

Clover Pakistan Limited

Annual Report 1999

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BOARD OF DIRECTORS

IQBALALI LAKHANI

Chairman

ZULFIQARALI LAKHANI

Chief Executive

AMIN MOHAMMED LAKHANI

TASLEEMUDDIN AHMED BATLAY

A. AZIZ EBRAHIM

RAMZANALI HALANI

M.A. QADIR

ADVISOR

SULTANALI LAKHANI

COMPANY SECRETARY

RAMZANALI HALANI

AUDITORS

EBRAHIM & CO.

Chartered Accountants

REGISTERED OFFICE

LAKSON SQUARE, BUILDING NO. 2

SARWAR SHAHEED ROAD

KARACHI-74200

FACTORY

B-182, HUB INDUSTRIAL TRADING ESTATE

HUB, DISTRICT LASBELLA

BALUCHISTAN

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of CLOVER PAKISTAN LIMITED will be held at Avari Renaissance Towers Hotel, Fatima Jinnah Road, Karachi on Friday, November 19,1999 at 10.00 a.m. to transact the following business'

1. To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account of the Company for the year ended June 30, 1999 together with the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Auditors and fix their remuneration.
4. To transact any other business of the Company with the permission of the Chair.

By order of the Board

RAMZANALI HALANI
Director/Company Secretary

Karachi: October 15,1999

NOTES:

1. The share transfer books of the Company will remain closed from November 06,1999 to November 19,1999, both days inclusive. Transfers received in order at the Company's registered office situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi upto November 05, 1999 will be considered in time for entitlement of the dividend to the transferees.
2. A member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend instead of him and such proxy will have the right to attend, speak and vote in place of the member. The proxy must be a member of the Company.
3. Forms of proxy to be valid must be received at the Company's registered office not later than 48 hours before the time of the meeting.
4. Members are requested to notify the Company promptly of any change in their addresses.
5. Form of proxy is enclosed herewith.

Directors Report

The directors of your Company present the annual audited accounts for the year ended June 30, 1999 together with their report on the operation of the Company during the year.

OPERATING RESULTS

The Company has achieved gross sales of Rs. 54.929 million during the period under review as compared to Rs. 46.727 million in the previous year, showing an increase by 17.55% compared to the last year. The net revenue comprises of Rs. 41.565 million for sales of food products and Rs. 6.569 million for plastic products.

The Company imported **Lacnor Juices** during the year under review. This provided some improvement in

the sales of the Company as well as profitability. The net profit before tax stood at Rs. 5.456 million during the period under review as compared to Rs. 2.867 million earned in the corresponding period of the preceding year.

FUTURE PLANS

Besides improving the business of TANG through greater market penetration, the Company is actively pursuing plans to promote the existing imported Food Products range like Juices, Flavored milk etc. The Company is still confronted with the menace of the availability of the smuggled version of Tang, which is impacting our business very considerably. Efforts are being made to still widen the distribution coverage to offset trade resistance in the face of the smuggled competing products. Customer psyche continued to be in favour of imported products, which were also available at lower prices due to underpricing as a result of smuggling.

PROSPECTS

In addition to consolidation of food product items through an extended distribution network and introduction of imported items, the Company is planning to expand its plastic business.

YEAR 2000 COMPLIANCE

We are pleased to Confirm that all the Computer Hardware, systems and programmes have been updated to comply with Y2K requirements. Third parties' confirmations have also been obtained and where necessary alternate sources have been lined up.

