKISTAN LIMITED

## NOTES:

1. The share transfer books of the Company will remain closed from October 21, 2016 to October 27, 2016 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi upto the close of business on October 20, 2016 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
6. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar. Henceforth, issuance of dividend warrant(s) will be subject to submission of copy of CNIC by individual shareholders.
7. In compliance with the SECP's Circular No.8(4)SM/CDC 2008 dated April 05, 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.
8. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.clover.com.pk](http://www.clover.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. (i) Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:
  1. For filer of income tax return 12.5%
  2. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 35698082 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Limited at phone: 34380101-5 and email address: info.shares@famco.com.pk.
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN the company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.
10. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.
- "I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Clover Pakistan Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."
11. Form of Proxy is enclosed.

## **STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984**

This statement sets out the material facts concerning the Special Business, given in agenda item Nos. 4 & 5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

### **1. Agenda item No.4 of the Notice - Amendment/change in Articles of Association of the Company**

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new Clause 59(a) between the existing Clause 59 and Clause 60 of the Articles of Association of the Company.

Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.

The Directors are interested in the resolution to the extent of their shareholding in the company.

### **2. Agenda Item No. 5(a) of the Notice - Transactions carried out with associated companies during the year ended June 30, 2016 to be passed as an Ordinary Resolution.**

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the normal business transactions conducted during the financial year ended June 30, 2016 with associated companies shown in note No.30 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

### **3. Agenda Item No. 5(b) of the Notice - Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2017 to be passed as an Ordinary Resolution.**

The Company would be continuing to conduct transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2017.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

## Directors' Report

The Directors present the Annual Report together with the Company's financial statements for the year ended June 30, 2016.

### OPERATING RESULTS

	<u>2016</u>	<u>2015</u>
	Rupees in thousand	
Net Revenue	<b>11,013</b>	30,352
Profit from operations before tax	<b>22,372</b>	28,442
Profit from operations after tax	<b>14,423</b>	21,067
Earnings per share	<b>Rs.1.52</b>	Rs.2.23

### PROFIT AND APPROPRIATIONS

	Rupees
Profit after tax	14,422,812
Un-appropriated profit brought forward	28,599
Profit available for appropriation	14,451,411
Transfer back from General Reserve	548,000,000
Interim dividend for the year ended 30 June 2016 @ Rs.57.50 per share	<u>(542,505,600)</u>
Profit available for appropriation of final dividend	19,945,811
Appropriation : proposed final cash dividend @ 10% i.e. Rs 1.00 per share	9,434,880
Un-appropriated profit carried forward	<u><u>10,510,931</u></u>

### OPERATING RESULTS

Net revenue amounted to Rs.11.013 million this year as compared to Rs. 30.352 million during the previous year.

Income for the year was derived mainly from profits and capital gains on sale of investments which amounted to Rs.32.305 million as compared to Rs.54.593 million last year.

The Company recorded an overall profit after tax of Rs.14.423 million as compared to Rs.21.067 million for the last year.



## **AUDITORS**

The present auditors M/s E Y Ford Rhodes, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment. The Board of Directors of the Company have endorsed the recommendation of the Audit Committee for the re-appointment of E Y Ford Rhodes, Chartered Accountants, till the conclusion of the next Annual General Meeting. E Y Ford Rhodes, Chartered Accountants, have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The Directors are pleased to state that all necessary steps have been taken to comply with the requirements of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP). The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

## **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

Following are the Statements on Corporate and Financial Reporting frame work:

- The financial statements prepared by the management of the Company, represent fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of these financial statements International Financial Reporting Standards, as applicable in Pakistan, have been followed, and any departures therefrom have been adequately disclosed and explained.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.

- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The summary of key operating and financial data of the Company of last six years including current period is annexed in this report.
- Information about taxes and levies is given in the notes to the accounts.
- The value of investments made by the staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2016 is as follows:

	(Rupees in million)
Provident Fund	8,495
Gratuity Fund	1,479

## **BOARD OF DIRECTORS**

In accordance with the criteria specified in Clause xi of CCG, majority of Directors of the Company are exempted from the requirement of Directors' Training Program, and the rest of the Directors have completed the same. The Board arranged orientation course for its Directors during the year to apprise them of their duties and responsibilities and briefed them regarding amendments in the Corporate Laws.

### **Meetings of Board of Directors**

During the year four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

	Meetings Attended
Mr. Iqbal Ali Lakhani	2
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	3
Mr. A. Aziz H. Ebrahim	4
Mr. Shahid Ahmed Khan	3
Mr Syed Shahid Ali Bukhari	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

## AUDIT COMMITTEE

The Board in accordance with the Code of Corporate Governance has set up an Audit Committee comprising of three non-executive Directors, one of whom is an independent Director who also chairs the Audit Committee. Terms of reference of the Committee have been determined by the Board of Directors in accordance with the guidelines provided in Listing Regulations. The Audit Committee held four meetings during the year. Attendance by each member was as follows :

	Meetings Attended
Mr. Syed Shahid Ali Bukhari	4
Mr. Iqbal Ali Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	3

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee held one (1) meeting during the year. Attendance by each member was as follows :

	Meetings Attended
Mr. Iqbal Ali Lakhani	1
Mr. Zulfiqar Ali Lakhani	1
Mr. Tasleemuddin Ahmed Batlay	1

## PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding of the Company and additional information as at June 30, 2016 is annexed with this report.

The Board has determined threshold under clause xvi (I) of CCG-2012 in respect of trading of Company's shares by executives and employees as those who are drawing annual basic salary of Rs.1.5 million or above.

There has been no transaction carried out by Directors, Chief Executive, CFO, Company Secretary and their spouses and minor children in the shares of the Company during the year.

**FUTURE PROSPECTS**

During the year the Company has evaluated various business projects but has not been able to find viable business opportunities. As returns on money market funds and other safe investments were not generating adequate returns the Board decided to pay out a large interim dividend to the shareholders. The Company continues to look for viable business opportunities and until such time, the remaining cash will be invested in money market funds and government securities. Returns in future will be restricted by the amount of funds invested and the low rate of return available.

**ACKNOWLEDGEMENT**

We take this opportunity to thank all those who have provided us with their valuable support throughout the year.

On behalf of the Board of Directors



**IQBAL ALI LAKHANI**  
Chairman

Karachi : August 25, 2016

## ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے سال پر مالیاتی رپورٹ بمعہ کمپنی کے مالیاتی گوشوارے پیش کرتے ہیں۔

### کاروباری نتائج

### اہم اعداد و شمار

2015	2016	
(ہزار روپے)	(ہزار روپے)	
30,352	11,013	خالص آمدنی
28,442	22,372	کاروباری سرگرمیوں سے قبل از ٹیکس منافع
21,067	14,423	کاروباری سرگرمیوں سے بعد از ٹیکس منافع
2.23 روپے	1.52 روپے	نی شیئر آمدنی

روپے	منافع اور اسکی تقسیم
14,422,812	منافع بعد از ٹیکس
28,599	گزشتہ غیر منقسم منافع (brought forward)
14,451,411	منافع دستیاب برائے تقسیم
548,000,000	جزل ریزرو سے ٹرانسفر
(542,505,600)	عموری نقد ڈیویڈنڈ (57.50 روپیہ فی شیئر)
19,945,811	منافع دستیاب برائے ڈیویڈنڈ
9,438,800	تجویز کردہ نقد ڈیویڈنڈ (1 روپیہ فی شیئر)
10,510,931	غیر مختص شدہ منافع (carried forward)

### آپریٹنگ نتائج :

اس سال کے دوران خالص آمدنی گزشتہ سال کے 30.352 ملین روپے کے مقابلے میں 11.013 ملین روپے ریکارڈ کی گئی۔ سال کے لیے آمدنی منافع جات اور انویسٹمنٹس کی فروخت پر مالیاتی منافع سے حاصل کی گئی جو گزشتہ سال 54.593 ملین روپے کے مقابلے میں 32.305 ملین روپے رہی۔ کمپنی نے گزشتہ سال کے 21.067 ملین روپے کے مقابلے میں 14.423 ملین روپے کا مجموعی بعد از ٹیکس منافع ریکارڈ کرایا۔

## آڈیٹرز :

موجودہ آڈیٹرز، میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس جو کہ آئندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں، اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز اگلے سالانہ اجلاس کے اختتام تک کے لیے کمپنی کے آڈیٹرز کی حیثیت سے میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کرتے ہیں۔ میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس کو انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش ریٹنگ سے نوازا جا چکا ہے۔

## کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل :

ڈائریکٹرز خوشی کے ساتھ مطلع کرتے ہیں کہ کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کاروباری نظم و ضبط کے ضابطے (کوڈ آف کارپوریٹ گورننس) کے ضوابط کی تعمیل کے لیے تمام ضروری اقدامات کیے جا چکے ہیں۔ کاروباری نظم و ضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

## کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک :

مندرجہ ذیل بیان کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک کو ظاہر کرتا ہے :

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے بین الاقوامی معیاروں کی، جیسا کہ وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔
- انٹرنل کنٹرول کا نظام مستحکم ہے۔ اس نظام کا ایک انٹرنل آڈٹ فنکشن اور نگرانی کے دیگر طریقوں کے ذریعے مسلسل نگرانی کی جاتی ہے۔ انٹرنل کنٹرولز کی نگرانی کا عمل ایک جاری طریقہ کار کی حیثیت سے جاری رہے گا جس کا مقصد کنٹرولز کو مزید مستحکم بنانا اور نظام میں بہتری لانا ہے۔
- کمپنی کی کاروباروں اور دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی انحراف نہیں کیا گیا۔
- کمپنی کا گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا بشمول موجودہ مدت اس رپورٹ کے ہمراہ منسلک ہے۔
- ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس اور مالیاتی گوشواروں کا حصہ ہیں۔
- اسٹاف ریٹائرمنٹ بینیفٹ فنڈ کی طرف سے کی جانے والی سرمایہ کاری کی مالیت ان کے غیر آڈٹ شدہ بالترتیب اکاؤنٹس، 30 جون 2016 کے مطابق درج ذیل ہے:

