



## Balance Sheet

as at December 31, 2006

		December 31, 2006 Un-audited	June 30, 2006 Audited
	Note	Rupees in thousand	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets - property, plant and equipment	5	55,438	58,031
Long-term loans - secured, considered good		1,870	2,060
Long-term security deposits		444	444
		<u>57,752</u>	<u>60,535</u>
<b>CURRENT ASSETS</b>			
Stores		294	311
Stock-in-trade		124,321	105,753
Trade debts		12,027	35,668
Loans and advances		11,123	9,133
Trade deposits and short-term prepayments		3,713	1,762
Profit accrued on short-term investment		309	96
Other receivables		486	541
Short term investments	6	101,272	25,000
Income tax - net		14,979	-
Cash and bank balances		11,729	230,638
		<u>280,253</u>	<u>408,902</u>
<b>TOTAL ASSETS</b>		<u><b>338,005</b></u>	<u><b>469,437</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital			
10,000,000 (2005: 10,000,000) Ordinary shares of Rs. 10/- each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital	7	65,520	54,600
Reserves		<u>169,834</u>	<u>201,710</u>
		235,354	256,310
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases		58	142
Long-term deposits		2,147	2,132
Deferred taxation		3,235	4,000
		<u>5,440</u>	<u>6,274</u>
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease		166	178
Trade and other payables		97,033	192,757
Mark up accrued		11	9
Sales tax payable		1	10,183
Income tax - net		-	3,726
		<u>97,211</u>	<u>206,853</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>338,005</b></u>	<u><b>469,437</b></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

  
 Zulfiqar Ali Lakhani  
 Chief Executive

  
 Tasleemuddin Ahmed Batlay  
 Director



## Cash Flow Statement (Un-audited) for the half year ended December 31, 2006

	Note	Half year ended	
		December 31, 2006	December 31, 2005
		Rupees in thousand	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	(90,079)	(38,312)
Financial charges paid		(950)	(456)
Taxes paid		(24,134)	(15,718)
Long-term loans		190	(16)
Net cash used in operating activities		(114,973)	(54,502)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(2,922)	(9,406)
Proceeds from disposal of property, plant & equipment		178	817
Purchase of short-term investment		(75,000)	-
Profit received from investment and deposit		4,268	4,727
Net cash used in investing activities		(73,476)	(3,862)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance leases		(96)	(178)
Long term deposits		15	55
Dividends paid		(30,379)	(35,487)
Net cash used in financing activities		(30,460)	(35,610)
Net decrease in cash and cash equivalents		(218,909)	(93,974)
Cash and cash equivalents at the beginning of the period		255,638	197,622
Cash and cash equivalents at the end of the period		<u>36,729</u>	<u>103,648</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		11,729	28,648
Short-term investment	6.2	25,000	75,000
		<u>36,729</u>	<u>103,648</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

  
Zulfiqar Ali Lakhani  
Chief Executive

  
Tasleemuddin Ahmed Batlay  
Director



## Company Information

### BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	Chief Executive
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
A. Aziz Ebrahim	
Ramzan Ali Halani	
M. A. Qadir	

### ADVISOR

Sultanali Lakhani

### COMPANY SECRETARY

Ramzan Ali Halani

### AUDIT COMMITTEE

Iqbal Ali Lakhani	Chairman
Tasleemuddin Ahmed Batlay	
Ramzan Ali Halani	
M. A. Qadir	

### AUDITORS

FORD RHODES SIDAT HYDER & 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



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## Directors' Review

The un-audited financial statements of your Company together with the auditors review report thereon for the half year ended December 31, 2006 is presented along-with an update on the Company's performance.

	2006	2005
	Rupees in million	
Turnover	307.450	255.989
Gross profit	84.581	76.793
Operating profit	16.148	17.685
Profit before taxation	15.196	17.352
Taxation	4.664	7.374
Profit after tax	10.532	9.978

Gross sales for the first six months shows a growth of 20% from Rs.255.989 million to Rs.307.450 million. Net sales grew by 22% from Rs.199.014 million to Rs.242.172 million.