AUDI T O R S

Messrs Ebrahim & Co, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

INDUSTRIAL RELATIONS

The Directors wish to place on record their appreciation of the loyal and devoted services rendered by the employees of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding in the prescribed form appears on page No. 24

On behalf of the Board of Directors

IQBALALI LAKHANI
Chairman

Karachi: October 15, 1999

Auditors' Report to the Members

We have audited the annexed balance sheet of **CLOVER PAKISTAN LIMITED** as at June 30, 1999 and the related profit and loss account and statement of changes in financial position, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of accounts 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 accounts and are further in accordance with the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position together with the notes forming part thereof, 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 June 30, 1999 and of the profit and the changes in financial position for the year then ended; and

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

Karachi: October 15, 1999

EBRAHIM & CO.
Chartered Accountants

Balance Sheet as at June 30, 1999

	Notes	1999 Rupees	1998 Rupees
TANGIBLE FIXED ASSETS	3	18,835,881	19,632,954
LONG TERM LOANS AND ADVANCES	4	451,211	451,606
LONG TERM DEPOSITS			
Security deposits		193,000	93,000
LONG TERM PREPAYMENT		--	720,056
CURRENT ASSETS			
Stores		57,718	67,637
Stock in trade	5	15,695,383	12,926,299
Trade debts	6	13,522,957	12,877,468
Loans and advances	7	2,504,258	2,835,264
Deposit and prepayments	8	124,761	1,830,880
Other receivables	9	1,238,056	1,333,122
Cash and bank balances	10	1,299,906	1,185,184
		-----	-----

		34,443,039	33,055,854
CURRENT LIABILITIES			
Short term loan		--	12,121,909
Short term running finance	11	6,500,266	377,399
Creditors, accrued and other liabilities	12	8,198,472	6,949,839
Dividend	13	4,009,611	616,196
		-----	-----
		18,708,349	20,065,343
		-----	-----
Net Current Assets		15,734,690	12,990,511
		-----	-----
		35,214,782	33,888,127
		=====	=====
Financed by:			
CAPITAL AND RESERVE			
Share Capital	14	39,000,000	39,000,000
Profit and Loss Account (Adverse balance)		(20,212,718)	(21,521,873)
		-----	-----
Shareholders' equity		18,787,282	17,478,127
LONG TERM LOANS	15	16,025,000	16,025,000
LONG TERM DEPOSITS	16	402,500	385,000
CONTINGENCIES AND COMMITMENTS	17		
		-----	-----
		35,214,782	33,888,127
		=====	=====

NOTE: The annexed notes form an integral part of these accounts.

ZULFIQARALI LAKHANI
Chief Executive

TASLEEMUDDIN A. BATLAY
Director

Karachi: October 15, 1999

Profit & Loss Account
FOR THE YEAR ENDED JUNE 30,1999

	<i>Notes</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Sales and services	18	48,134,785	44,073,535
Cost of sales and services	19	37,985,228	36,163,931
		-----	-----
Gross profit		10,149,557	7,909,604
Administrative and selling expenses	20	2,306,175	2,169,459
		-----	-----
Operating profit		7,843,382	5,740,145

Other income	21	337,375	396,991
		-----	-----
		8,180,757	6,137,136
Financial charges	22	2,437,746	3,119,415
Workers' profit participation fund		287,151	150,886
		-----	-----
		2,724,897	3,270,301
Net profit for the year		5,455,860	2,866,835
Taxation	23	246,705	263,903
		-----	-----
Net profit after taxation		5,209,155	2,602,932
Appropriation			
Proposed final dividend @ 10% (1998 : 10%)		3,900,000	489,300
		-----	-----
Net profit after appropriation		1,309,155	2,113,632
Accumulated (losses) brought forward		(21,521,873)	(23,635,505)
		-----	-----
Accumulated (losses) carried forward		(20,212,718)	(21,521,873)
		=====	=====
Earnings per share	24	Rs. 1.34	Rs. 0.67
		=====	=====

NOTE: The annexed notes form an integral part of these accounts.