(ملین روپے)

پروویڈنٹ فنڈ 8.495 ملین روپے

گر بچوٹی فنڈ 1.479 ملین روپے

### بورڈ آف ڈائریکٹرز:

CCG کی شیئنگ میں مخصوص کردہ معیار کے مطابق کمپنی کے ڈائریکٹرز کی اکثریت ڈائریکٹرز ٹریننگ پروگرام کے تقاضوں سے مستثنیٰ ہے اور باقی ڈائریکٹرز اسے مکمل کر چکے ہیں۔ بورڈ نے اپنے ڈائریکٹرز کو ان کے فرائض اور ذمہ داریوں سے باخبر رکھنے کے لیے سال کے دوران اور اینٹیشن کورس کا انتظام اور انہیں کارپوریٹ قوانین میں ترمیم کے بارے میں آگاہ کیا۔

### بورڈ آف ڈائریکٹرز کے اجلاس:

سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر نے بمطابق ذیل شرکت کی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی	2
جناب ذوالفقار علی لاکھانی	4
جناب امین محمد لاکھانی	3
جناب تسلیم الدین احمد باٹلے	3
جناب عزیز ایچ ابراہیم	4
جناب شاہد احمد خان	3
جناب شاہد علی بخاری	4

جو ڈائریکٹرز بورڈ کے کچھ اجلاسوں میں شریک نہیں ہو سکے انہیں غیر حاضری کی رخصت دے دی گئی۔

### آڈٹ کمیٹی:

بورڈ نے کاروباری نظم و ضبط کے ضابطے (کوڈ آف کارپوریٹ گورننس) کے مطابق ایک آڈٹ کمیٹی قائم کی ہے جو تین نان ایگزیکٹو ممبران پر مشتمل ہے، ان ممبران میں سے ایک خود مختار ڈائریکٹر ہیں جو آڈٹ کمیٹی کی سربراہی بھی کرتے ہیں۔ کمیٹی کی ٹرمز آف ریفرنس کا تعین بورڈ آف ڈائریکٹرز نے لسٹنگ ریگولیشنز میں فراہم کردہ ضوابط کے مطابق کیا ہے۔ مالی سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ممبر نے بمطابق ذیل شرکت کی:

ممبر کا نام	اجلاسوں میں شرکت کی تعداد
جناب سید شاہد علی بخاری	4
جناب اقبال علی لاکھانی	2
جناب تسلیم الدین احمد باٹلے	3

### افرادى وسائل و مشاھرہ كميٲى :

افرادى وسائل و مشاھرہ كميٲى نے سال كے دوران ايک اجلاس منعقد كيا۔ ہر ممبر نے بمطابق ذيل شركت كى :

ممبر كا نام	اجلاسوں ميں شركت كى تعداد
جناب اقبال على لاکھانى	1
جناب ذوالفقار على لاکھانى	1
جناب تسلیم الدین احمد باٲلے	1

### پیٲرن آف شیئر هولڈنگ :

30 جون 2016ء كے مطابق كميٲى كے شیئر هولڈنگ كے پیٲرن اور اضافى معلومات كو ظاھر كرنے والا ايک گوشوارہ اس رپورٹ كے ساتھ منسلک ہے۔ بورڈ نے CCG-2012 كى شق (I) xvi كے تحت كميٲى كے ايسے ايگزيكٲیوز اور ملازمين كے ليے، جو سالانہ 1.5 ملين روپے يا زائد بنيادى تنخواه وصول كر رہے ہيں ، كميٲى كے شیئرز كى خريد و فروخت كے حوالے سے حتمى حد كا تعين كر ركھا ہے۔ اس سال كے دوران ڈائريكٲرز، چيف ايگزيكٲیو، سى ايف او ، كميٲى سيكرٲرى اور ان سب كى رفقاءئ حياٲ اور كم عمر بچوں كى طرف سے كميٲى كے شیئرز ميں كوئى لين دين نہيں كيا گيا۔

### مستقبل كى توقعات :

سال كے دوران كميٲى نے مختلف كاروبارى منصوبوں كو جانچا ہے ليكن قابل عمل كاروبارى مواقع حاصل ناہو سكتے۔ چونكہ منمى ماركيٹ فنڈز اور ديگر محفوظ سرمايه كارياں مناسب منافع جات پيدا نہيں كر رہى تھيں لہذا بورڈ نے شیئر هولڈرز كو ايک بڑا عبورى ڈيوينڈ دینے كا فيصلہ كيا۔ كميٲى قابل عمل كاروبارى مواقع كى جستجو جارى ركھے گى اور اس وقت تك ماركيٹ فنڈز اور گورنمنٹ سيكيورٲيز ميں انويست كيا جائے گا، تاہم مستقبل ميں انويست كيے گئے فنڈز كى ماليت اور منافع كى دستياب كم شرحوں كى وجہ سے منافع جات محدود رہيں گے۔

### اظہار تشكر :

ہم اس موقع كا فائدہ اٹھاتے ہوئے ان تمام افراد كا شكريہ ادا كرنا چاہيں گے ، جنہوں نے پورے سال كے دوران ہميس اپنى قابل قدر معاونت فراہم كى۔