An increase in sugar prices and the impact of additional duty of 10% plus 5% regulatory duty imposed on the import of sugar from October 2006 adversely affected the comparable growth of our gross profit, which could only increase by 10%. The early onset of winter and the shift in the fasting month of Ramzan had a major impact on our sales in the second quarter reducing our operating profit by 9% from Rs.17.685 million in 2005 to Rs.16.148 million in 2006. Increase in fuel prices also had its impact.

The Company is investing to further improve and expand its production capacity by adding new packing lines and overhauling existing machinery. We are also increasing the storage capacity at our factory to meet the expected increase in demand for Tang during 2007.

The next half year appears to be promising with world sugar prices showing a declining trend. We are also reorganising our sales and distribution network to perform more effectively and efficiently.

Your Company is grateful to all our customers, shareholders, bankers, leasing and insurance companies for their continuing support. We also wish to thank our staff for their contribution and look forward to their continued support.

On behalf of the Board of Directors

  
IQBAL ALI LAKHANI  
Chairman

Karachi: January 26, 2007



## Statement of Changes In Equity (Un-audited)

for the half year ended December 31, 2006

	Issued, Subscribed and paid up capital	Reserves			Sub total	Total
		General reserves	Unrealised gain on available-for- sale investments	Unappro- priated profit		
Rupees in thousand						
Balance as at July 1, 2005	54,600	85,000	-	71,551	156,551	211,151
Final dividend for the year ended June 30, 2005	-	-	-	(35,490)	(35,490)	(35,490)
Appropriation to general reserve for the year ended June 30, 2005	-	36,000	-	(36,000)	-	-
Profit after taxation for the half-year ended December 31, 2005	-	-	-	9,978	9,978	9,978
Balance as at December 31, 2005	54,600	121,000	-	10,039	131,039	185,639
Balance as at July 01, 2006	54,600	121,000	-	80,710	201,710	256,310
Bonus shares issued	10,920	-	-	(10,920)	(10,920)	-
Final dividend for the year ended June 30, 2006	-	-	-	(32,760)	(32,760)	(32,760)
Appropriation to general reserve for the year ended June 30, 2006	-	37,000	-	(37,000)	-	-
Profit after taxation for the half-year ended December 31, 2006	-	-	-	10,532	10,532	10,532
Unrealised gain on available for sale investments	-	-	1,272	-	1,272	1,272
Balance as at December 31, 2006	65,520	158,000	1,272	10,562	169,834	235,354

The annexed notes from 1 to 15 form an integral part of these accounts.

  
 Zulfiqar Ali Lakhani  
 Chief Executive

  
 Tasleemuddin Ahmed Batlay  
 Director



## Notes to the Financial Statements (Un-audited) for the half ended December 31, 2006

### 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 Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi. The principal business of the Company is manufacture and sale of food and plastic products and trading in food and personal care products.

### 2. BASIS OF PRESENTATION

These financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. These should be read in conjunction with the financial statements of the Company for the year ended June 30, 2006.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company.

### 4. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Company's business, higher revenues and operating profits are usually expected in the second half of the year as compared to first six months due to the summer season and the demand of the product.

	December 31, 2006 Unaudited	June 30, 2006 Audited
Note	—	—
	Rupees in thousand	

### 5. FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period/year		58,031	36,873
Additions to tangible fixed assets	5.1	2,922	34,758
Less: Disposals during the period - at book value	5.2	86	5,060
Depreciation charged during the period/year		5,429	8,540
		<u>5,515</u>	<u>13,600</u>
		<u>55,438</u>	<u>58,031</u>
5.1 Additions during the period / year			
Leasehold Land		-	3,401
Building on leasehold land		-	3,229
Plant & machinery		75	22,678
Furniture and fittings		-	166
Office equipment		6	334
Tools and equipment		-	121
Vehicles		2,535	4,228
Computer and data processing equipment		<u>306</u>	<u>601</u>
		<u>2,922</u>	<u>34,758</u>
5.2 Disposals during the period / year - at book value			
Plant & Machinery		-	4,013
Vehicles		-	977
Computer and data processing equipment		<u>86</u>	<u>70</u>
		<u>86</u>	<u>5,060</u>



