

**CLOVER PAKISTAN LIMITED**  
**CONDENSED INTERIM**  
**FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS PERIOD**  
**ENDED 30 SEPTEMBER 2019 (Un-audited)**



**CLOVER PAKISTAN LIMITED**



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## **Company Information**

### **Board of Directors**

Mr. Muhammad Jamshed Azmet	-	(Chairman)
Mr. Nadeem Ahmed Butt		
Mr. Khawar Jamil Butt		
Mr. Abdul Wahab Kodvavi		
Mr. Irfan Ali Hyder		
Mr. Shehzad Mohsin		
Mr. Abu Talib Haideri	-	(Chief Executive Officer)

### **Audit Committee**

Mr. Abdul Wahab Kodvavi	-	(Chairman)
Mr. Muhammad Jamshed Azmet		
Mr. Nadeem Ahmed Butt		

### **Human Resource Committee**

Mr. Irfan Ali Hyder	-	(Chairman)
Mr. Muhammad Jamshed Azmet		
Mr. Khawar Jamil Butt		
Mr. Abu Talib Haideri		

### **Company Secretary**

Mr. Zeeshan Ul Haq

### **Chief Financial Officer**

Mr. Muhammad Asim

### **External Auditors**

Grant Thornton Anjum Rahman  
Chartered Accountants

### **Registered Office**

Banglow No. 23-B,  
Lalazar, Off: M.T. Khan Road,  
Karachi Pakistan.

### **Share Registrar**

FAMCO Associates (Pvt) 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)

**CLOVER PAKISTAN LIMITED**

**DIRECTORS' REPORT**

**For the quarter ended September 30, 2019**

The Directors present the 1<sup>st</sup> Quarter 2019 Report together with the Company's Financial Statements for the quarter ended September 30, 2019.

**OPERATING RESULTS**

The operating results of the Company for Q1 (July to Sept) were as follows:

	<b>Quarter Ended Sept-30</b>	
	<b>2019</b>	<b>2018</b>
	<i>Rupees in '000s</i>	
Revenue - Net	<b>89,434</b>	167,003
Cost of Sales	<b>(19,582)</b>	(116,888)
<b>Gross Profit</b>	<b>69,852</b>	50,115
Admin, Selling & Distribution Expenses	<b>(30,465)</b>	(1,734)
<b>Operating Profit</b>	<b>39,387</b>	48,381
Finance Cost	<b>(136)</b>	(297)
Exchange Loss	<b>(817)</b>	-
Other Income	<b>8,765</b>	441
<b>Profit Before Taxation</b>	<b>47,199</b>	48,525
Taxation	<b>(7,652)</b>	(7,751)
<b>Profit for the Period</b>	<b>39,547</b>	40,774
	<i>----- Rupees -----</i>	
Earning per share (Rs.)	<b>1.59</b>	<b>1.64</b>

The first quarter net Revenue of the Company at Rs. 89.4 million shows a decrease of 46% over the same period last year which is reflective of the general economic conditions. However, strict control over costs and other related measures explained in detail below have resulted in a reduction of only 19% in Operating Profit and 3% in Profit for the Period over last year results. Thus the EPS-basic and diluted was Rs. 1.59 versus Rs. 1.64 for same period of 2018.

## PERFORMANCE REVIEW

### Impact of Market Trends & Macro Economic Environment

The prevailing financial slow down in the Country's overall economy together with significant exchange rate fluctuations, high inflation and strict statutory/other measures taken by the Government, have negatively impacted almost all sectors. The results of almost all leading conglomerates and SME enterprises for this Quarter- July to September - announced recently show significantly reduced Revenues and profitability (and in some cases even losses).

### Revenue and Cost Reduction

Our Company, too, has obviously been affected and our top line shows a decline of 46% over net revenues for 2018 (same period).

To offset these, the Management made changes to its cost structure, streamlined operations in the short term and also reduced costs where possible. These measures resulted in the Operating Profit for 1<sup>st</sup> Quarter being only 19% lower than Q1-2018.