بورڈ آف ڈائريكٲرز كى جانب سے



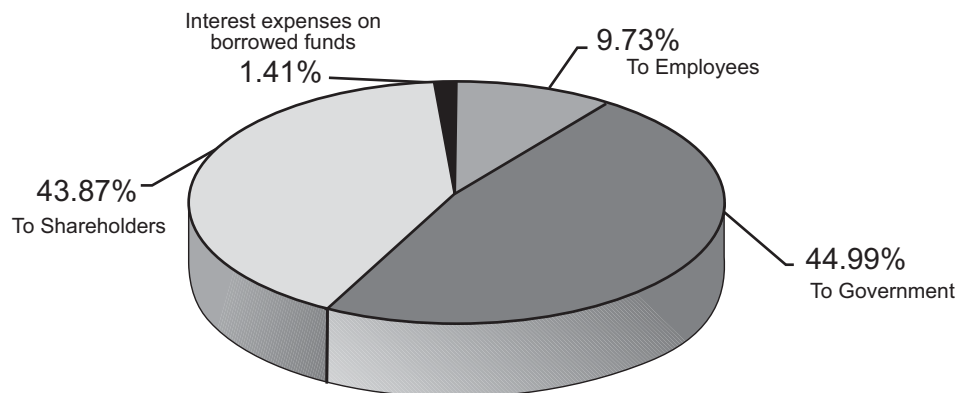
اقبال على لاکھانى  
چيئر مين

كر اچى : 25 اگست 2016



**Statement of Value Added**

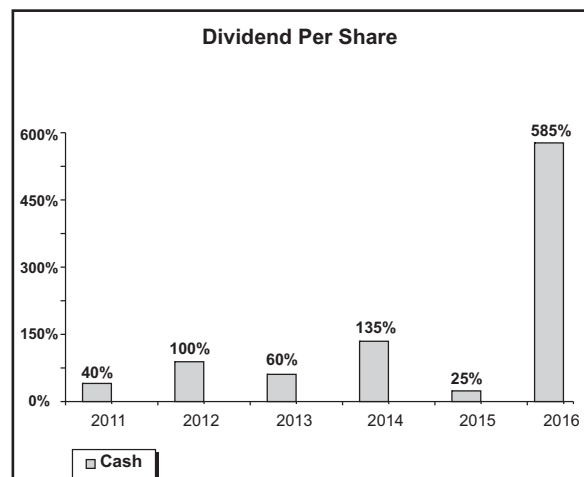
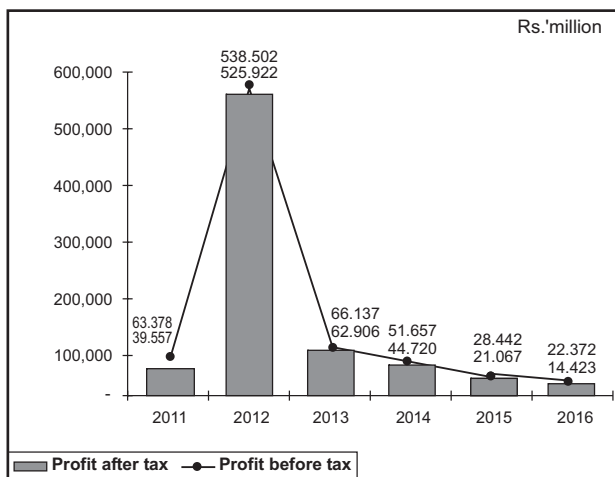
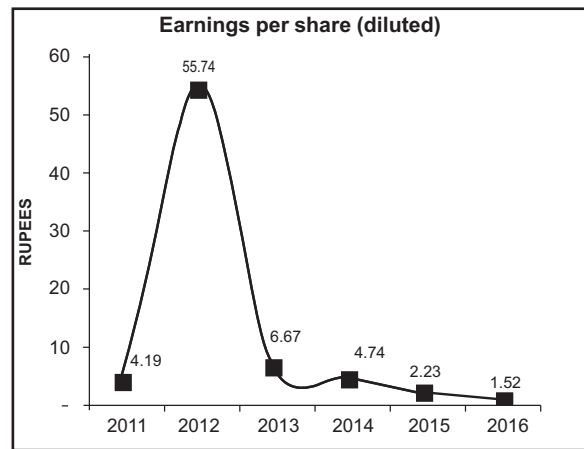
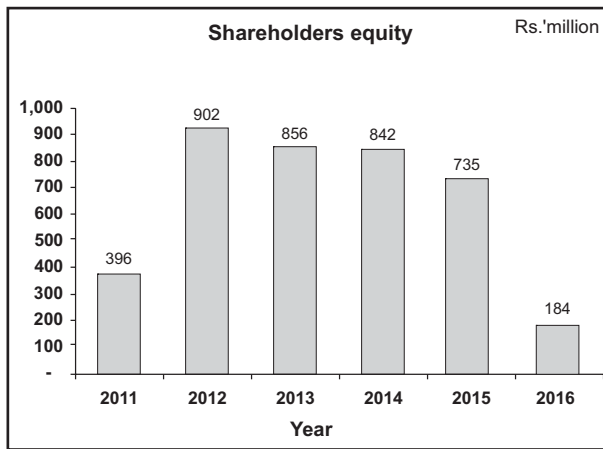
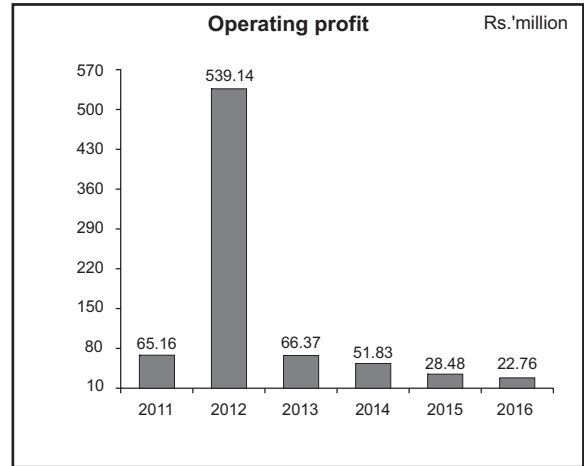
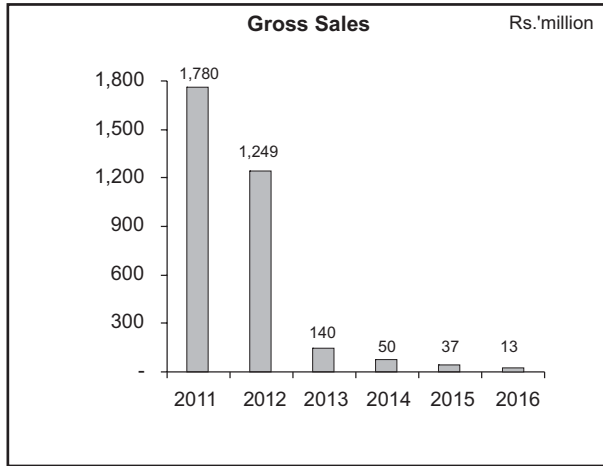
	<b>June 30, 2016 Rupees</b>		June 30, 2015 Rupees	
<b>Wealth Generated</b>				
Total revenue	46,268,744		90,209,048	
Bought-in-material & services	(18,802,515)		(39,462,666)	
	<u>27,466,229</u>	100%	<u>50,746,382</u>	100%
<b>Wealth Distributed</b>				
<b>To Employees</b>	2,673,156	9.73%	5,495,445	10.83%
<b>To Government</b>				
Excise duty, income tax, sales tax, To Government	12,357,000	44.99%	23,809,793	46.92%
<b>To providers of Capital</b>				
Dividend to shareholders To share holders	551,940,480	2,009.52%	23,587,200	46.48%
<b>Mark-up/interest Expenses on</b>				
Interest expenses on borrowed funds	386,061	1.41%	35,204	0.07%
<b>Retained for reinvestment &amp; future growth</b>				
Depreciation & retained profit Retained for future growth	(539,890,468)	(1,965.65%)	(2,181,260)	-4.30%
	<u>27,466,229</u>	100.00%	<u>50,746,382</u>	100.00%



## Yearwise Financial Highlights

	2016	2015	2014	2013	2012	2011
	(Rupees in thousands)					
					(restated)	(restated)
<b>BALANCE SHEET</b>						
Fixed Assets - Property, plant and equipment	31	112	528	3,758	5,554	55,025
Long term loans & security deposits	20	34	40	201	876	3,860
Current Assets	189,497	740,013	849,046	872,711	1,128,743	754,581
Current Liabilities	5,595	5,342	7,418	20,616	231,323	410,095
	183,902	734,671	841,628	852,095	897,420	344,486
	<u>183,953</u>	<u>734,817</u>	<u>842,196</u>	<u>856,054</u>	<u>903,850</u>	<u>403,371</u>
Equity	183,953	734,817	842,196	856,054	901,838	396,345
Long term deposits	-	-	-	-	3,902	3,760
Deferred liability	-	-	-	-	(1,890)	3,266
	<u>183,953</u>	<u>734,817</u>	<u>842,196</u>	<u>856,054</u>	<u>903,850</u>	<u>403,371</u>
<b>PROFIT AND LOSS ACCOUNTS</b>						
Gross turnover	13,126	36,538	49,760	140,410	1,249,357	1,780,407
Less: Sales tax	1,923	5,098	7,107	22,121	209,207	319,985
Trade discount	190	1,088	1,114	15,344	38,459	119,526
	2,113	6,186	8,221	37,465	247,666	439,511
Net turnover	11,013	30,352	41,539	102,945	1,001,690	1,340,896
Cost of sales	11,692	22,721	28,172	117,371	960,521	1,072,179
Gross Profit	(679)	7,631	13,367	(14,426)	41,169	268,717
Distribution and marketing expenses	(1,835)	(10,630)	(16,299)	(17,245)	(70,285)	(199,000)
Administrative expenses	(7,690)	(11,992)	(11,598)	(15,616)	(19,034)	(16,746)
Other operating expenses	(371)	(11,290)	(1,245)	(1,698)	(31,171)	(7,352)
Other operating income	33,333	54,758	67,602	115,359	618,461	19,545
Financial charges	(386)	(35)	(170)	(237)	(639)	(1,785)
Profit before taxation	22,372	28,442	51,657	66,137	538,502	63,378
Taxation	(7,949)	(7,375)	(6,937)	(3,232)	(12,580)	(23,821)
Profit after taxation	<u>14,423</u>	<u>21,067</u>	<u>44,720</u>	<u>62,906</u>	<u>525,922</u>	<u>39,557</u>
<b>Earnings Per Share</b>						
- basic and diluted (Rupees)	1.52	2.23	4.74	6.67	55.74	4.19
Cash dividend	585%	25%	135%	60%	100%	40%
Operating profit (Rs. million)	22.76	28.48	51.83	66.37	539.14	65.16
Capital (Rupees)	9,434,880	9,434,880	9,434,880	9,434,880	9,434,880	9,434,880
Diluted EPS (Rupees)	1.52	2.23	4.74	6.67	55.74	4.19

## Six Years at a Glance



## Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of Chapter 5 of the Rule Book of Pakistan Stock Exchange Limited (PSX), 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 interests on its Board of Directors. At present, the Board includes:

<u>Category</u>	<u>Name</u>
Independent Director	Mr. Syed Shahid Ali Bukhari
Executive Director	Mr. Zulfiqar Ali Lakhani
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Tasleemuddin A. Batlay Mr. A. Aziz H. Ebrahim and Mr. Shahid Ahmed Khan

The independent director meets the criteria of independence under regulation 5.19.1(b) of the Code.

2. The Directors have confirmed that none of them is serving as a Director on more than seven 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 in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with 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 material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-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, along with 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 Board arranged one training program for its Directors during the year.

## CLOVER PAKISTAN LIMITED

10. The Board has approved appointment of CFO and Head of Internal Audit including their remuneration and terms and conditions of employment. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of the Company, in addition to his responsibilities in other Group Companies.
11. 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.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the code..
15. The Board has formed an Audit Committee. It comprises three members, all of them are non-executive Directors and the Chairman of the Committee is an independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an Human Resource and Remuneration Committee. It comprise of three members, of whom two are non-executive Directors including the Chairman of the Committee. The CEO is also the member of the Committee.
18. The Board has outsourced the internal audit function of the Company to a firm of Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.
19. 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 the Institute of Chartered Accountants of Pakistan.
20. 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 the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the code have been complied with.

Karachi: August 25, 2016

  
**IQBAL ALI LAKHANI**  
Chairman

**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE  
WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Clover Pakistan Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

*EY Ford Rhodes*

Chartered Accountants  
25 August 2016  
Karachi

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Clover Pakistan Limited (the Company) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 4.1 to the accompanying financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, 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.

We draw attention to contents of note 14 to the financial statements in respect of recoverability of customs duty refundable of Rs.20.998 million. Our opinion is not qualified in respect of this matter.

*EY Ford Rhodes*

Chartered Accountants  
Audit Engagement Partner: Shariq Ali Zaidi  
Date: 25 August, 2016  
Karachi

**Balance Sheet as at June 30, 2016**

	Note	June 30, 2016	June 30, 2015
		------(Rupees) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	30,986	112,298
Long-term loans	6	10,002	23,334
Long-term deposits - security deposits		10,466	10,466
Deferred tax asset	7	-	-
		<b>51,454</b>	146,098
<b>CURRENT ASSETS</b>			
Stores and spare parts		-	372,583
Stock-in-trade	8	-	10,605,101
Trade debts	9	-	1,462,272
Loans and advances	10	13,333	44,273
Trade deposits and short-term prepayments	11	13,034	181,328
Other receivables	12	391,400	492,901
Short-term investments	13	101,067,245	653,252,675
Duty refunds due from government	14	20,997,742	20,997,742
Sales tax refundable		11,624,863	13,187,592
Taxation - net	15	21,206,212	35,608,531
Cash and bank balances	16	34,183,522	3,808,470
		<b>189,497,351</b>	740,013,468
<b>TOTAL ASSETS</b>		<b>189,548,805</b>	740,159,566
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital 10,000,000 (2015: 10,000,000) ordinary shares of Rs. 10/- each		<b>100,000,000</b>	100,000,000
Issued, subscribed and paid-up capital	17	<b>94,348,800</b>	94,348,800
Reserves		<b>89,604,376</b>	640,468,474
		<b>183,953,176</b>	734,817,274
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	<b>5,595,629</b>	4,777,792
Short-term deposits	\	-	564,500
		<b>5,595,629</b>	5,342,292
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>189,548,805</b>	740,159,566