**Notes to the Financial Statements (Un-audited)**  
for the half ended December 31, 2006

		December 31, 2006	June 30, 2006
		Unaudited	Audited
		— Rupees in thousand —	
<b>6. SHORT-TERM INVESTMENTS</b>			
Available-for-sale	6.1	76,272	-
Held-to-maturity	6.2	<u>25,000</u>	<u>25,000</u>
		<u>101,272</u>	<u>25,000</u>

**6.1 Available-for-sale investment – at fair value**

KASB Liquid Fund	20,374	-
Atlas Income Fund	20,454	-
UTP Income Fund	<u>35,444</u>	-
	<u>76,272</u>	<u>-</u>

**6.2** This represents investment in Musharika deposit with a Modaraba having maturity of one month with an option of roll forward and carrying profit @ 10% per annum (June 30, 2006: 10% per annum).

**7. SHARE CAPITAL**

Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs 10/- each

Number of shares				
December 31, 2006	June 30, 2006	Issued for/as		
3,900,000	3,900,000	Cash	39,000	39,000
		Fully paid bonus shares		
<u>1,560,000</u>	<u>1,560,000</u>	Opening balance	<u>15,600</u>	<u>15,600</u>
<u>1,092,000</u>	<u>-</u>	Issued during the period/year	<u>10,920</u>	<u>-</u>
<u>2,652,000</u>	<u>1,560,000</u>		<u>26,520</u>	<u>15,600</u>
<u>6,552,000</u>	<u>5,460,000</u>		<u>65,520</u>	<u>54,600</u>

**8. CONTINGENCIES AND COMMITMENTS**

**8.1 (a) Contingencies**

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2006.

**(b) Guarantees**

There is a contingent liability in respect of indemnities given to banks for guarantees issued by them in the normal course of business aggregating to Rs. 1.354 million (June 30, 2006: 1.354 million)





**Notes to the Financial Statements (Un-audited)**  
for the half ended December 31, 2006

December 31, 2006 Unaudited  
June 30, 2006 Audited  
— Rupees in thousand —

8.2 Commitments

Acceptances and letters of credit	24,683	21,569
Lease rentals payable	593	1,136
Duty Payable on raw material and import of trading goods	6,607	5,553

Half year ended		Quarter ended	
December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
Rupees in thousand			

9. COST OF SALES

Cost of goods manufactured	166,799	120,695	75,598	57,687
Purchase of trading goods	8,848	20,672	7,218	11,599
Opening stock of finished goods (including trading goods)	33,177	16,142	19,030	12,955
	208,824	157,509	101,846	82,241
Closing stocks of finished goods (including trading goods)	(51,233)	(35,288)	(51,233)	(35,288)
	157,591	122,221	50,613	46,953

Half year ended	
December 31, 2006	June 30, 2006
— Rupees in thousand —	

10. TAXATION

Current		
- for the half year	6,265	7,661
- for prior year	(836)	(127)
	5,429	7,534
Deferred	(765)	(160)
	4,664	7,374



**Notes to the Financial Statements (Un-audited)**  
for the half ended December 31, 2006

	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005

Rupees in thousand

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

Profit / (loss) after taxation	10,532	9,978	(3,663)	394
	(Number of shares)			
Issued ordinary shares	6,552,000	6,552,000	6,552,000	6,552,000
Earnings / (loss) per share (restated)	Rs. 1.61	Rs. 1.52	Re. (0.56)	Re. 0.06

11.1 There was no dilution effect on the basic earnings / (loss) per share as the Company had no such outstanding commitments during the year.

	Half year ended	
	December 31, 2006	December 31, 2005

Rupees in thousand

**12. DIVIDEND PAID**

Declared and paid during the six months period  
- Final cash dividend @ Rs. 6/- per share  
(2005: @ Rs. 6.5 per share)

32,760	35,490
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**13. RELATED PARTIES DISCLOSURE**

The related parties include associates, group companies, trade mark licensor, staff retirement funds, directors and key management personnel. Transactions with related parties are as follows:

Relationship	Nature of transactions / balances		
Group companies	Sale of goods and services	488	1,598
	Purchase of goods and services	8,578	7,628
	Rent and allied expenses	2,152	1,582
	Insurance premium and commission	3,317	2,048
	Due from related parties	152	721
	Due to related parties	673	1,203
Staff retirement benefit plans	Contribution to staff retirement benefit	859	596
	Payable to provident fund	4	5
Key management personnel	Remuneration and benefits	5,999	3,299
Licensor of product in respect of which the Company has exclusive trademark rights	Royalty on sale of licensed products	9,112	7,006
Other related parties	Purchase of goods and services	34,146	40,304



## Notes to the Financial Statements (Un-audited) for the half ended December 31, 2006

The Company enters into transactions with related parties for the purchase of raw material, services, royalty charges and rent and allied expenses are charged between related parties on the basis of mutually agreed terms.