ZULFIQARALI LAKHANI
Chief Executive

TASLEEMUDDIN A. BATLAY
Director

Karachi: October 15, 1999

Statement of Changes in Financial Position (Cash Flow Statement)
FOR THE YEAR ENDED JUNE 30,1999

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year	5,455,860	2,866,835
Adjustment for items not involving movement of funds:		
Depreciation	1,767,527	1,853,233
Amortization of long term prepayments and deferred cost	720,056	1,067,272
	-----	-----
	7,943,443	5,787,340
(Increase)/Decrease in current assets		
Stores	9,919	2,852
Stock in trade	(2,769,084)	621,709
Trade debts	(768,056)	2,233,192
Loans and advances	177,187	910,442
Deposits and prepayments	1,706,119	79,612

Other receivables	95,066	(89,857)
	-----	-----
	(1,548,849)	3,757,950
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	1,371,200	(4,678,304)
	-----	-----
Net cash from operating activities before tax	7,765,794	4,866,986
Tax paid	102,186	505,270
	-----	-----
Net cash from operating activities	7,663,608	4,361,716
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets	(970,454)	(25,000)
Long term loans and advances	9,695	(72,430)
Payment of long term deposit	(100,000)	--
	-----	-----
Net cash from investing activities	(1,060,759)	(97,430)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of long term security deposit	17,500	7,500
Repayment of long term loans	--	(1,083,000)
Payment of short term loan	(12,121,909)	--
Dividend. paid	(506,585)	(504,931)
	-----	-----
Net cash from financing activities	(12,610,994)	(1,580,431)
	-----	-----
Net increase in cash and cash equivalents	(6,008,145)	2,683,855
Cash and cash equivalents at beginning of the year	807,785	(1,876,070)
	-----	-----
Cash and cash equivalents at end of the year	(5,200,360)	807,785
	=====	=====

ZULFIQARALI LAKHANI
Chief Executive

TASLEEMUDDIN A. BATLAY
Director

Karachi: October 15, 1999

Notes to the Accounts

FOR THE YEAR ENDED JUNE 30, 1999

1. NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on September 30, 1986 as a public limited company under the Companies Ordinance, 1984 and is quoted on the Karachi and Lahore Stock Exchanges. The principal business of the Company is production and marketing of foods, plastic and other products.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Cost convention

These accounts have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values.

2.2 Staff retirement benefits

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

2.3 Taxation

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rates after taking into account tax rebates, if any, and minimum tax computed at the prescribed rates on net sales and services.

The Company accounts for deferred taxation for all material timing differences to the extent that liabilities can be estimated for foreseeable future. The amount is computed using the liability method. Debit balances on account of deferred taxation are recognized only if there is reasonable certainty of realisation.

2.4 Tangible fixed assets

These are stated at cost less accumulated depreciation except freehold and leasehold land which are stated at cost.

Depreciation is charged using the reducing balance method by applying rates specified in the relevant note.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalised.

Gains/losses on disposal of fixed as sets are included in current income.

2.5 Stores

Stores are valued at moving average cost.

2.6 Stock in trade

These are valued at lower of cost and net realisable value.

Cost is determined as follows:

Raw and packing material	-- Moving average cost
Raw and packing material in bonded warehouse	-- Invoice value plus other charges paid thereon
Work in process and finished goods	-- Material as above plus proportionate overheads.
Trading goods	-- First in first out basis

Net realisable value represents estimated selling prices in the ordinary course of

business less cost necessarily to be incurred to make the sale.

2.7 Trade debts

Debts considered irrecoverable are written off and provisions are made against those having no activity during the current financial year and which are considered doubtful.

2.8 Rate of exchange

Assets and liabilities in foreign currency, if any, are translated into rupees at the exchange rate prevailing on the balance sheet date except those covered by forward exchange contracts or where exchange risk cover has been obtained. Exchange differences on transactions during the year are recognised in income currently.

2.9 Revenue recognition

Sales are recorded on despatch of goods to customers. Income on investments is recognised on receipt basis.