The annexed notes 1 to 35 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director



**Profit and Loss Account** for the year ended June 30, 2016

	Note	June 30, 2016 ------(Rupees) -----	June 30, 2015 -----
Revenue - net	20	11,013,416	30,352,452
Cost of sales	21	(11,691,777)	(22,721,659)
<b>Gross (loss) / profit</b>		<b>(678,361)</b>	<b>7,630,793</b>
Distribution and marketing expenses	22	(1,835,287)	(10,629,776)
Administrative expenses	23	(7,689,766)	(11,991,905)
Other operating expenses	24	(371,195)	(11,290,078)
Other income	25	33,332,715	54,758,383
		<b>23,436,467</b>	<b>20,846,624</b>
<b>Operating profit</b>		<b>22,758,106</b>	<b>28,477,417</b>
Finance costs	26	(386,061)	(35,204)
<b>Profit before taxation</b>		<b>22,372,045</b>	<b>28,442,213</b>
Taxation	27	(7,949,233)	(7,374,950)
<b>Profit for the year</b>		<b>14,422,812</b>	<b>21,067,263</b>
<b>Earnings per share - Basic and diluted</b>		<b>1.52</b>	<b>2.23</b>

The annexed notes 1 to 35 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

## Statement of Comprehensive Income for the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	------(Rupees) -----	
<b>Profit for the year</b>	<b>14,422,812</b>	21,067,263
<b>Other comprehensive income / (loss)</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</b>		
Unrealised gain on revaluation of available-for-sale investments at fair value	24,679,782	53,632,618
Transferred to profit and loss account on redemption / disposal	(24,350,892)	(54,212,481)
Net comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	<b>328,890</b>	(579,863)
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>		
Remeasurement gains / (losses) on defined benefit plan	<b>477,000</b>	(496,000)
Net comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	<b>477,000</b>	(496,000)
<b>Total other comprehensive income / (loss) for the year, net of tax</b>	<b>805,890</b>	(1,075,863)
<b>Total comprehensive income for the year, net of tax</b>	<b>15,228,702</b>	19,991,400

The annexed notes 1 to 35 form an integral part of these financial statements.



**Zulfikar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

**Cash Flow Statement** for the year ended June 30, 2016

	Note	June 30, 2016 ----- <b>(Rupees)</b> -----	June 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash flows from operations	31	<b>6,664,981</b>	4,022,711
Taxes paid	15	<b>(7,386,266)</b>	(6,587,719)
Tax refund	15	<b>13,839,352</b>	-
Finance costs paid		<b>(400,882)</b>	(35,204)
Long-term loans		<b>13,333</b>	6,666
<b>Net cash flows from / (used in) operating activities</b>		<b>12,730,518</b>	<b>(2,593,546)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	5	-	(70,000)
Sale proceeds from disposal of property, plant and equipment	5.3	<b>134,243</b>	12,000
Purchase of investments		<b>(818,383,688)</b>	(672,000,000)
Proceeds from disposal of available-for-sale investments		<b>805,348,026</b>	-
Proceeds from redemption of available-for-sale investments		<b>593,633,520</b>	801,774,670
<b>Net cash flows from investing activities</b>		<b>580,732,101</b>	<b>129,716,670</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term deposits		<b>(564,500)</b>	-
Dividend paid		<b>(562,523,067)</b>	(127,011,807)
<b>Net cash flows used in financing activities</b>		<b>(563,087,567)</b>	<b>(127,011,807)</b>
<b>Net increase in cash and cash equivalents</b>		<b>30,375,052</b>	<b>111,317</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,808,470</b>	<b>3,697,153</b>
<b>Cash and cash equivalents at the end of the year</b>	16	<b>34,183,522</b>	<b>3,808,470</b>

The annexed notes 1 to 35 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

## Statement of Changes in Equity for the year ended June 30, 2016

	<b>REVENUE RESERVES</b>					<b>Total equity</b>
	<b>Issued, subscribed and paid-up capital</b>	<b>General reserves</b>	<b>Available for-sale reserve</b>	<b>Unappropriated profit</b>	<b>Total reserves</b>	
	(Rupees)					
<b>Balance as at June 30, 2014</b>	94,348,800	697,500,000	832,538	49,515,416	747,847,954	842,196,754
Transfer from general reserves for the year ended June 30, 2014	-	(82,500,000)	-	82,500,000	-	-
Final dividend for the year ended June 30, 2014 @ Rs. 13.5 per share	-	-	-	(127,370,880)	(127,370,880)	(127,370,880)
Profit for the year	-	-	-	21,067,263	21,067,263	21,067,263
Other comprehensive loss for the year, net of tax	-	-	(579,863)	(496,000)	(1,075,863)	(1,075,863)
Total comprehensive income for the year, net of tax	-	-	(579,863)	20,571,263	19,991,400	19,991,400
<b>Balance as at June 30, 2015</b>	94,348,800	615,000,000	252,675	25,215,799	640,468,474	734,817,274
Transfer from general reserves for the year ended June 30, 2015	-	(2,400,000)	-	2,400,000	-	-
Transfer from general reserves for the year ended June 30, 2016	-	(548,000,000)	-	548,000,000	-	-
Final dividend for the year ended June 30, 2015 @ Rs. 2.50 per share	-	-	-	(23,587,200)	(23,587,200)	(23,587,200)
Interim dividend for the year ended June 30, 2016 @ Rs. 57.50 per share	-	-	-	(542,505,600)	(542,505,600)	(542,505,600)
Profit for the year	-	-	-	14,422,812	14,422,812	14,422,812
Other comprehensive income for the year, net of tax	-	-	328,890	477,000	805,890	805,890
Total comprehensive income for the year, net of tax	-	-	328,890	14,899,812	15,228,702	15,228,702
<b>Balance as at June 30, 2016</b>	<b>94,348,800</b>	<b>64,600,000</b>	<b>581,565</b>	<b>24,422,811</b>	<b>89,604,376</b>	<b>183,953,176</b>

The annexed notes 1 to 35 form an integral part of these financial statements.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

## Notes to the Financial Statements for the year ended June 30, 2016

### 1. LEGAL STATUS AND OPERATIONS

- 1.1 The Company was incorporated in Pakistan on September 30, 1986 as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi.
- 1.2 The principal business of the Company is the manufacture and sale of food and plastic products and trading in food and consumer durables. Effective from March 14, 2013, the Company, for a period of two years, had signed a Distributor Agreement with Titan Industries Limited, India (the Agreement) to sell and distribute Titan products in the territorial jurisdiction of Pakistan, in the capacity of distributor of Titan products. The said Agreement expired on March 14, 2015, and has not been renewed as the Company decided not to continue with distributorship of the Titan products. During the year, the Company has sold its stock of Titan watches to distributors and customers.
- 1.3 In view of the significance of Tang business in the overall operations, which was discontinued by the Company in year 2012. The Company has started the process of searching alternative business. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue business for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 3. BASIS OF PREPARATION

These financial statements have been prepared on the basis of historical cost convention except for investments measured at fair value in accordance with IAS - 39 "Financial Instruments: Recognition and Measurement".

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### **New and Revised Standards**

The Company has adopted the following new and revised standards to IFRSs which became effective for the current year:

IFRS 10	- Consolidated Financial Statements
IFRS 11	- Joint Arrangements
IFRS 12	- Disclosure of Interests in Other Entities
IFRS 13	- Fair Value Measurement
IAS 27 (Revised 2011)	- Separate Financial Statements
IAS 28 (Revised)	- Investment in associates and joint venture

The adoption of the above standards did not have any material effect on these financial statements.

#### **4.2 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

##### **Property, plant and equipment and Intangible assets**

The Company reviews the useful lives, methods of depreciation / amortisation and residual values of operating fixed assets / intangible assets on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets/intangible assets with a corresponding effect on the depreciation / amortization charge.

##### **Stock-in-trade**

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

##### **Trade debts**

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

##### **Taxation**

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

Other areas where judgments, estimates and assumptions involved are disclosed in respective notes to these financial statements.

## **4.3 Property, plant and equipment - owned assets**

Property, plant and equipment except for freehold and leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost.

Depreciation is charged to profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the respective asset was in use. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to profit and loss account, as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset are charged to profit and loss account.

## **4.4 Intangible assets**

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Generally, costs associated with developing and maintaining the computer software programmes are recognised as expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognised as intangible asset. Direct costs include the purchase cost of software and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged on a straight line basis over the useful lives of the assets, not exceeding three years. Amortisation on additions is charged from the month in which the asset is available for use and on disposals up to the month the respective asset was in use.

## **4.5 Stores and spare parts**

Stores and spare parts are valued at lower of moving average cost and net realisable value, except items in transit, which are stated at cost.

**4.6 Stock-in-trade**

Stock-in-trade is valued at the lower of cost, determined on weighted average basis and net realisable value, except items in transit, which are stated at cost comprising invoice value and plus other charges incurred thereon.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred to make the sale.

**4.7 Trade debts**

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for doubtful debts, if any. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. No provision is made in respect of the active customers which are considered good. Bad debts are written-off, as and when identified.

**4.8 Loans, advances and other receivables**

These are stated at cost less provision for doubtful balances, if any.

**4.9 Investments**

The management of the Company determines the appropriate classification of its investments at the time of purchase.

**Held-to-maturity investments**

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity. These are initially measured at fair value plus transaction costs and are subsequently stated at amortised cost using the effective interest method less impairment, if any. These are classified as current and non-current assets in accordance with the criteria set out by IFRSs. Gains and losses are recognised in profit and loss account, when the investments are derecognised or impaired, as well as through the amortisation process.