	Half year ended	
	December 31, 2006	December 31, 2005
	Rupees in thousand	
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	15,196	17,352
Adjustments for non cash charges and other items:		
Depreciation	5,429	4,070
Gain on sale of property plant and equipment	(92)	-
Reversal of provision for doubtful debts	(143)	-
Profit on investment and deposit	(4,481)	(4,655)
Financial charges	952	333
	<u>16,861</u>	<u>17,100</u>
(Increase) / decrease in current assets		
Stores	17	(74)
Stock-in-trade	(18,568)	(26,828)
Trade debts	23,784	3,387
Loans and advances	(1,990)	(13,200)
Trade deposits and short-term prepayments	(1,951)	(9,316)
Other receivables	55	(394)
	1,347	(46,425)
Increase / (decrease) in current liabilities		
Trade and other payables	(98,105)	3,154
Sales tax payable	(10,182)	(12,141)
	(108,287)	(8,987)
Cash generated from operations	<u>(90,079)</u>	<u>(38,312)</u>

### 15. GENERAL

- 15.1 The figures of the profit and loss account for the quarters ended December 31, 2006 and December 31, 2005 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the half year ended December 31, 2006 and December 31, 2005.
- 15.2 These financial statements were authorised for issue by the Board of Directors on January 26, 2007.
- 15.3 No material corresponding period figures have been rearranged, however, earnings per share have been restated as disclosed in note 11 to the financial statements.
- 15.4 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.

  
Zulfiqar Ali Lakhani  
Chief Executive

  
Tasleemuddin Ahmed Batlay  
Director



**FORD RHODES SIDAT HYDER & CO.**  
Chartered Accountants

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Beaumont Road  
P.O. Box 15541  
Karachi 75530  
Pakistan

■ Phone : (92-21) 565-0007-11  
Fax : (92-21) 568 1965  
E-mail : frsh.khi@pk.ey.com  
Office at : Lahore & Islamabad

### Review Report to the Members

We have reviewed the accompanying balance sheet of CLOVER PAKISTAN LIMITED as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "financial statements"), for the six months period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagement 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi: January 26, 2007

*Ford Rhodes Sidat Hyder & Co.*  
Chartered Accountants

A Member of Ernst & Young International



**Profit and Loss Account (Un-audited)**  
for the half year ended December 31, 2006

Note	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	(Rupees in thousand)			
Gross turnover	307,450	255,989	91,895	98,532
Less: Sales tax	44,358	37,481	13,226	14,496
Trade discount	20,920	19,494	7,050	7,665
	65,278	56,975	20,276	22,161
Net turnover	242,172	199,014	71,619	76,371
Cost of sales	9 (157,591)	(122,221)	(50,613)	(46,953)
Gross profit	84,581	76,793	21,006	29,418
Distribution and marketing expenses	(64,431)	(55,523)	(25,932)	(25,443)
Administrative expenses	(7,786)	(7,143)	(3,810)	(3,730)
Other operating expenses	(1,280)	(1,412)	387	(263)
Other operating income	5,064	4,970	2,498	2,711
Operating profit / (loss)	16,148	17,685	(5,851)	2,693
Finance cost	(952)	(333)	(247)	(187)
Profit / (loss) before taxation	15,196	17,352	(6,098)	2,506
Taxation	10 (4,664)	(7,374)	2,435	(2,112)
Profit / (loss) after taxation	10,532	9,978	(3,663)	394
Earnings / (loss) per share				
basic and diluted (restated)	11 Rs. 1.61	Rs. 1.52	Re. (0.56)	Re. 0.06

The annexed notes from 1 to 15 form an integral part of these financial statements.

  
Zulfiqar Ali Lakhani  
Chief Executive

  
Tasleemuddin Ahmed Batlay  
Director