Other avenues of income resulted in Profit for the Period being only 3% or Rs. 1.2 million lower than the same period of 2018 and shows the commitment of the Clover team for providing a robust performance.

## FUTURE PROSPECTS

Our future strategy is driven by relying on our traditional business segments that are driven by innovation and emphasizing on diversification of our product portfolio and customer base. The Foods Business Segment is poised for launch of its first products in November 2019 and is expected to provide strong backing to the overall performance of the Company for the year ending 2020.

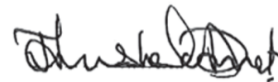
## ACKNOWLEDGEMENT

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*



ABU TALIB HAIDERI  
Chief Executive



MUHAMMAD JAMSHED AZMET  
Chairman

Karachi.

Dated: 25 October 2019

کلوور پاکستان لمیٹڈ  
ڈائریکٹرز کی جانب سے رپورٹ  
30 ستمبر، 2019 کو ختم ہونے والے سہ ماہی کے لئے

ڈائریکٹرز 30 ستمبر، 2019 کو ختم ہونے والے سہ ماہی میں کمپنی کے مالی بیانات کے ساتھ پہلی سہ ماہی 2019 کی رپورٹ پیش کرتے ہیں۔

عملی نتائج :

Q1 (جولائی تا ستمبر) کے کمپنی کے عملی نتائج درج ذیل تھے

30 ستمبر کو ختم ہونے والا سہ ماہی		
2018	2019	
(روپے '000 میں)		
167,003	89,434	کل آمدنی
(116,888)	(19,582)	فروخت کی قیمت
50,115	69,852	کل منافع
(1,734)	(30,465)	انتظامی اور فروخت کے اخراجات
48,381	39,387	عملی منافع / نقصان
(297)	(136)	مالیاتی لاگت
—	(817)	ایکسچینج کوسٹ
441	8,765	دیگر آمدنی
48,525	47,199	منافع قبل از ٹیکس
(7,751)	(7,652)	ٹیکس
40,774	39,547	مدت کا منافع
(روپے)	(روپے)	
1.64	1.59	نی حصص آمدنی

کمپنی کے پہلے سہ ماہی کی کل آمدنی 89,434 ملین روپے ہے جو کہ گزشتہ سال کے اسی مدت کے مقابلے میں 46 فیصد کی کمی کو واضح کرتا ہے جو کہ عام معاشی حالتوں کا عکاس ہے۔ تاہم، اخراجات پر سخت کنٹرول اور ذیل میں تفصیل سے بیان کردہ دیگر متعلقہ اقدامات کے نتیجے میں عملی منافع میں صرف 19 فیصد اور گزشتہ سال کے نتائج کے دوران منافع میں 3 فیصد کمی واقع ہوئی ہے۔ اس طرح EPS - بیسک اور ڈائریکٹرز 2018 کی مدت میں 1.59 روپے بالمقابل 1.64 روپے رہی۔

## کارکردگی کا جائزہ:

مارکیٹ کے رجحانات اور میکرو اکنومک انوائزیمنٹ کے اثرات

زرمبادلہ کی شرح میں اتار چڑھاؤ، اعلیٰ افراط زر اور حکومت کی طرف سے سخت قانونی دیگر اقدامات کی ساتھ ملک کی مجموعی معیشت میں موجودہ مالی سست روی نے تقریباً تمام شعبوں پر منفی اثر ڈالا ہے۔ اس سہ ماہی جولائی تا ستمبر میں تقریباً تمام معروف جماعتوں اور SME انٹرپرائزز کے نتائج نے حال ہی میں آمدنی اور منافع (اور کچھ معاملات میں مزید نقصانات) میں نمایاں طور پر کمی کو واضح کیا ہے۔