**At fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial instruments are classified as held-for-trading if they are acquired for the purpose of selling and repurchasing in near term. Held-for-trading assets are acquired principally for the purpose of generating profit from short-term fluctuations in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.



## **Available-for-sale investments**

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes in market conditions are classified as available-for-sale. At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs.

After initial recognition, investments which are classified as available-for-sale are measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until, the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss is reclassified to the profit and loss account and removed from the available-for-sale reserve.

The fair value of those investments representing listed equity and other securities i.e. debt instruments are determined on the basis of year-end market / bid prices.

## **4.10 Impairment**

### **Financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit and loss account.

### **Non-financial assets**

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. In determining fair value less costs to sell, the recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other fair value indicators

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

**4.11 Cash and cash equivalents**

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**4.12 Staff retirement benefits****Defined benefit plan**

The Company operates an approved defined funded gratuity scheme for all its permanent employees. Contributions to the fund are made based on actuarial recommendations. Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme. Remeasurement gains and losses on the defined benefit plan are recognised in full, in the period, in which they occur in other comprehensive income. Such remeasurement gains and losses are also immediately recognised in other comprehensive income or loss and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

The scheme is governed by the Trust Deeds and Rules and all matters pertaining to the scheme including contributions to the scheme and payments to outgoing members are dealt with in accordance with the Trust Deeds and Rules.

**Defined contribution plan**

A recognised provident fund scheme is in operation, which covers all permanent employees. Equal monthly contributions are made both by the Company and the employees.

**4.13 Compensated absences**

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

**4.14 Taxation****Current**

Provision for current taxation is computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

**Deferred**

Deferred tax is provided in full using the liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

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 substantially enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to the profit and loss account.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

#### **4.15 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

#### **4.16 Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.17 Foreign currency translations**

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. Exchange gains and losses are recognised in profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### **4.18 Financial instruments**

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

**4.19 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

**4.20 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The following are the specific recognition criteria that must be met before revenue is recognised:

- Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer which generally coincides with dispatch of goods to customers.
- Income on bank accounts is recorded using effective interest rate and all other revenue are recorded on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

**4.21 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**4.22 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised to the financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

**4.23 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following revised standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standards</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016

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<b>Standards</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 Presentation of financial statements: Disclosure initiative – clarification on materiality, disaggregation and subtotals, Note, Other Comprehensive Income (OCI) (Amendments)	January 01, 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

## 5. PROPERTY, PLANT AND EQUIPMENT

Description	2016								WRITTEN DOWN VALUE	Dep. Rate % per annum
	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2015	Additions	(Disposals) (note 5.3) *written off	As at June 30, 2016	As at July 01, 2015	For the year	(On disposals / *written off)	As at June 30, 2016		
	(Rupees)									
Furniture and fittings	2,703,250	-	(9,500) *(2,460,149)	233,601	2,689,890	9,456	(9,500) *(2,456,245)	233,601	-	15
Vehicles	104,056	-	(43,056)	61,000	83,246	-	(34,446)	48,800	12,200	25
Office equipment	993,402	-	(712,562)	280,840	921,688	48,560	(706,056)	264,192	16,648	15
Tools and equipment	10,850	-	-	10,850	10,850	-	-	10,850	-	15
Computer and data process equipment	2,179,368	-	(1,698,773)	480,595	2,172,954	4,273	(1,698,770)	478,457	2,138	33
<b>June 30, 2016</b>	<b>5,990,926</b>	<b>-</b>	<b>(2,463,891) *(2,460,149)</b>	<b>1,066,886</b>	<b>5,878,628</b>	<b>62,289</b>	<b>(2,448,772) *(2,456,245)</b>	<b>1,035,900</b>	<b>30,986</b>	

Description	2015								WRITTEN DOWN VALUE	Dep. Rate % per annum
	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	As at July 01, 2014	For the year	(On disposals)	As at June 30, 2015		
	(Rupees)									
Furniture and fittings	3,964,212	-	(1,260,962)	2,703,250	3,712,284	183,636	(1,206,030)	2,689,890	13,360	15
Vehicles	129,056	-	(25,000)	104,056	101,163	2,083	(20,000)	83,246	20,810	25
Office equipment	1,297,022	70,000	(373,620)	993,402	1,060,639	147,194	(286,145)	921,688	71,714	15
Tools and equipment	10,850	-	-	10,850	9,391	1,459	-	10,850	-	15
Computer and data process equipment	2,243,868	-	(64,500)	2,179,368	2,233,149	4,305	(64,500)	2,172,954	6,414	33
<b>June 30, 2015</b>	<b>7,645,008</b>	<b>70,000</b>	<b>(1,724,082)</b>	<b>5,990,926</b>	<b>7,116,626</b>	<b>338,677</b>	<b>(1,576,675)</b>	<b>5,878,628</b>	<b>112,298</b>	

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
5.1 Depreciation for the year has been allocated as follows:			
Distribution and marketing expenses	22	22,223	288,197
Administrative expenses	23	40,066	50,480
		<b>62,289</b>	<b>338,677</b>

5.2 Included herein assets costing Rs.221,521/- (2015: Rs.4,719,844/-), which are fully depreciated.

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5.3. The details of operating fixed assets disposed off during the year are as follows:

Description	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of buyers
Aggregate amount of assets disposed off having written down value less than Rs.50,000 each							
Office Equipment	712,562	706,056	6,506	102,341	95,835	Negotiation	Various
Furniture and fittings	9,500	9,500	-	1,500	1,500	Negotiation	Various
Vehicle	43,056	34,446	8,610	9,402	792	Negotiation	Various
Computer and data process equipment	1,698,773	1,698,770	3	21,000	20,997	Negotiation	Various
<b>2016</b>	<b>2,463,891</b>	<b>2,448,772</b>	<b>15,119</b>	<b>134,243</b>	<b>119,124</b>		
2015	1,724,082	1,576,675	147,407	102,000	(45,407)		

**Note**                      **June 30,**                      **June 30,**  
**2016**                                      **2015**  
----- **Rupees** -----

## 6. LONG-TERM LOANS

Secured - considered good		
Employees	6.1	23,335
Due within one year shown under current assets	10	(13,333)
		<b>10,002</b>
		23,334

6.1 These are interest free loans to employees principally for the purchase of vehicles and house building and are repayable over 5 years in equal monthly installments. House building loans are secured against the retirement benefits of the employees. In case of vehicle loans, these are secured by pledge of original registration documents of vehicles and demand promissory notes.

## 7. DEFERRED TAX ASSET

Deferred tax assets / (liability) on deductible / (taxable) temporary differences		
Property, plant and equipment - accelerated tax depreciation	283,480	502,398
Provision for slow moving stock	215,595	280,405
Provision for compensated absences	-	34,052
Remeasurment gains / losses on defined benefit plan	(110,050)	90,560
	<b>389,025</b>	907,415
Temporary differences not expected to be recovered due to applicability of Final Tax Regime / separate block of income		
	<b>(389,025)</b>	(907,415)
	-	-

## 8. STOCK-IN-TRADE

Trading goods in hand - Titan watches	8.1	695,469	11,481,366
Provision for slow moving stock	8.2	(695,469)	(876,265)
		-	10,605,101
		-	-

8.1 Included herein trading goods held by third parties (retailers) in the normal course of business amounting to Nil (2015: Rs.4.035 million).

	Note	June 30 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>8.2</b>	The movement in provision for slow moving stock is as follows:		
		<b>876,265</b>	1,076,807
		<b>388,676</b>	-
		<b>(569,472)</b>	-
		-	(200,542)
		<u><b>695,469</b></u>	<u>876,265</u>
<b>9.</b>	<b>TRADE DEBTS</b>		
	9.1 & 9.2	-	1,462,272
<b>9.1</b>	The ageing of trade debts at June 30 is as follows:		
		-	1,274,773
		-	-
		-	-
		-	187,499
		-	187,499
		-	1,462,272
<b>9.2</b>	These are unsecured, interest free and generally on 30 days credit term.		
<b>10.</b>	<b>LOANS AND ADVANCES - Considered good</b>		
	<b>Secured</b>		
	6	<b>13,333</b>	43,333
	<b>Unsecured</b>		
	10.1	-	940
		<u><b>13,333</b></u>	<u>44,273</u>
<b>10.1</b>	These are given to employees in order to meet business expenses and are settled, as and when, the expenses are incurred.		
<b>11.</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
		-	101,100
		<b>13,034</b>	80,228
		<u><b>13,034</b></u>	<u>181,328</u>
<b>12.</b>	<b>OTHER RECEIVABLES</b>		
	Unsecured, considered good		
	23.3	<b>355,000</b>	-
	12.1	<b>36,400</b>	492,901
		<u><b>391,400</b></u>	<u>492,901</u>
<b>12.1</b>	These are non-interest bearing and generally on an average term of 1 to 6 months.		



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	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
<b>13. SHORT-TERM INVESTMENTS</b>			
<b>Held-to-maturity - at amortised cost</b>			
Term Deposits Receipts (TDRs) - conventional banking		-	100,000,000
<b>Available-for-sale - at fair value</b>			
Atlas Money Market Fund Nil units (2015: 545,970.74 units)		-	275,000,000
Lakson Money Market Fund - a related party Nil units (2015: 2,776,651.36 units)		-	278,252,675
Treasury Bills (T-Bills) - conventional banking	13.1	<b>79,257,654</b>	-
Pakistan Investment Bonds (PIBs) - conventional banking	13.2	<b>21,809,591</b>	-
		<b>101,067,245</b>	553,252,675
		<b>101,067,245</b>	653,252,675

**13.1** Represents T-Bills in the custody of conventional bank on behalf of the Company having interest rate of 6% per annum (2015: Nil) and maturity dates of August 2016, November 2016 and January 2017.

**13.2** Represents PIB's in the custody of conventional bank on behalf of the Company having face value of Rs.20 million, effective interest rate ranging from 7% to 8% per annum (2015: Nil) and maturity dates of March 2020, April 2020, March 2025 and April 2026. As of balance sheet date, the investments in PIBs has been classified as current since the management intent and has an ability to sell these investments within next twelve months.