3. TANGIBLE FIXED ASSETS

PARTICULARS	COST			Rate %	DEPRECIATION			Written down value as at June 30, 1999
	as at July 01, 1998	Additions	as at June 30, 1999		as at July 01, 1998	for the year	as at June 30, 1999	
Freehold land	1,636,307	--	1,636,307	--	--	--	--	1,636,307
Leasehold land	1,512,016	--	1,512,016	--	--	--	--	1,512,016
Building on leasehold land	10,540,551	--	10,540,551	10	6,113,607	442,694	6,556,301	3,984,250
Plant and machinery	24,951,064	857,554	25,808,618	10	14,211,786	1,159,683	15,371,469	10,437,149
Electric fittings and installation	2,372,151	--	2,372,151	10	1,365,666	100,649	1,466,315	905,836
Office and electric equipments	118,409	14,400	132,809	15	51,540	12,190	63,730	69,079
Tools and equipments	701,186	98,500	799,686	15	499,387	45,045	544,432	255,254
Furniture and fixtures	123,493	--	123,493	15	88,014	5,322	93,336	30,157
Vehicles	82,860	--	82,860	25	75,083	1,944	77,027	5,833
TOTAL RUPEES - 1999	42,038,037	970,454	43,008,491		22,405,083	1,767,527	24,172,610	18,835,881
TOTAL RUPEES - 1998	42,013,037	25,000	42,038,037		20,551,850	1,853,233	22,405,083	19,632,954

3.1 Depreciation for the year has been allocated as follows:

	1999 Rupees	1998 Rupees
Cost of sales and services	1,750,015	1,835,172
Administrative and selling expenses	17,512	18,061
	1,767,527	1,853,233

3.2 Assets having book value of Rs. 2.240 million (1998:Rs.2.489 million) have been rented out to an associated company and of Rs. 0.161 million (1998: Rs. 0.179 million) to a third party. The fixed assets are free of lien and the Company has full rights of repossession of these assets.

4. LONG TERM LOANS AND ADVANCES

Loans to staff		
Secured		
Executive (Note: 4.1)	127,400	83,820
Others	112,930	166,205
	-----	-----
	240,330	250,025
Less: Current portion shown under current assets	63,600	72,900
	-----	-----
	176,730	177,125
Advance to supplier		
Unsecured-considered good	274,481	274,481
	-----	-----
	451,211	451,606
	=====	=====

4.1 These are interest free staff loans for purchase of vehicles repayable in 5 years by equal monthly installments and are secured by pledge of original registration documents of vehicles and demand promissory note.

The maximum amount due from executive at the end of any month during the year was Rs. 0.153 million (1998 - Rs. 0.112 million).

4.2 Analysis of above loans and advances is as under:

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Installments due for repayment over period exceeding three years	49,530	48,130
Others	401,681	403,476
	-----	-----
	451,211	451,606
	=====	=====

5. STOCK IN TRADE

Raw material (Note: 5.1)	4,448,401	3,822,225
Packing material (Note: 5.2)	3,305,944	4,777,957
Work in process	585,312	507,618
Finished goods - in hands	3,080,907	3,818,499
	-----	-----
	12,926,299	11,420,564
Finished goods - in transit	--	4,274,819
	-----	-----
	12,926,299	15,695,383

5.1 This includes stock in transit amounting to Rs.1.426 million (1998:Rs.0.781 million).

5.2 This includes stock in transit amounting to Nil (1998:Rs.0.422 million) and stock held by third parties and associated companies in the normal course of business amounting to Rs. 0.271 million (1998:0.351 million).

6. TRADE DEBTS

Unsecured

Considered good (Note: 6.1)

Considered doubtful

13,522,957	12,877,468
1,722,333	1,665,316

15,245,290	14,542,784
------------	------------

Less: Provision for doubtful debts

1,722,333	1,665,316
-----------	-----------

13,522,957	12,877,468
------------	------------

6:1 These include Nil (1998' Rs. 0.142 million) due from an associated company. The maximum balance due from the associated company at the end of any month during the year was Rs. 1.151 million (1998 · 0.663 million).