اس سے نجات کے لئے انتظامیہ نے اپنی لاگت کے ڈھانچے میں تبدیلی، مختصر مدت میں کارآمد طرز عمل اور ممکنہ جگہوں پر اخراجات میں کمی کو شروع کر دیا ہے۔ ان اقدامات کے نتیجے میں پہلے سہ ماہی کا عملی منافع 19 فیصد رہا جو کہ 2018 کے پہلے سہ ماہی سے کم ہے۔

آمدنی کے دیگر طریقوں کے نتیجے میں اس مدت کے لئے 3 فیصد یا 1.2 ملین کا منافع رہا جو کہ 2018 کے اسی مدت کے مقابلے میں کم ہیں اور مضبوط کارکردگی فراہم کرنے کے لئے کلووور کی ٹیم کے عزم کو ظاہر کرتا ہے۔

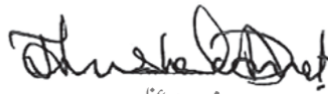
## مستقبل کا نقطہ نظر:


ہماری مستقبل کی حکمت عملی ہمارے روایتی کاروباری طبقات پر انحصار کرتی ہے جو کہ جدت کے ذریعہ کارفرما ہیں اور ہمارے پروڈکٹ پورٹ فولیو اور کسٹمر بیس کی توسیع پر زور دیتے ہیں۔ فوڈز بزنس سیکٹور، نومبر 2019 میں اپنی پہلی مصنوعات کے آغاز کے لئے تیار ہیں اور توقع کی جاتی ہے کہ وہ 2020 کو ختم ہونے والے سال کے لئے کمپنی کی مجموعی کارکردگی کی مضبوط تائید فراہم کرے گا۔

## اعتراف:

ہم ان سب لوگوں کو شکریہ ادا کرتے ہیں جنہوں نے ہمیں سال بھر ان کی قیمتی رہنمائی فراہم کی۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
جناب محمد حشید عظمت  
چیئرمین

  
جناب ابو طالب حیدری  
چیف ایگزیکٹو

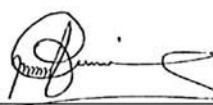
کراچی

تاریخ: 25 اکتوبر، 2019

**CLOVER PAKISTAN LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2019**

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	29,189	26,912
Intangible assets	8	549,176	549,186
Deferred tax asset	9	16,034	16,034
<b>Total non-current assets</b>		<b>594,399</b>	<b>592,132</b>
<b>Current assets</b>			
Stock-in-trade	10	69,808	77,824
Trade debts	11	271,842	199,247
Loans and advances	12	44,420	42,390
Trade deposits and short term prepayments	13	21,095	26,065
Short-term investments		9,956	12,619
Other receivables	14	21,238	123,737
Taxation-net		18,811	23,397
Cash and bank balances	15	124,715	43,315
<b>Total current assets</b>		<b>581,885</b>	<b>548,594</b>
<b>Total assets</b>		<b>1,176,284</b>	<b>1,140,726</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorized capital 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid-up share capital	16	249,145	249,145
Reserves		817,625	778,078
<b>Total shareholders' equity</b>		<b>1,066,770</b>	<b>1,027,223</b>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		5,516	3,682
Deferred liabilities		9,209	9,209
<b>Total non-current liabilities</b>		<b>14,725</b>	<b>12,891</b>
<b>Current liabilities</b>			
Trade and other payables	17	83,816	92,237
Advance from customers		1,387	818
Sales tax payable- net		3,562	1,777
Current portion of liabilities against assets subject to finance lease		1,906	1,127
Unclaimed dividend		4,118	4,653
<b>Total current liabilities</b>		<b>94,789</b>	<b>100,612</b>
<b>Total equity and liabilities</b>		<b>1,176,284</b>	<b>1,140,726</b>
<b>Contingencies and commitments</b>			

The annexed notes 1 to 26 form an integral part of these financial statements.