## 14. DUTY REFUNDS DUE FROM GOVERNMENT

During the year ended June 30, 2009, the Federal Government issued SRO 787(1)/2008 dated July 26, 2008 under Section 19 of Customs Act, 1969 (the Act) whereby, the Customs duty on import of crystalline sugar was brought down to zero, as against 25% given in First Schedule to the Act. The Company had imported crystalline sugar from July 26, 2008 to October 15, 2008 and paid custom duty of Rs.17.012 million and Rs.3.986 million without availing the benefit of subject SRO. Thereafter, the refund claims were filed by the Company with the custom authorities and recognised the same in books of account during the year ended June 30, 2009. The refund claims were rejected by the Additional Collectorate on the ground that the incidence of duty and taxes has been passed on to the end consumers by incorporating it in the cost of the product.

Being aggrieved with decision of Additional Collectorate, the Company had filed appeals before the Collector of Customs as well as before the Appellate Tribunal in the years ended June 30, 2010 and 2011 respectively, which were also rejected on the same grounds. The Company later filed references in the Honourable High Court of Sindh (SHC) against the judgments of the Appellate Tribunal. Regarding the reference of Rs.17.012 million, the SHC vide its order dated May 28, 2015 had allowed the reference application and remanded the case to the Customs Appellate Tribunal for decision afresh on the basis of the evidence produced before the Tribunal to establish that the burden of tax under Section 19-A of the Act has not been passed on to the end consumer. During the year, the Customs Appellate Tribunal vide its order dated June 17, 2016 has decided the case in favour of the Company and has directed the tax department to refund the claim to the Company.

On the other hand, the Divisional Bench of the SHC dismissed the reference for Rs.3.986 million in 2012. The Company filed appeal against the decision of the SHC before the Honourable Supreme Court of Pakistan (SCP) on the grounds that none of the forums above, including the SHC, had examined the evidence produced to establish that the burden of duty and taxes has not been passed on to the end consumer. The SCP in order to examine this question granted leave in the petition.

The management based on the view of its legal counsel is confident that the issue raised by the Customs Authorities is without any basis and the ultimate decision of refund will be in favor of the Company. Accordingly, the Company has maintained the already recognised refund claims of Rs.20.998 million and is of the view that no provision for impairment loss is required to be made in these financial statements.

	Note	June 30, 2016	June 30, 2015
----- Rupees -----			
<b>15. TAXATION - net</b>			
Opening balance		35,608,531	48,486,704
Provision for current and prior taxation	27	(7,949,233)	(7,374,950)
Income tax paid and deducted at source		7,386,266	6,587,719
Tax refunded during the year		(13,839,352)	-
Workers' Welfare Fund adjustment	27.3	-	(12,090,942)
Closing balance		<u>21,206,212</u>	<u>35,608,531</u>

#### 16. CASH AND BANK BALANCES

<b>Cash in hand</b>		<b>25,000</b>	89,535
<b>Cash at banks</b>			
In current accounts - conventional banking		3,963,499	1,077,250
In saving accounts - conventional banking	16.1	30,195,023	2,641,685
		<u>34,158,522</u>	3,718,935
		<u>34,183,522</u>	<u>3,808,470</u>

16.1 These carry profit at the rates ranging between 4.5% and 5.5% (2015: 6% and 7%) per annum.

#### 17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<u>2016</u>	<u>2015</u>		June 30, 2016	June 30, 2015
Number of shares			----- Rupees -----	
		Ordinary shares of Rs. 10/- each		
3,900,000	3,900,000	Issued for cash	39,000,000	39,000,000
5,534,880	5,534,880	Issued as bonus shares	55,348,800	55,348,800
<u>9,434,880</u>	<u>9,434,880</u>		<u>94,348,800</u>	<u>94,348,800</u>

17.1 As of balance sheet date, the related parties held 6,305,875 (2015: 6,964,903) ordinary shares of Rs.10/- each.

#### 18. TRADE AND OTHER PAYABLES

<b>Creditors</b>			
Due to related parties	18.1	-	3,841
Others		4,905	1,701,678
		<u>4,905</u>	1,705,519
Accrued expenses		488,274	746,282
Amount due to distributors		-	510,274
Unclaimed dividend		5,102,450	1,532,717
Payable to gratuity fund	23.3	-	283,000
		<u>5,595,629</u>	<u>4,777,792</u>

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	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
<b>18.1</b>	The amount due to related parties, comprise of :		
	Century Insurance Company Limited	-	3,841
<b>19.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>19.1</b>	<b>Contingencies</b>		
	The contingencies in respect of duty refunds due from Government of Rs.20.998 million (2015: Rs.20.998 million) is fully explained in note 14 to these financial statements.		
<b>20.</b>	<b>REVENUE - NET</b>		
	Gross revenue	13,173,319	37,976,609
	Sales tax	(1,922,613)	(5,098,213)
	Trade discount and allowances	(190,138)	(1,087,791)
	Sales returns	(47,152)	(1,438,153)
		<u>11,013,416</u>	<u>30,352,452</u>
<b>21.</b>	<b>COST OF SALES</b>		
	Trading goods		
	Opening stock-in-trade	11,481,366	26,430,010
	Purchases	1,086,676	7,973,557
	Closing stock-in-trade	(695,469)	(11,481,366)
		<u>11,872,573</u>	<u>22,922,201</u>
	Provision for slow moving stock	388,676	-
	Reversal of provision for slow moving stock	8.2 (569,472)	-
	Stock written off	8.2 -	(200,542)
		<u>11,691,777</u>	<u>22,721,659</u>
<b>22.</b>	<b>DISTRIBUTION AND MARKETING EXPENSES</b>		
	Salaries, allowances and other benefits	22.1 868,225	3,687,044
	Travelling and conveyance	20,222	422,806
	Repairs and maintenance	850	79,074
	Security charges	316,354	549,612
	Vehicles running expenses	41,075	147,605
	Advertisement	30,290	241,136
	Subscription and membership	28,500	3,500
	Postage, telegrams and telephone	31,562	256,775
	Rent, rates and taxes	281,040	3,596,931
	Printing and stationery	4,702	31,166
	Electricity	142,478	713,315
	Insurance	26,875	282,918
	Bad debts written-off	-	63,810
	Freight and octroi	8,955	194,166
	Depreciation	5.1 22,223	288,197
	Information technology	8,831	52,205
	Warehouse expenses	3,105	19,516
		<u>1,835,287</u>	<u>10,629,776</u>
<b>22.1</b>	Included herein Rs.0.024 million (2015: Rs.0.096 million) in respect of staff retirement benefits.		

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
<b>23. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	23.1	1,854,996	1,880,615
Travelling and conveyance		47,803	109,290
Repairs and maintenance		166,016	11,315
Vehicles running expenses		-	2,810
Advertisement		321,222	438,296
Postage, telegrams and telephone		318,701	295,947
Rent, rates and taxes		412,140	1,580,277
Printing and stationery		578,552	410,532
Subscription and membership		1,336,092	1,218,013
Legal and professional charges		685,210	3,029,213
Electricity		466,710	1,406,082
Insurance		109,383	27,131
Auditors' remuneration	23.2	399,000	507,583
Depreciation	5.1	40,066	50,480
Information technology		599,168	367,169
Others		354,707	657,152
		<u>7,689,766</u>	<u>11,991,905</u>

**23.1** Included herein Rs.0.525 million (2015: Rs.0.082 million) in respect of staff retirement benefits.

**23.2 Auditors' remuneration**

Audit fee - statutory	250,000	350,000
Half yearly review and other certifications	50,000	50,000
Out of pocket expenses	99,000	107,583
	<u>399,000</u>	<u>507,583</u>

**23.3 Staff retirement benefits - gratuity scheme**

As stated in note 4.12.2 to these financial statements, the Company operates an approved funded gratuity scheme. The latest actuarial valuation was carried out as at June 30, 2016 using the Projected Unit Credit Actuarial Cost Method.

**23.3.1 Significant actuarial assumptions**

The following are significant actuarial assumptions used in the actuarial valuation:

	June 30, 2016	June 30, 2015
		----- Per annum -----
Discount rate	9.00%	10.50%
Expected rate of increase in salary	9.00%	10.50%
Rate of return on plan assets	9.00%	10.50%

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	

**23.3.2** The amounts recognised in the balance sheet are as follows:

Present value of defined benefit obligation	23.3.3	1,099,000	1,452,000
Fair value of plan assets	23.3.4	(1,454,000)	(1,169,000)
(Asset) / liability recognised in the balance sheet		<u>(355,000)</u>	<u>283,000</u>

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	Note	June 30, 2016 ----- Rupees -----	June 30, 2015 -----
<b>23.3.3 Movement in the present value of defined benefit obligation:</b>			
Present value of defined benefit obligation at July 01		1,452,000	1,112,000
Service cost		107,000	110,000
Interest cost		150,000	145,000
Curtailement gain		-	15,000
Benefits paid		(51,000)	-
Remeasurement (gains) / losses		(559,000)	70,000
Present value of the defined benefit obligation at June 30		<u>1,099,000</u>	<u>1,452,000</u>
<b>23.3.4 Movement in the fair value of plan assets:</b>			
Fair value of plan assets at July 01		1,169,000	1,385,000
Expected return on plan assets		135,000	180,000
Contributions		283,000	-
Benefits paid		(51,000)	-
Remeasurement losses		(82,000)	(396,000)
Fair value of plan assets at June 30		<u>1,454,000</u>	<u>1,169,000</u>
<b>23.3.5 Movements in the net liability / (assets) recognised in the balance sheet are as follows:</b>			
Opening balance		283,000	(273,000)
Recognised in other comprehensive income		(477,000)	496,000
Charge for the year	23.3.6	122,000	60,000
Paid during the year		(283,000)	-
Closing balance		<u>(355,000)</u>	<u>283,000</u>
<b>23.3.6 Amounts recognised in the profit and loss account against defined benefit schemes are as follows:</b>			
Current service cost		107,000	95,000
Interest cost / (income)		15,000	(35,000)
Charge for the year	23.3.7	<u>122,000</u>	<u>60,000</u>
<b>23.3.7 The charge for the year has been allocated as follows:</b>			
Distribution and marketing expenses		-	21,000
Administrative expenses		122,000	39,000
		<u>122,000</u>	<u>60,000</u>
<b>23.3.8 Major categories / composition of plan assets are as follows:</b>			
Mutual funds		1,111,015	1,064,214
Cash		368,551	122,312
		<u>1,479,566</u>	<u>1,186,526</u>

The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during 2016 was Rs.0.1million (2015: Rs.0.2million).