1999
Rupees

1998
Rupees

7. LOANS AND ADVANCES

Loans (secured)

To staff

63,600	72,900
--------	--------

Advances (unsecured but considered good)

To suppliers (Note' 7.1)

1,935,546	2,159,668
-----------	-----------

Against import

6,274	20,798
-------	--------

For expenses

191,930	5,000
---------	-------

Income tax (Note: 7.2)

277,104	421,623
---------	---------

Other

29,804	155,275
--------	---------

2,440,658	2,762,364
-----------	-----------

2,504,258	2,835,264
-----------	-----------

7.1 This includes Rs. 0.314 million (1998:Rs.0.092 million) due from associated companies. The maximum balance due from the associated companies at the end of any month during the year was Rs. 0.314 million (1998:Rs.0.324 million).

7.2 Income tax

Advance income tax

641,991	517,778
---------	---------

Less' Provision for taxation

220,368	240,674
---------	---------

	277,104	421,623
	=====	=====

8. DEPOSIT AND PREPAYMENTS

Deposit		
Excise duty deposit	8,954	6,078
Prepayments	115,807	1,824,802
	-----	-----
	124,761	1,830,880
	=====	=====

9. OTHER RECEIVABLES

Octroi refundable	236,923	269,154
Income tax refundable	994,851	1,057,686
Others	6,282	6,282
	-----	-----
	1,238,056	1,333,122
	=====	=====

1999
Rupees

1998
Rupees

10. CASH AND BANK BALANCES

Cash in hand	25,096	41,238
Cash at banks		
in current accounts	1,044,954	941,681
in foreign currency saving account (Note:10.1)	229,856	202,265
	-----	-----
	1,274,810	1,143,946
	-----	-----
	1,299,906	1,185,184
	=====	=====

10.1 This represents US dollar saving account carrying profit at an average rate of 3% (1998 : 6%) per annum.

11. SHORT TERM RUNNING FINANCE

Secured		
Muslim Commercial Bank (Note: 11.1)	1,324,444	377,399
Oman International Bank (Note: 11.2)	5,175,822	--
	-----	-----
	6,500,266	377,399
	=====	=====

11.1 This loan is secured against hypothecation of stocks and first charge on current and fixed assets of the Company. It carries mark-up at 16.50% per annum and sanctioned limit is Rs. 5.00 million (1998: Rs. 5.00 million)

11.2 This loan is secured against hypothecation of stocks and book debts and pledge of

shares of various listed companies. It carries mark-up at 16% per annum and sanctioned limit is Rs. 15.00 million.

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors (Note: 12.1)	2,948,576	2,401,685
Accrued expenses	124,559	199,349
Advance against export	3,531,060	3,531,060
Mark-up accrued on secured loan	361,770	534,724
Workers' profit participation fund (Note:12.2)	287,151	150,886
Other liabilities		
Sales tax payable	921,461	115,999
Provident Fund Trust	8,044	10,969
Others	15,851	5,167
	-----	-----
	945,356	132,135
	-----	-----
	8,198,472	6,949,839
	=====	=====

12.2 Workers' profit participation fund

	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
Balance as at July 01	150,886	123,584
Interest credited at prescribed rate	13,177	10,750
	-----	-----
Amount paid	164,063	134,334
	-----	-----
Current year allocation @ 5%	--	--
	287,151	150,886
	-----	-----
	287,151	150,886
	=====	=====

The Company retains the allocation to this fund for its business operations till the amounts are paid to the fund together with interest at prescribed rate under the Act.