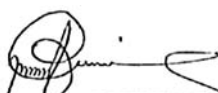
  
**CHIEF EXECUTIVE**
  
**CHIEF FINANCIAL OFFICER**
  
**DIRECTOR**

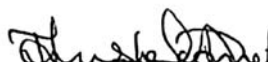
**CLOVER PAKISTAN LIMITED****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)****FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

		September 30, 2019	September 30, 2018
	Note	-----Rupees in '000-----	
Revenue - net	19	89,434	167,003
Cost of sales	20	(19,582)	(116,888)
<b>Gross profit</b>		<b>69,852</b>	<b>50,115</b>
Selling and distribution expenses		(5,417)	-
Administrative expenses		(25,048)	(1,734)
<b>Operating profit</b>		<b>39,387</b>	<b>48,381</b>
Other income		8,765	441
		48,152	48,822
Exchange loss		(817)	-
Finance cost		(136)	(297)
<b>Profit before taxation</b>		<b>47,199</b>	<b>48,525</b>
Taxation		(7,652)	(7,751)
<b>Profit for the period</b>		<b>39,547</b>	<b>40,774</b>
		-----Rupees -----	
			<b>Re-stated</b>
<b>Earnings per share - basic and diluted</b>	21	<b>1.59</b>	<b>1.64</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

**CLOVER PAKISTAN LIMITED**

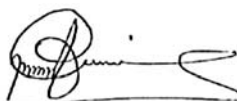
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	(Un-Audited) September 30, 2019 -----Rupees in '000-----	(Un-Audited) September 30, 2018
Profit for the period	39,547	40,774
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to the statement of profit or loss</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Unrealized appreciation during the period on re-measurement of investment	-	-
Realized appreciation during the period on disposal of investment	-	-
<b>Other comprehensive income / (loss) - net of tax</b>	-	-
<b>Total comprehensive income for the period</b>	<b>39,547</b>	<b>40,774</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

**CLOVER PAKISTAN LIMITED****CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)****FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

		September 30, 2019	September 30, 2018
	Note	-----Rupees in '000-----	
Cash used in operations	22	86,970	(31,884)
Finance cost paid		(136)	(297)
Taxation paid		(3,067)	(7,795)
<b>Net cash used in operating activities</b>		<b>(3,203)</b>	<b>(8,092)</b>
		<b>83,768</b>	<b>(39,976)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(4,445)	-
<b>Net cash used in investing activities</b>		<b>(4,445)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(535)	(3)
Finance lease liabilities		2,613	-
<b>Net cash generated from/ (used in) financing activities</b>		<b>2,078</b>	<b>(3)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>81,401</b>	<b>(39,979)</b>
Cash and cash equivalents at beginning of the period		43,315	78,795
<b>Cash and cash equivalents as at end of the period</b>		<b>124,716</b>	<b>38,816</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

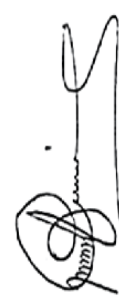
  
 CHIEF FINANCIAL OFFICER

  
 DIRECTOR

	Reserves					Total shareholders' equity
	Capital Reserve	Revenue reserve			Total reserves	
		General Reserve	Available for sale reserves	Unappropriated profit		
Share capital						
----- Rupees in '000 -----						
Balance as at July 01, 2018	94,349	-	64,600	181	15,320	80,101
Profit for the period	-	-	-	-	23,655	23,655
Other comprehensive loss	-	-	-	(181)	-	(181)
Total comprehensive (loss)/ income for the period	-	-	-	(181)	23,655	23,474
Balance as at September 30, 2018	94,349	-	64,600	-	38,975	103,575
-----						
Balance as at July 01, 2019	249,145	450,455	64,600	-	263,023	778,078
Profit for the period	-	-	-	-	39,547	39,547
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	39,547	39,547
Balance as at September 30, 2019	249,145	450,455	64,600	-	302,570	817,625
						1,066,770

The annexed notes 1 to 26 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



**CLOVER PAKISTAN LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

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**1 LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan on September 30, 1986 as a public limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Fossil Energy (Private) Limited (the 'Holding Company') which holds 83% shares of the Company. The registered office and geographical location of the Company is situated at Banglow No.23-B, Lalazar, Off M.T. Khan Road, Karachi.