23.3.9 The Company expects to contribute Rs.0.085 million to the gratuity fund in 2016-17.

	<b>June 30, 2016 (Un-audited)</b>	June 30, 2015 (Audited)
	----- Rupees -----	
<b>23.4 Provident fund</b>		
Size of the fund	<u>8,494,611</u>	<u>9,206,387</u>
Cost of investments made	<u>7,612,512</u>	<u>8,497,572</u>
Fair value of investments	<u>8,494,611</u>	<u>8,907,925</u>
Percentage of investments made	<u>100%</u>	<u>96%</u>

#### 23.4.1 Break-up of investments of provident fund

The break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	<b>June 30, 2016 (Un-audited)</b>		June 30, 2015 (Audited)	
	Investment as size of the		Investment as size of the	
	Investments	Fund	Investments	Fund
	(Rupees)	%	(Rupees)	%
Government securities	3,831,425	45	7,681,354	83
Mutual funds	1,827,809	22	-	-
Listed securities	747,375	9	689,925	7
Cash and bank	2,088,002	24	536,646	6
	<u>8,494,611</u>	<u>100</u>	<u>8,907,925</u>	<u>96</u>

23.4.2 Investments out of provident fund have been made in accordance with the provisions of the Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. Contributions are made both by the Company and the members @ 9% of the aggregate of basic salary, cost of living allowance and dearness allowance.

	<b>June 30, 2016</b>	June 30, 2015
	----- Rupees -----	
<b>24. OTHER OPERATING EXPENSES</b>		
Workers' Welfare Fund	-	11,002,047
Loss on disposal of property, plant and equipment	-	45,407
Exchange loss - net	-	242,624
Asset written off	5	3,904
Service expense - watches	<u>367,291</u>	-
	<u>371,195</u>	<u>11,290,078</u>

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	June 30, 2016 ----- Rupees -----	June 30, 2015 -----
<b>25. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on:		
- saving accounts (conventional)	1,372,243	380,936
- TDRs	1,063,754	-
- PIBs	442,548	-
Gain on redemption of mutual funds	24,350,892	54,212,481
Gain on sale of T-Bills	3,365,182	-
Dividend income - mutual funds	1,710,172	-
	<u>32,304,791</u>	<u>54,593,417</u>
<b>Income from related parties</b>		
Insurance commission	6,068	59,399
<b>Income from assets other than financial assets</b>		
Gain on disposal of property, plant and equipment	119,124	-
Recovery against stock written off	-	19,231
Liabilities written back	902,732	-
Service income - watches	-	86,336
	<u>1,021,856</u>	<u>105,567</u>
	<u>33,332,715</u>	<u>54,758,383</u>
<b>26. FINANCE COSTS</b>		
Bank charges and commission	<u>386,061</u>	<u>35,204</u>
<b>27. TAXATION</b>		
Current	6,226,157	6,678,184
Prior	1,723,076	696,766
	<u>7,949,233</u>	<u>7,374,950</u>
<b>27.1</b>	A numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:	
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
Income at lower / zero rate	(15.75)	(35.22)
Permanent differences	(6.66)	2.78
Effect of deferred tax not accounted for	(0.01)	(0.01)
Effect of change in prior years' tax	7.7	2.46
Tax effect under final tax regime and others	18.24	22.92
	<u>3.52</u>	<u>(7.07)</u>
Average effective tax rate	<u>35.52</u>	<u>25.93</u>
<b>27.2</b>	The return of income for the tax year 2015 has been filed which is deemed to be an assessment order in view of the provisions of Section 120 of the Income Tax Ordinance, 2001.	
<b>27.3</b>	The Finance Act, 2016 has continued with the one-time super tax introduced through Finance Act, 2015 at the rate of 3 percent on taxable income, which applies retrospectively for Tax Year 2016. No provision has been made in these financial statements, as the required criteria for taxability is not applicable, in case of the Company.	

	<b>June 30, 2016</b>	June 30, 2015
<b>28. EARNINGS PER SHARE</b>		
Profit for the year (Rupees)	<u><b>14,422,812</b></u>	<u>21,067,263</u>
Weighted average ordinary shares in issue (number of shares)	<u><b>9,434,880</b></u>	<u>9,434,880</u>
Earnings per share - basic and diluted (Rupees)	<u><b>1.52</b></u>	<u>2.23</u>

**29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

**29.1** No remuneration is paid / payable by the Company to the Chief Executive after the year ended June 30, 2013.

**29.2** During the year, the Company has paid an aggregate amount of Rs. 225,000/- (2015: Rs. nil) to non-executive Director.

**30. RELATED PARTIES TRANSACTIONS**

The related parties include group companies, staff retirement funds, companies where directors also hold directorship, directors and key management personnel. Transactions with related parties other than those disclosed elsewhere in these financial statements, are as follows:

	Sale of goods and services	Purchase of goods and services	Insurance premium paid	Insurance commission received	Redemption of investment in mutual fund	Investment in mutual fund	Rent, allied and other charges	Dividend paid	Retirement benefit plans
	<b>(Rupees)</b>								
<b>Associated Companies / Undertakings</b>									
Century Insurance Company Limited	-	-	109,192	6,068	-	-	-	3,991,680	-
Colgate-Palmolive (Pakistan) Limited	40,725	488,000	-	-	-	-	-	-	-
Cyber Internet Services (Pvt) Limited	-	60,418	-	-	-	-	-	-	-
Hasanali and Gulbanoo Lakhani Foundation	-	605,186	-	-	-	-	542,838	-	-
Lakson Business Solution Limited	-	40,274	-	-	-	-	-	-	-
Lakson Investment (Pvt) Limited	-	295,350	-	-	291,389,475	1,000,000	-	-	-
Premier Fashion (Pvt) Limited	-	-	-	-	-	-	-	130,674,480	-
Princeton Travel (Pvt) Limited	-	96,828	-	-	-	-	-	-	-
Reliance Chemicals (Pvt) Limited	-	13,783	-	-	-	-	-	-	-
Siza (Pvt) Limited	-	-	-	-	-	-	-	64,988,941	-
Siza Commodities (Pvt) Limited	-	-	-	-	-	-	-	67,126,680	-
Siza Foods (Pvt) Limited	-	48,900	-	-	-	-	-	-	-
Siza Services (Pvt) Limited	-	189,743	-	-	-	-	-	144,688,141	-
Tetley Clover (Pvt) Limited	4,000	-	-	-	-	-	-	-	-
<b>Others</b>									
Express Publication (Pvt) Limited	-	321,222	-	-	-	-	-	-	-
<b>Retirement Benefit Plan</b>									
Contribution to Staff Provident Fund	-	-	-	-	-	-	-	-	71,968
<b>June 30, 2016</b>	<u><b>44,725</b></u>	<u><b>2,159,704</b></u>	<u><b>109,192</b></u>	<u><b>6,068</b></u>	<u><b>291,389,475</b></u>	<u><b>1,000,000</b></u>	<u><b>542,838</b></u>	<u><b>411,469,922</b></u>	<u><b>71,968</b></u>
<b>June 30, 2015</b>	<u><b>629,091</b></u>	<u><b>3,952,971</b></u>	<u><b>104,926</b></u>	<u><b>59,399</b></u>	<u><b>350,206,402</b></u>	<u><b>297,000,000</b></u>	<u><b>2,534,164</b></u>	<u><b>120,029,824</b></u>	<u><b>401,250</b></u>



# CLOVER PAKISTAN LIMITED

- 30.1** The Company enters into transaction with related parties for the sale of its products. Services, rent and allied expenses are charged between related parties on the basis of mutually agreed terms, as approved by the Board of Directors.
- 30.2** The related parties status of outstanding balances as at June 30, 2016 and 2015 are disclosed in relevant notes to these financial statements.

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
<b>31. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		22,432,354	28,442,213
<b>Adjustments for:</b>			
Depreciation	5	62,289	338,677
(Gain) / loss on disposal of property, plant and equipment	5.3	(119,124)	45,407
Charge for gratuity		122,000	60,000
Asset written off		3,904	-
Gain on redemption of mutual funds		(24,350,892)	(54,212,481)
Gain on sale of T-Bills		(3,365,182)	-
Finance costs		386,061	35,204
		<b>(27,260,944)</b>	<b>(53,733,193)</b>
Working capital changes	31.1	11,493,571	29,313,691
		<b>6,664,981</b>	<b>4,022,711</b>
<b>31.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		372,583	26,860
Stock-in-trade		10,605,101	14,748,102
Trade debts		1,462,272	1,082,588
Loans and advances		30,940	70,535
Trade deposits and short-term prepayments		168,294	1,038,811
Other receivables		43,548	(36,004)
Sales tax refundable		1,562,729	3,282,493
		<b>14,245,467</b>	<b>20,213,385</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(2,751,896)	9,105,306
Short-term deposits		-	(5,000)
		<b>(2,751,896)</b>	<b>9,100,306</b>
		<b>11,493,571</b>	<b>29,313,691</b>
<b>32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES</b>			
<p>The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors oversees the management of these risks which are summarized below:</p>			
<b>32.1 Market risk</b>			
<p>Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.</p>			

**32.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of investment in money market mutual funds. As of balance sheet date, the Company is not exposed to interest rate risk. Accordingly, the sensitivity analysis is not presented.