13. DIVIDEND

Proposed	3,900,000	489,300
Unclaimed	109,611	126,896
	-----	-----
	4,009,611	616,196
	=====	=====

14. SHARE CAPITAL

Authorised		
5,000,000 ordinary shares of Rs. 10/- each	50,000,000	50,000,000
	=====	=====

Issued, subscribed and paid-up
3,900,000 ordinary shares of
Rs. 10/- each fully paid in cash

39,000,000	39,000,000
=====	=====

15. LONG TERM LOANS

Unsecured
Associated companies (Note: 15.1)

16,025,000	16,025,000
=====	=====

15.1 These are interest free loans not repayable within twelve months of the balance sheet date.

1999	1998
Rupees	Rupees

16. LONG TERM DEPOSITS

Security deposits (Note: 16.1)

402,500	385,000
=====	=====

16.1 These are deposits received from distributors which are interest free and are repayable on termination of distributorship.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Company has received a notice from Deputy Collector, Custom House, Gadani demanding a sum of Rs. 24.206 million as excise duty on a particular product cleared during the period from June 09,1994 to June 30, 1995. The Management are disputing this claim and have succeeded in obtaining stay order from The High Court of Sindh against the demand. Recently the Company has received another notice from the Assistant Collector, Custom & Central Excise, Customs House Gadani stating that the stay order against the demand cannot be entertained beyond the period of six months in terms of Supreme Court Judgement in another case. However, the Management are contesting the notice. The case has already been heard by the Collector of Appeals (West) and a decision is expected in the near future. The Management are of the opinion that eventually the case will be decided in their favour and the impugned liability shall not arise.

1999	1998
(Rupees in thousands)	

17.2 Commitments

Letters of credit

1,320	4,275
=====	=====

1999	1998
Rupees	Rupees

18. SALES AND SERVICES

Gross sales

54,929,492	46,727,341
------------	------------

Less: Trade discount

4,229,161	2,898,287
-----------	-----------

Sales tax

7,065,546	4,255,519
-----------	-----------

	11,294,707	7,153,806
	43,634,785	39,573,535
Service income		
Associated company	1,500,000	1,500,000
Others	3,000,000	3,000,000
	4,500,000	4,500,000
	48,134,785	44,073,535

1999
Rupees

1998
Rupees

19. COST OF SALES AND SERVICES

Raw material consumed	17,686,075	12,178,023
Packing material consumed	7,027,674	3,368,282
Stores and spares consumed	26,947	12,380
Salaries, wages and other benefits (Note: 19.1)	2,782,293	2,328,459
Power and fuel	1,191,907	973,409
Vehicle running expenses	268,650	249,122
Repairs and maintenance	213,565	222,020
Rent, rates and taxes	118,519	120,342
Travelling and conveyance	18,790	7,159
Insurance	386,100	376,555
Postage, telegram and telephone	38,714	41,176
Laboratory expenses	50,147	12,420
Cartage and octroi	125,371	147,655
Depreciation	1,750,015	1,835,172
Excise duty	202,124	186,373
Other manufacturing expenses	39,527	67,847
	31,926,418	22,126,394
Work in process		
Opening stock	507,618	867,982
Closing stock	(585,312)	(507,618)
	(77,694)	360,364
Cost of goods manufactured	31,848,724	22,486,758
Finished goods		
Opening stock	3,818,499	5,255,456
Purchase of trading goods	5,398,912	12,240,216
	9,217,411	17,495,672
Closing stock	(3,080,907)	(3,818,499)
	6,136,504	13,677,173

37,985,228	36,163,931
=====	=====

19.1 This amount includes Rs. 0.121 million (1998: Rs. 0.100 million) in respect of employees retirement benefits.

1999	1998
Rupees	Rupees

20. ADMINISTRATIVE AND SELLING EXPENSES

Salaries, allowances and other benefits (Note: 20.1)	630,787	621,090
Travelling and conveyance	25,925	17,213
Repairs and maintenance	5,505	24,659
Vehicles running expenses	71,444	58,948
Advertisement	293,156	316,626
Auditors' remuneration		
Audit fee	25,000	25,000
Out of pocket expenses	5,025	7,100
	-----	-----
	30,025	32,100
Postage, telegrams and telephone	56,701	67,314
Rent, rates and taxes	323,800	279,328
Printing and stationery	84,091	86,610
Subscription and membership	58,620	50,350
Legal and professional charges	24,000	10,000
Electricity	99,813	75,073
Insurance	70,807	72,232
Depreciation	17,512	18,061
Other expenses	11,418	6,485
Provision for doubtful debts	57,017	120,640
Freight and octroi	445,554	312,730
	-----	-----
	2,306,175	2,169,459
	=====	=====