The principal business of the Company includes sale of food products, consumer durables, and also import & trade of gantry equipment's air/oil filter and other car care products. However, after amalgamation with Hascombe Business Solutions (Private) Limited, the Company is also involved in marketing & distribution and after sales support of office automation products, fuel dispensers, vending machines and digital screens.

**2 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3 BASIS OF PREPARATION**

These condensed interim financial statements of the company does not include all of the information and disclosure required in the annual financial statements and should be read in conjunction with the annual financial statements of the company as at and for the year ended June 30, 2019. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

The figures in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the relevant notes to the condensed interim financial statements for the three months period ended September 30, 2019 and September 30, 2018 are not audited or reviewed by auditors.

**4 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

**5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT**

Judgements and estimates made by the management in the preparation of this condensed interim financial information are same as those applied in the Company's annual financial statements for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

**6 FUNCTIONAL AND PRESENTATION CURRENCY**

This condensed interim financial statements is presented in Pakistani Rupees which is also Company's functional currency.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	Notes	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
<b>7 PROPERTY AND EQUIPMENT</b>			
Operating assets	7.1	29,189	26,912
7.1 Details of additions and disposals to property and equipment during the six months period ended are as follows:			

	Additions		Disposals	
	-----At Cost-----		-----At Cost-----	
	(Un-Audited) September 30, 2019	(Audited) June 30, 2019	(Un-Audited) September 30, 2019	(Audited) June 30, 2018
	-----Rupees in '000-----		-----Rupees in '000-----	
Leasehold improvements	-	5,108	-	-
Furniture and fittings	-	2,904	-	-
Owned Vehicles	-	10,266	-	-
Other equipment	16	7,506	-	-
Computer & IT equipment	187	9,026	-	-
Leased Vehicles	4,242	-	-	-
	4,445	34,810	-	-

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
<b>8 INTANGIBLE ASSETS</b>			
Goodwill	8.1	548,863	548,862
Software		313	324
		549,176	549,186

- 8.1 Goodwill has been recognized on the amalgamation of Hascombe Business Solutions (Private) Limited by the Company. These intangible assets have been treated as having an indefinite useful life, consequently, the said intangibles will not be amortized. However these intangible assets will be tested for impairment annually.

<b>9 DEFERRED TAX ASSET- NET</b>		16,034	16,034
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Deferred tax asset has been recognized based on the projections prepared by the management indicating reasonable probabilities that taxable profits will be available in the foreseeable future against which deferred tax asset will be utilized on the basis of projections provided by the management.



**CLOVER PAKISTAN LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
<b>10 STOCK-IN-TRADE</b>			
Finished goods		<u>69,808</u>	<u>77,824</u>
<b>11 TRADE DEBTS - Unsecured</b>			
Considered good	11.1	<u>271,842</u>	<u>199,247</u>
<p><b>11.1</b> This include Rs. 58.40 million (June 30, 2019: Rs. 170.45 million) receivable from related parties. Certain trade debts were found to be doubtful and provision has been recorded accordingly. The doubtful trade debts are mostly due from customers in the business-to-business market.</p>			
		(Un-Audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
<b>12 LOANS AND ADVANCES</b>			
Considered good			
-to employees		1,805	1,628
-to suppliers		<u>42,615</u>	<u>40,762</u>
		<u>44,420</u>	<u>42,390</u>
<b>13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Trade deposits		8,775	8,890
Margin deposits		9,149	16,119
Short term prepayments		<u>3,171</u>	<u>1,056</u>
		<u>21,095</u>	<u>26,065</u>
<b>14 OTHER RECEIVABLES</b>			
Considered Good			
Receivable from associated companies		-	102,499
Duty Refundable due from Government	14.1	20,998	20,998
Amount with broker		<u>240</u>	<u>240</u>
		<u>21,238</u>	<u>123,737</u>
<p><b>14.1</b> In the year 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 recognized 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.</p>			