**32.1.2 Currency risk**

Currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payable exist due to transactions in foreign currencies. As of balance sheet date, the Company is not exposed to currency risk.

**32.1.3 Credit risk**

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Out of total financial assets of Rs.135.675 million (2015: Rs.659.194 million), the financial assets which are subject to credit risk amounted to Rs.135.650 million (2015: Rs.659.105 million). The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The Company's credit risk is primarily attributable to its short-term investments and bank balances. The credit risks on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high external credit rating.

The credit quality of financial assets that are past due but not impaired is discussed in note 9.1 to these financial statements. As at balance sheet date, there are no financial assets that would otherwise be past due or impaired, whose terms have been renegotiated.

The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	
Long-term loans	6	10,002	23,334
Long-term deposits - security deposits		10,466	10,466
Trade debts	9	-	1,274,773
Loans and advances	10	13,333	44,273
Trade deposits	11	-	101,100
Other receivables	12	391,400	492,901
Short-term investments	13	101,067,245	653,252,675
Bank balances	16	34,158,522	3,718,935
		<u>135,650,968</u>	<u>658,918,457</u>

**Quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

# CLOVER PAKISTAN LIMITED

	Note	June 30, 2016	June 30, 2015
		----- Rupees -----	-----
<b>Trade debts</b>			
Customers with no defaults in the past one year		-	1,274,773
<b>Cash at bank and held-to-maturity investments (notes 13 &amp; 16)</b>			
A1+		34,158,522	103,688,965
A-1+		-	29,970
		<u>34,158,522</u>	<u>103,718,935</u>
<b>Available-for-sale investments (note 13)</b>			
AA(f)		<u>101,067,245</u>	<u>553,252,675</u>

## 32.2 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 applies the prudent risk management policies by maintaining sufficient cash and bank balances. The maturity profile of the Company's financial liabilities at the reporting dates are as follows:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- Rupees -----					
Trade and other payables	5,107,355	488,274	-	-	-	5,595,629
Short-term deposits	-	-	-	-	-	-
<b>June 30, 2016</b>	<u>5,107,335</u>	<u>488,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,595,629</u>
Trade and other payables	4,031,510	746,282	-	-	-	4,777,792
Short-term deposits	564,500	-	-	-	-	564,500
June 30, 2015	<u>4,596,010</u>	<u>746,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,342,292</u>

## 32.3 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. Equity comprise of share capital and reserves.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2016 and June 30, 2015. The management considers that the capital of the Company is sufficient to meet the requirement of the business.

As at balance sheet date, the Company has no gearing ratio, as it is an ungeared Company.

**32.4 Fair value**

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

**Fair value hierarchy**

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active market for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2016, the Company has available-for-sale investments measured using level 2 (2015: level 1) valuation techniques (note 13). There is no reclassification in between level 1 and level 2 during the year.

**33. DIVIDEND AND APPROPRIATIONS**

The Finance Act, 2015 introduced a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed a final dividend of Rs.1/- per share amounting to Rs. 9.435 million in addition to an interim dividend of Rs.57.50 per share of Rs.542.506 million (2015: Rs.2.5 per share amounting to Rs.23.587 million) in their meeting held on 25 August 2016 for the financial and tax year 2016 which exceeds (or meets) the prescribed minimum dividend requirement as referred above. The Company believes that it would not be liable to pay tax on its undistributed reserves as of June 30, 2016.

**34. DATE OF AUTHORISATION FOR ISSUE**

The Board of Directors of the Company authorised these financial statements for issue on August 25, 2016.

**35. GENERAL**

- 35.1 Total number of employees at year end are 2 (2015: 7) and average number of employees during the year was 4 (2015: 8).
- 35.2 Certain prior year's figures have been re-arranged for better presentation, wherever necessary, however, there are no material reclassifications to report.
- 35.3 Amounts have been rounded off to the nearest rupee, unless otherwise stated.



**Zulfiqar Ali Lakhani**  
Chief Executive



**Tasleemuddin Ahmed Batlay**  
Director

**Pattern of Holding of Shares** held by the shareholders as at June 30, 2016

CUIN NO. 0015034  
INCORPORATION NUMBER K-198/9686 of 1986

No. of Shareholders	Shareholdings		Total shares held
	From	To	
715	1	100 Shares	17,203
520	101	500 Shares	205,111
352	501	1000 Shares	325,727
449	1001	5000 Shares	1,139,566
78	5001	10000 Shares	564,631
22	10001	15000 Shares	278,438
12	15001	20000 Shares	215,000
6	20001	25000 Shares	133,000
1	25001	30000 Shares	29,800
4	30001	35000 Shares	134,600
1	35001	40000 Shares	36,000
1	55001	60000 Shares	57,000
1	1080001	1085000 Shares	1,083,149
1	1115001	1120000 Shares	1,118,778
1	1685001	1690000 Shares	1,685,408
1	2410001	2415000 Shares	2,411,469
<u>2,165</u>			<u>9,434,880</u>

<u>Categories of Shareholders</u>	<u>Shares held</u>	<u>Percentage</u>
Directors, Chief Executive Officer, their spouses and minor children	13,657	0.14
Associated Companies, Undertakings and Related parties	6,305,875	66.84
NIT and ICP	NIL	-
Banks, Development Finance Institutions, Non Banking Finance Institutions	NIL	-
Insurance Companies	NIL	-
Modarabas and Mutual Funds	NIL	-
Shareholders holding 10%	6,298,804	66.76
Others	38,354	0.41
General Public		
a) Local	3,077,002	32.61
b) Foreign	NIL	-

Note: Some of the shareholders are reflected in more than one category.

## Details of Pattern of Shareholding as per requirement of Code of Corporate Governance

<u>CATEGORIES OF SHAREHOLDERS</u>	<u>NO. OF SHARES HELD</u>
<b>i) <u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u></b>	
1. M/s. SIZA (Private) Limited	1,083,149
2. M/s. SIZA Services (Private) Limited	2,411,469
3. M/s. SIZA Commodities (Private) Limited	1,118,778
4. M/s. Premier Fashions (Private) Limited	1,685,408
5. M/s. Sultan Ali Lakhani	403
6. Mrs. Shaista Sultan Ali Lakhani	259
7. Mr. Babar Ali Lakhani	2,500
8. Mr. Bilal Ali Lakhani	198
9. Mr. Danish Ali Lakhani	1,983
10. Miss. Anushka Zulfiqar Lakhani	864
11. Miss. Anika Amin Lakhani	864
<b>ii) <u>MUTUAL FUNDS</u></b>	<u>NIL</u>
<b>iii) <u>DIRECTORS, THEIR SPOUSES &amp; MINOR CHILDREN</u></b>	
1. Mr. Iqbal Ali Lakhani	Director 7,659
2. Mr. Zulfiqar Ali Lakhani	Director/CEO 720
3. Mr. Amin Mohammed Lakhani	Director 1,036
4. Mr. Tasleemuddin A. Batlay	Director 1,209
5. Mr. A. Aziz H. Ebrahim	Director 1,209
6. Mr. Shahid Ahmed Khan	Director 728
7. Mr. Syed Shahid Ali Bukhari	Director 508
8. Mrs. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani	230
9. Mrs. Fatima Lakhani W/o. Zulfiqar Ali Lakhani	144
10. Mrs. Saira Amin Lakhani W/o. Amin Mohammed Lakhani	206
11. Mrs. Alamara Shahid W/o. Shahid Ahmed Khan	8
<b>iv) <u>EXECUTIVES</u></b>	<u>508</u>
<b>v) <u>PUBLIC SECTOR COMPANIES &amp; CORPORATIONS</u></b>	<u>NIL</u>
<b>vi) <u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</u></b>	NIL
<b>vii) <u>SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY</u></b>	
1. M/s. SIZA (Private) Limited	1,083,149
2. M/s. SIZA Services (Private) Limited	2,411,469
3. M/s. SIZA Commodities (Private) Limited	1,118,778
4. M/s. Premier Fashions (Private) Limited	1,685,408
<b>viii) <u>INDIVIDUALS AND OTHER THAN THOSE NOT MENTIONED ABOVE</u></b>	3,114,840
	<u>9,434,880</u>

Note: Some of the shareholders are reflected in more than one category.

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**Form of Proxy**

I/We \_\_\_\_\_

of \_\_\_\_\_

a member of **CLOVER PAKISTAN LIMITED** hereby

appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

who is/are also member/s of Clover Pakistan Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on 27th day of October 2016 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Folio No.	CDC Participant ID No.	CDC Account/ Sub Account No.	No. of shares held	Signature over Revenue Stamp

**Witness 1**

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_**Witness 2**

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Notes : 1. The proxy must be a member of the Company.

2. The signature must tally with the specimen signature/s registered with the Company.

3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.



مختار نامہ (پراکسی فارم)

میں / ہم \_\_\_\_\_  
 ساکن \_\_\_\_\_  
 بحیثیت رکن (ممبر) کلور پاکستان لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسلی / مسماة \_\_\_\_\_  
 ساکن \_\_\_\_\_  
 کو یا ان کی غیر حاضری میں مسلی / مسماة \_\_\_\_\_  
 ساکن \_\_\_\_\_

کو جو خود بھی کلور پاکستان لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) کمپنی کے سالانہ اجلاس عام میں جو ۲۷ اکتوبر ۲۰۱۶ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ اکتوبر \_\_\_\_\_ ۲۰۱۶ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

رسیدی ٹکٹ پر دستخط

گواہ نمبر ۱	گواہ نمبر ۲
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

ہدایات:

- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندارج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔



**CLOVER PAKISTAN LIMITED**  
LAKSON SQUARE BUILDING NO.2, SARWAR SHAHEED ROAD,  
KARACHI-74200, PAKISTAN.