20.1 This amount includes Rs. 0.041 million (1998:Rs.0.040 million) in respect of employees retirement benefits.

21. OTHER INCOME

Profit on foreign currency saving account	4,396	9,832
Exchange gain	332,979	15,320
Miscellaneous income	--	371,839
	-----	-----
	337,375	396,991
	=====	=====

22. FINANCIAL CHARGES

Mark-up/interest on:

Long term loan	720,056	960,075
Short term loan	116,570	1,731,804
Running finance	1,535,574	383,329
Workers' profit participation fund	13,177	10,750
Bank charges and commission	52,369	8,324
Amortization of deferred cost	--	25,133
	-----	-----
	2,437,746	3,119,415
	=====	=====

23. TAXATION

Current	240,674	220,368
Prior	6,031	43,535
	-----	-----
	246,705	263,903
	=====	=====

24. EARNINGS PER SHARE

Net profit for the year	5,209,155	2,602,932
	=====	=====
	Number of Shares	
Average issued ordinary shares	3,900,000	3,900,000
	=====	=====
	Rs. 1.34	Rs. 0.67
	=====	=====

	1999	1998
	Rupees	Rupees

25. CASH AND CASH EQUIVALENTS

Cash and bank balances	1,299,906	1,185,184
Short term running finance	6,500,266	377,399
	-----	-----
	(5,200,360)	807,785
	=====	=====

26. SUMMARISED WORKING RESULTS**BY LINE OF BUSINESS**

	FOODS AND OTHERS		PLASTICS	
	1999	1998	1999	1998
Sales and services	41,565,452	38,665,717	6,569,333	5,407,818
Cost of sales and services	36,374,004	34,609,796	1,611,224	1,554,135
	-----	-----	-----	-----

Gross profit	5,191,448	4,055,921	4,958,109	3,853,683
Administrative and selling expenses	2,091,972	1,934,724	214,203	234,735
	-----	-----	-----	-----
Operating profit	3,099,476	2,121,197	4,743,906	3,618,948
	=====	=====	=====	=====

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>CHIEF EXECUTIVE</i>	<i>DIRECTORS</i>	<i>EXECUTIVES</i>	<i>TOTAL</i>
	<i>RUPEES</i>			
Remuneration	--	--	566,507	566,507
House rent	--	--	242,693	242,693
Bonus	--	--	92,081	92,081
Provident fund	--	--	49,713	49,713
Utilities	--	--	18,000	18,000
	-----	-----	-----	-----
TOTAL RUPEES - 1999	--	--	968,994	968,994
	=====	=====	=====	=====
TOTAL RUPEES - 1998	--	--	676,672	676,672
	=====	=====	=====	=====
NO. OF PERSONS -1999	--	--	3	3
	=====	=====	=====	=====
NO. OF PERSONS -1998	--	--	2	2
	=====	=====	=====	=====

- NOTE:** a) The directors have waived their meeting fees for the year.
b) One executive has been provided with company maintained car.

1999
Rupees

1998
Rupees

28. TRANSACTIONS WITH ASSOCIATED COMPANIES

Sale of goods	3,977,493	2,013,800
Purchase of goods and services	829,551	2,346,425
Rent, utilities and allied services	237,497	323,840
Service income	1,500,000	1,500,000

29. CAPACITY AND PRODUCTION

Food products	1,015,000	233,225	1,015,000	170,579
Plastic products	27,000	15,247	27,000	12,636
Number of shift	Single		Single	

The increase in production is mainly due to market demand.

30. INTEREST RATE RISK

Interest rate risk of the Company's financial assets and financial liabilities as at June 30,1999 can be evaluate from the following:

	<i>Interest bearing</i>			
	<i>More than One year and upto five year</i>	<i>Within one year</i>	<i>Non interest bearing</i>	<i>Total</i>
Financial assets				
Long term loans and advances	--	--	514,811	514,811
Long term deposits	--	--	193,000	193,000
Trade debts (Net)	--	--	13,522,957	13,522,957
Deposit and prepayments	--	--	8,954	8,954
Other receivables	--	--	6,282	6,282
Cash and bank balances	--	229,856	1,070,050	1,299,906
	-----	-----	-----	-----
	--	229,856	15,316,054	15,545,910
Financial liabilities				
Long term loans	--	--	16,025,000	16,025,000
Long term deposits	--	--	402,500	402,500
Short term running finances	--	6,500,266	--	6,500,266
Creditors, accrued and other liabilities	--	--	3,745,951	3,745,951
Dividends	--	--	4,009,611	4,009,611
	-----	-----	-----	-----
	--	6,500,266	24,183,062	30,683,328
	-----	-----	-----	-----
Net financial assets/(liabilities)	--	(6,270,410)	(8,867,008)	(15,137,418)
	=====	=====	=====	=====

30.1 Financial assets include Rs. 15.521 million which are subject to credit risk.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all the financial assets and liabilities are estimated to approximate their respective carrying values.

32. DEFERRED TAXATION

Deferred tax arising due to timing differences, calculated at the current rate of taxation amounts to Rs. 6.338 million debit (1998: Rs. 5.720 million debit). Deferred tax asset has not been recognised in these accounts as in the opinion of the Management there is no certainty regarding reversal of the same in future.

33. NUMBER OF EMPLOYEES

Total number of employees at the year end was 20 (1998: 15).

34. GENERAL

i) Figures have been rounded off to the nearest rupee.

ii) Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

ZULFIQARALI LAKHANI
Chief Executive

TASLEEMUDDIN A. BATLAY
Director

Karachi: October 15, 1999

Pattern of Holding of Shares

Held by the Shareholders of Clover Pakistan Limited as at June 30, 1999

<i>No. of Shareholders</i>	<i>From</i>	<i>Shareholding</i>		<i>To</i>	<i>Total shares held</i>
106	1	100	Shares	10,600	
252	101	500	Shares	97,900	
30	501	1,000	Shares	28,300	
28	1,001	5,000	Shares	60,700	
4	5,001	10,000	Shares	29,800	
2	10,001	15,000	Shares	26,200	
1	15,001	20,000	Shares	19,400	
1	20,001	25,000	Shares	20,500	
1	35,001	40,000	Shares	35,800	
1	50,001	55,000	Shares	54,500	
1	55,001	60,000	Shares	60,000	
1	65,001	70,000	Shares	67,000	
2	130,001	135,000	Shares	265,900	
1	145,001	150,000	Shares	148,000	
1	150,001	155,000	Shares	154,000	
2	160,001	165,000	Shares	327,800	
1	175,001	180,000	Shares	180,000	
1	295,001	300,000	Shares	300,000	
1	615,001	620,000	Shares	619,200	
1	630,001	635,000	Shares	631,400	
1	760,001	765,000	Shares	763,000	
-----				-----	
439				3,900,000	
=====				=====	

Categories of Shareholders

	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	431	1,569,400	40.24
Joint stock companies	5	2,148,600	55.09
Financial institutions	3	182,000	4.67
	-----	-----	-----
	439	3,900,000	100.00
	=====	=====	=====

ZULFIQARALI LAKHANI

TASLEEMUDDIN A. BATLAY

Chief Executive

Director