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

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 year ended June 30, 2010 and 2011 respectively, which were also rejected on the same grounds. The Company later filed references in the Honorable 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. The Customs Appellate Tribunal vide its order dated June 17, 2016 has decided the case in favor of the Company and has directed the tax department to refund the claim to the Company. The custom authorities have subsequently filed an appeal in the SHC which is pending.

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 Honorable 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.

	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	-----Rupees in '000-----	
<b>15 CASH AND BANK BALANCES</b>		
Cash in hand	360	390
Cash with banks in:		
- current accounts	123,613	42,696
- deposit accounts	742	229
	<u>124,715</u>	<u>43,315</u>
<b>16 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
Ordinary shares of Rs.10 each		
-fully paid in cash	39,000	39,000
-issued as bonus shares	55,349	55,349
-issued in lieu of amalgamation	154,796	154,796
	<u>249,145</u>	<u>249,145</u>
	Number of shares	
Ordinary shares of Rs.10 each		
-fully paid in cash	3,900,000	3,900,000
-issued as bonus shares	5,534,880	5,534,880
-issued in lieu of amalgamation	15,479,567	15,479,567
	<u>24,914,447</u>	<u>24,914,447</u>
Fossil Energy (Private) Limited (related party) hold 20,668,897 shares which are more than five percent of total shares of the Company.		
<b>17 TRADE AND OTHER PAYABLES</b>		
Trade creditors	82,095	90,042
Accrued liabilities	1,442	1,290
Withholding tax payable	279	845
Other liabilities	-	60
	<u>83,816</u>	<u>92,237</u>

**18 CONTINGENCIES AND COMMITMENTS**
**18.1 Contingencies**

The Trust Investment Bank Limited (TIBL) instituted the suit for recovery of Rs. 40,243,097 against HBSPL whose rights and obligations have been merged with and into the Company, which is pending adjudicating before the Judge Banking Court No. I, Lahore.

In response to the summons issued by the Banking Court, the Company moved an application for leave to appear and defend the suit under section 10 of the Financial Institutions (Recovery of Finances) Ordinance XLVI of 2001 as required by the law which has been allowed by the Honorable Court unconditionally and granted leave to defend the suit on the basis of question of facts and law raised by the Company in its leave to defend application.

The Honorable Court after considering the contents of the plaint and written statements framed issues whether the suit is barred by limitation; whether the plaint is liable to be rejected under Order VII Rule 11 CPC; whether the suit is not maintainable and plaint does not disclose any cause of action; whether the defendant is entitled to a decree in the sum of Rs. 690,704 on account of set off in its favor against the plaintiff bank as prayed for; whether the plaintiff is entitled for recovery of Rs. 40,243,097 along with costs of suit and cost of funds as prayed for.

In view of above said issue, the Company has moved an application for deciding the first three legal issues first, the reply of which has been sought by the Judge from the plaintiff bank and it the meantime, the presiding officer stood transferred upon completion of his three year tenure in the banking court on April 17, 2018 and still no presiding officer has been appointed by the Federal Ministry of Law and the case is being adjourned due to non-availability of presiding officer.

The management of the Company on the basis of Counsel's opinion is confident that the Company is not likely to suffer any losses on account of said case.

Notes	(Un-Audited) September 30, 2019	(Audited) June 30, 2019
	-----Rupees in '000-----	

**18.2 Commitments**

Outstanding letters of credit for stock in trade

	<u>12,430</u>	<u>13,261</u>
	(Un-Audited) September 30, 2019	(Un-Audited) September 30, 2018
	-----Rupees in '000-----	

**19 REVENUE - net**

- Revenue from goods & services

98,693 197,448

Less:

- Sales tax

(8,142) (30,445)

- Cartage

(1,118) -

(9,260) (30,445)

89,434 167,003

**20 COST OF SALES**

Cost of sales

20.1 14,527 116,888

Cost of services

5,055 -

19,582 116,888

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019**

	(Un-Audited) September 30, 2019	(Un-Audited) September 30, 2018
	-----Rupees in '000-----	
<b>20.1 Cost of sales</b>		
Opening stock	77,824	-
Add:		
Purchases	6,511	116,888
Less: Closing stock	(69,808)	-
	<u>14,527</u>	<u>116,888</u>
<b>20.2 Cost of services</b>		
Customer service plan	2,024	-
Delivery and installation cost	2,586	-
Depreciation	445	-
	<u>5,055</u>	<u>-</u>
<b>21 EARNING PER SHARES - basic and diluted</b>		
<b>Basic earnings per share</b>		
Profit for the period	<u>39,547</u>	<u>40,774</u>
<b>Number of shares</b>		
Weighted average number of shares outstanding at period end in thousand	<u>24,914</u>	<u>24,914</u>
Number of share for comparative year have been restated.		
	-----Rupees-----	
		<b>Re-stated</b>
<b>Basic earnings per share</b>	<u>1.59</u>	<u>1.64</u>
There is no dilutive effect on the basic earnings per share of the Company		
<b>22 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	47,199	48,525
<b>Adjustment for</b>		
Depreciation	2,167	25
Amortization	13	-
Finance cost	136	297
Unrealized loss on revaluation	2,663	-
	<u>4,979</u>	<u>322</u>
<b>Operating profit before working capital changes</b>	<u>52,178</u>	<u>48,847</u>
<b>Working capital changes</b>		
<b>(Increase)/ decrease to current assets</b>		
Stock-in-trade	8,016	-
Trade debts	(72,595)	(78,853)
Advance to suppliers	(2,030)	(15,763)
Trade deposits and short term prepayments	4,970	15,693
Other receivables	102,499	-
Sales tax receivable- net	-	4,018
<b>Increase/(Decrease) in current liabilities</b>		
Sales tax payable- net	1,785	-
Advance from customers	569	41,257
Trade and other payables	(8,421)	(47,083)
<b>Cash used in operations</b>	<u>86,970</u>	<u>(31,884)</u>

**23 TRANSACTION WITH RELATED PARTIES**

Related parties comprise associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	(Un-Audited) September 30, 2019	(Un-Audited) September 30, 2018
	-----Rupees in '000'-----	
<b>Associated Company - VOS Petroleum Limited</b>		
- Servicing income	11,250	-
<b>Holding Company - Fossil Energy (Private) Limited</b>		
-Sale of goods	16,500	82,920
<b>Associated Company - Market 786 (Private) Limited</b>		
-Sale of goods	284	-
<b>Balances</b>		
<b>Associated Company - VOS Petroleum Limited</b>		
- 'Trade Receivable	49,130	-
<b>Holding Company - Fossil Energy (Private) Limited</b>		
- 'Trade Receivable	9,000	82,920
<b>Associated Company - Market 786 (Private) Limited</b>		
- 'Trade Receivable	275	-

**24 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**
**Financial risk factors**

The Company's activities exposes it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this condensed interim financial statements does not include all the financial risk management information and disclosures required in the audited annual financial statements.

**Fair value of financial assets and liabilities**

The carrying value of all financial assets and liabilities reflected in the condensed interim financial statements approximate their fair values.

**25 DATE OF AUTHORISATION FOR ISSUE**

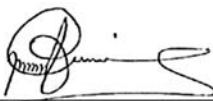
This condensed interim financial statements was authorised for issue on 25 October 2019 by the Board of Directors of the Company.

**26 GENERAL**

Amounts have been rounded off to the nearest thousand rupees, unless otherwise stated.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR