

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED
31 DECEMBER 2020 (UN-AUDITED)



CLOVER PAKISTAN LIMITED

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Company Information

Board of Directors

Mr. Salim Chamdia (Chairman)
Mr. Sohail Allana
Ms. Rima Athar
Mr. Khawar Jamil Butt
Mr. Shehzad Mohsin
Mr. Adbul Rahim Suriya
Mr. Farid Shamim

AUDIT COMMITTEE

Mr. Adbul Rahim Suriya (Chairman)
Mr. Salim Chamdia
Mr. Shehzad Mohsin

HUMAN RESOURCE COMMITTEE

Ms. Rima Athar (Chairman)
Mr. Salim Chamdia
Mr. Khawar Jamil Butt

COMPANY SECRETARY

Mr. Basit Habib

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 (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S, Sharah-e-Faisal,
Karachi

WEBSITE

www.clover.com.pk



CLOVER PAKISTAN LIMITED

CLOVER PAKISTAN LIMITED

DIRECTORS' REPORT

For the six months period ended December 31st, 2020

The Directors present the 2nd Quarter 2020 Report together with the Company's Financial Statements for the six months period ended December 31st, 2020.

OPERATING RESULTS

The operating results of the Company for six months period were as follows:

	December 31, 2020	December 31, 2019
	-----Rupees in '000'-----	
Revenue – net	217,101	335,110
Cost of sales	(227,608)	(226,466)
Gross (loss) / profit	(10,507)	108,644
Administrative and selling expenses	(86,446)	(32,036)
Operating (loss) / profit	(96,953)	76,608
Finance Cost	(146)	(1,247)
Exchange (loss)	(522)	(727)
Other income	541	23,922
(Loss) / profit before taxation	(97,080)	98,556
Taxation	(3,257)	(25,748)
(Loss) / profit for the period	(100,337)	72,808
		(Restated)
	-----Rupees in '000'-----	
(Loss) / earning per share - Basic and diluted	(3.22)	2.34

Signature

Directors' Report

Clover Pakistan Limited





CLOVER PAKISTAN LIMITED

The six months ended net Revenue of the Company stood at Rs 217 million as compared to Rs 335 million for the corresponding period last year. After accounting for selling and distribution expenses, administrative expenses, income tax other expenses, the Company reported the loss of Rs 100 million for the six months ended December 31st, 2020 as compared to the profit of Rs 73 million for the corresponding period last year. This translates to loss per share of (Rs 3.22) versus Rs 2.34 earnings per share for the same period last year.

PERFORMANCE REVIEW

Impact of Market Trends & Macro Economic Environment

The impact of COVID-19 has been an evolving situation since late 2019. Management has determined that there is no material uncertainty that casts doubt upon the company's ability to expand and grow business segments.

Revenue and Cost Reduction

Company has maintained decent sales volume despite thin profit margin owing to the direct costs and exchange losses incurred on imported material/chemical that the Company was not able to pass on the customers.

FUTURE PROSPECTS

Post COVID-19, the Country's economy is showing signs of improvement and accordingly the management believes that the same will be reflected in your Company financials towards the end of this financial year. The management has successfully streamlined the operations and reduced costs where ever possible. Our future strategy is to focus on our high margin business segments that are driven by value creation and emphasizing on diversification of our product portfolio and customer base.

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

Salim Chamdia



Chairman

Karachi.

Dated: 26-02-2021



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Clover Pakistan Limited

Report on review of Interim Financial Statements

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Clover Pakistan Limited** as at **December 31, 2020** and the related 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, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the interim financial statements). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphasis of Matter

We draw attention to contents of note 15.1 of the interim 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.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-months period ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's report is **Muhammad Khalid Aziz**.



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: February 26, 2021

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	-----Rupees in '000'-----	
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	7	18,338	22,139
Intangible assets	8	386,235	386,259
Long term deposit		2,205	4,485
Deferred tax asset - net	9	19,934	19,934
Total non - current assets		426,712	432,817
CURRENT ASSETS			
Stock in trade	10	157,955	335,526
Trade debts - unsecured	11	73,189	68,360
Loan and advances - unsecured	12	51,474	24,806
Trade deposits and short term prepayments	13	6,199	18,634
Short term investment	14	-	7,780
Other receivables	15	31,682	21,759
Taxation - net		48,963	50,869
Cash and bank balances	16	34,790	6,763
Total current assets		404,252	534,497
TOTAL ASSETS		830,964	967,314
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		400,000	400,000
40,000,000 (June 30, 2020: 40,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital	17	311,431	311,431
Reserves		460,380	560,717
Total shareholders' equity		771,811	872,148
NON-CURRENT LIABILITIES			
Deferred liabilities		11,048	9,918
Total non-current liabilities		11,048	9,918
CURRENT LIABILITIES			
Trade and other payables	18	35,850	79,450
Advance from customers - unsecured		5,848	238
Sales tax payable- net		2,471	1,624
Unclaimed dividend		3,936	3,936
Total current liabilities		48,105	85,248
TOTAL LIABILITIES		59,153	95,166
TOTAL EQUITY AND LIABILITIES		830,964	967,314
Contingencies and commitments	19		

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period ended		Three months period	
		December	December	December	December
		31, 2020	31, 2019	31, 2020	31, 2019
		-----Rupees in '000'-----		-----Rupees in '000'-----	
Revenue - net	20	217,101	335,110	88,941	245,677
Cost of sales	21	(227,608)	(226,466)	(112,839)	(206,884)
Gross (loss) / profit		(10,507)	108,644	(23,898)	38,793
Administrative and selling expenses		(86,446)	(32,036)	(52,537)	(1,571)
Operating (loss) / profit		(96,953)	76,608	(76,435)	37,222
Finance cost		(146)	(1,247)	(113)	(1,111)
Exchange (loss) / gain		(522)	(727)	-	90
Other income		541	23,922	7	15,157
(Loss) / profit before taxation		(97,080)	98,556	(76,541)	51,358
Taxation		(3,257)	(25,748)	(1,335)	(18,096)
(Loss) / profit for the period		(100,337)	72,808	(77,876)	33,262
		(Restated)		(Restated)	
		------(Rupees)-----		------(Rupees)-----	
(Loss) / earning per share - Basic and diluted	22	(3.22)	2.34	(2.50)	1.07

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended		Three months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	-----Rupees in '000'-----		-----Rupees in '000'-----	
(Loss) / profit for the period	(100,337)	72,808	(77,876)	33,262
Other comprehensive income				
<i>Items that may be reclassified to statement of profit or loss subsequent period</i>	-	-	-	-
<i>Items that will not be reclassified to statement of profit or loss subsequent period</i>	-	-	-	-
Total comprehensive (loss) / income	(100,337)	72,808	(77,876)	33,262

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Issued, subscribed and paid up share capital	Reserves			Total reserves	Total equity
		Capital Reserve	Revenue reserve			
		Share premium	General reserve	Unappropriated profit		
----- Rupees in '000' -----						
Balance as at July 01, 2019	249,145	450,455	64,600	263,166	778,221	1,027,366
Profit for the six months period ended December 31, 2019	-	-	-	72,808	72,808	72,808
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	72,808	72,808	72,808
Balance as at December 31, 2019	249,145	450,455	64,600	335,974	851,029	1,100,174
Balance as at July 01, 2020	311,431	388,169	64,600	107,948	560,717	872,148
Loss for the six months period ended December 31, 2020	-	-	-	(100,337)	(100,337)	(100,337)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(100,337)	(100,337)	(100,337)
Balance as at December 31, 2020	311,431	388,169	64,600	7,611	460,380	771,811

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CTML

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CLOVER PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period ended	
		December 31, 2020	December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(97,080)	98,556
<i>Adjustments for:</i>			
Depreciation		3,801	4,440
Amortization		24	24
Impairment of operating fixed assets		-	8
Impairment of stock in trade		3,430	-
Gain on sale of short term investment		(520)	-
Dividend income		-	(150)
Finance cost		146	1,247
Profit on bank deposit		(21)	(38)
Unrealised gain on revaluation of short term investment		-	(3,741)
Provision for staff retirement benefits		7,373	-
Exchange loss		522	-
		<u>14,755</u>	<u>1,790</u>
Operating (loss) / profit before working capital changes		(82,325)	100,346
<i>(Increase) / decrease in current assets</i>			
Stock in trade		174,141	8,969
Trade debts - unsecured		(4,829)	(143,233)
Loan and advances - unsecured		(35,668)	(9,065)
Trade deposits and short term prepayments		12,435	(4,622)
Other receivables		(923)	100,324
		<u>145,156</u>	<u>(47,627)</u>
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		(44,122)	167,675
Advance from customers - unsecured		5,610	(722)
Sales tax payable- net		847	6,141
		<u>(37,665)</u>	<u>173,094</u>
Net cash generated from operations		25,166	225,813
Finance cost paid		(146)	(1,247)
Income tax paid		(1,351)	(4,755)
Payment to outgoing employee - gratuity fund		(6,243)	(362)
Interest received		21	38
		<u>(7,719)</u>	<u>(6,326)</u>
Net cash generated from operating activities		17,447	219,487
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		-	(754)
Dividend received		-	150
Disposal of short term investment		8,300	-
Long term deposit received		2,280	-
Net cash generated from / (used in) investing activities		10,580	(604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(691)
Repayment of lease liability		-	(1,449)
Net cash used in financing activities		-	(2,140)
Net increase in cash and cash equivalents		28,027	216,743
Cash and cash equivalents at the beginning of the period		6,763	43,315
Cash and cash equivalents at the end of the period	16	<u>34,790</u>	<u>260,058</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CLOVER PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND OPERATIONS

Clover Pakistan Limited (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 71% (June 2020: 71%) shares of the Company. The registered office and geographical location of business units of the Company are as follows:

- 1) Banglow No.23-B, Lalazar, Off M.T. Khan Road, Karachi. (Head Office).
- 2) 5th Floor, LSE Building 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (Administrative office).
- 3) Ground floor - Qamar plaza, IJP road. Rawalpindi (Administrative office).
- 4) New Church Building, Tilak Incline, Jacob Road, Hyderabad Sindh, 71000 (Administrative Office).
- 5) Plot No. 24-C, Khayaban-e-Nishat, Phase-VI, DHA, Karachi (Clover Nishat Mart).

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. The Company is also involved in marketing & distribution and after sales support of office automation products, fuel dispensers, vending machines and digital screens.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

In the month of August 2020, due to urban flooding in Karachi, two of the Company's Mart namely Clover Nishat Mart and Clover Sehar Mart located at Khayaban-e-Nishat and Khayaban-e-Sehar respectively, were flooded with the rain water. Consequently, damage occurred to the inventory and furniture at the Marts. However, the management is of the view that the damages will be recovered through insurance cover.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

These condensed interim financial statements of the Company 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.

Wherever, the requirements of the Companies Act 2017 or directives issued by SECP differ with the requirements of IAS 34, the requirements of Companies Act 2017 or directives issued by SECP then Companies Act 2017 or directives issued by SECP shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2020.

3.2 Functional and Presentation Currency

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

4 Standards, Amendments and Interpretations to Approved Accounting Standards

4.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

CLOVER PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	June 1, 2020
Adoption of the above standard have no significant effect on the amounts for the period ended December 31, 2020.	
4.1.1 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company	
The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.	

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
IAS 16 - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
IAS 41 - Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.	

4.1.2 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts' (amendments to IFRS 17)	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

5 USE OF JUDGEMENTS AND ESTIMATES AND FINANCIAL RISK MANAGEMENT

The estimates / judgments and associated assumptions used in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2020.

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, 2020.

6 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2020.

CLOVER PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

			(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Note	-----Rupees in '000'-----	
7	PROPERTY AND EQUIPMENT			
	Operating fixed assets	7.1	<u>18,338</u>	<u>22,139</u>
7.1	The movement to property and equipment during the six months period ended are as follow:			
	Cost		53,036	45,155
	Additions		-	7,681
	Accumulated depreciation		<u>(34,698)</u>	<u>(30,697)</u>
	Written down value		<u>18,338</u>	<u>22,139</u>
8	INTANGIBLE ASSETS			
	Goodwill	8.1	385,985	385,985
	Softwares		<u>250</u>	<u>274</u>
		8.2	<u>386,235</u>	<u>386,259</u>
8.1	Goodwill has been recognized on the amalgamation of Hascombe Business Solutions (Private) Limited by the Company.			
			(Un-audited) December 31, 2020	(Audited) June 30, 2020
		Note	-----Rupees in '000'-----	
8.2	Following is the movement of intangible assets:			
	Opening balance		386,259	549,362
	Amortization charged		(24)	(226)
	Impairment charged		-	(162,877)
	Closing balance		<u>386,235</u>	<u>386,259</u>
9	DEFERRED TAX ASSET - NET			
		9.1	<u>19,934</u>	<u>19,934</u>
9.1	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.			
			(Un-audited) December 31, 2020	(Audited) June 30, 2020
			-----Rupees in '000'-----	
10	STOCK IN TRADE			
	Inventory		163,608	335,526
	Provision for impairment		<u>(5,653)</u>	<u>-</u>
			<u>157,955</u>	<u>335,526</u>
11	TRADE DEBTS - UNSECURED			
	Considered good			
	-Trade debts		74,164	69,335
	Trade debts - gross		<u>74,164</u>	<u>69,335</u>
	Allowance for expected credit loss - opening balance		(975)	(975)
	Charge for the period / year		-	-
	Allowance for expected credit loss - closing balance		<u>(975)</u>	<u>(975)</u>
	Trade debts - net		<u>73,189</u>	<u>68,360</u>

CLOVER PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

			(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note		-----Rupees in '000'-----	
12	LOANS AND ADVANCES - UNSECURED			
	Advances			
	- suppliers		51,013	24,806
	- others		461	-
			<u>51,474</u>	<u>24,806</u>
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Trade deposits		3,905	4,184
	Margin deposits		-	12,900
	Short-term prepayments		2,294	1,550
			<u>6,199</u>	<u>18,634</u>
14	SHORT TERM INVESTMENT			
	Investment in quoted shares - fair value through profit or loss	14.1	-	7,780
14.1	1,000,000 quoted shares of Dewan Cement Limited were disposed off during the period against a consideration of Rs. 8,300 million.			
			(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note		-----Rupees in '000'-----	
15	OTHER RECEIVABLES			
	Considered good			
	Duty refundable due from Government	15.1	20,998	20,998
	Others	15.2	10,684	761
			<u>31,682</u>	<u>21,759</u>
15.1	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 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 favour 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.

CLOVER PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

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.

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 condensed interim financial statements.

- 15.2 This includes insurance claim receivable in respect of the inventory damaged in the Company's Khayaban-e-Nishat and Khayan-e-Schar Marts due to urban flooding. The survey related to the claim is still in process as of the period end.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000'-----	
16 CASH AND BANK BALANCES		
Cash in hand	359	1,078
Cash at banks		
- current account: - conventional	23,456	5,255
- Islamic	10,904	229
- saving accounts - conventional	71	201
	34,431	5,685
	34,790	6,763

17 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	(Un-audited) December 31, 2020	(Audited) June 30, 2020	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Number of shares		-----Rupees in '000'-----	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	3,900,000	3,900,000	39,000	39,000
- issued as bonus shares	11,763,492	11,763,492	117,635	117,635
- issued in lieu of amalgamation	15,479,567	15,479,567	154,796	154,796
	31,143,059	31,143,059	311,431	311,431

- 17.1 Fossil Energy (Private) Limited (a related party) holds 22,211,121 shares (June 2020: 22,211,121 shares) which are 71 % (June 2020: 71 %) of the total shares of the Company.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000'-----	
18 TRADE AND OTHER PAYABLES		
Trade creditors	29,853	73,561
Accrued liabilities	601	1,237
Payable to provident fund	4,735	4,525
Withholding tax payable	661	127
	35,850	79,450

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19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

The current status of the contingencies is same as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020, except for the below mentioned updates.

During the period, a case was registered by the custom authorities dated September 03, 2020 against the Company and its Directors for the unauthorized withdrawal of VAM from the Bonded Warehouse having duty involvement of Rs 17.407 million. The case was disclosed in note 24.2 of the annual audited financial statements of the Company for the year ended June 30, 2020 for which the legal advisor gave his opinion that the ongoing proceedings were not likely to culminate in incrimination of the Company.

Subsequently, the Collector of Customs passed an order dated December 08, 2021 disposing off the show cause notice and imposing a minute penalty on the owner of the warehouse, the importers and their clearing agents. However, the Custom House filed an appeal against such order.

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000'-----	
19.2 Commitments		
Outstanding letters of credit for stock in trade	-	21,906
Ijarah financing	6,599	8,122

	------(Un-audited)-----			
	Six months period ended		Three months period	
Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	-----Rupees in '000'-----		-----Rupees in '000'-----	

20 REVENUE - NET

Revenue from				
- Sale of goods	261,858	285,977	106,558	227,863
- Services	895	101,496	895	60,917
Revenue - gross	262,753	387,473	107,453	288,780
Less:				
- Sales tax	(38,878)	(50,093)	(15,430)	(41,951)
- Cartage	(6,774)	(2,270)	(3,082)	(1,152)
	(45,652)	(52,363)	(18,512)	(43,103)
	217,101	335,110	88,941	245,677

21 COST OF SALES

Cost of sales	21.1	222,260	200,824	111,343	186,297
Cost of services		5,348	25,642	1,496	20,587
		227,608	226,466	112,839	206,884

21.1 Cost of sales

Opening stock	335,526	77,824	228,452	69,808
Add: Purchases	50,342	191,855	46,499	185,344
	385,868	269,679	274,951	255,152
Less: Closing stock	(163,608)	(68,855)	(163,608)	(68,855)
	222,260	200,824	111,343	186,297

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**22 (LOSS) / EARNING PER SHARE -
BASIC AND DILUTED**

(Loss) / profit for the period	<u>(100,337)</u>	<u>72,808</u>	<u>(77,876)</u>	<u>33,262</u>
Number of shares	Number in '000'		Number in '000'	
Weighted average number of ordinary shares	(Restated)		(Restated)	
in thousand	<u>31,143</u>	<u>31,143</u>	<u>31,143</u>	<u>31,143</u>
	(Restated)		(Restated)	
	----- (Rupees) -----		----- (Rupees) -----	
Basic and diluted (loss) / earnings per share	<u>(3.22)</u>	<u>2.34</u>	<u>(2.50)</u>	<u>1.07</u>

22.1 There is no dilutive effect on the basic (loss) / earnings per share of the Company.

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23 OPERATING SEGMENT

The management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. The reportable segments of the Company are as follows:

Description	Six months period ended December 31, 2020					Six months period ended December 31, 2019						
	Business automation and related services	Petrotech and related services	Chemicals	Lubricants	Others	Total	Business automation and related services	Petrotech and related services	Chemicals	Lubricants	Others	Total
Rupees in '000'												
Revenue - net	16,408	1,964	190,785	7,394	551	217,101	34,840	93,119	184,939	-	22,211	428,229
Cost of sales	(9,373)	(7,762)	(203,957)	(5,898)	(619)	(227,608)	(24,667)	(32,598)	(166,177)	-	(3,024)	(226,466)
Gross profit	7,035	(5,798)	(13,172)	1,496	(68)	(10,507)	10,174	60,521	18,762	-	19,187	201,763
Administrative and selling expense	(11,740)	(6,212)	(35,604)	(2,788)	(30,101)	(86,445)	(10,350)	(6,712)	(8,268)	-	(2,544)	(27,873)
Operating (loss) / profit	(4,705)	(12,010)	(48,777)	(1,291)	(30,169)	(96,952)	(176)	53,809	10,495	-	16,643	173,890
Other income						541						23,922
Exchange loss						(522)						(727)
Finance cost						(146)						(1,247)
(Loss) / profit before taxation						(97,080)						98,556
Taxation						(3,257)						(25,748)
(Loss) / profit for the year						(100,337)						72,808

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24 TRANSACTIONS WITH RELATED PARTIES

24.1 The related parties include group companies, staff retirement funds, companies with common directorship and key management personnel. Details of transactions and balances with related parties during the period, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, are as follows:

	(Un-audited) December 31, 2020	(Un-audited) December 31, 2019
	-----Rupees in '000'-----	
<i>Transactions</i>		
Associated Company - VOS Petroleum Limited		
- Servicing income	-	11,250
Holding Company - Fossil Energy (Private) Limited		
-Sale of goods	255	16,500
Associated Company - Market 786 (Private) Limited		
-Sale of goods	-	284
Director's fee & management remuneration	6,525	10,949
	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000'-----	
<i>Balances</i>		
Holding Company - Fossil Energy (Private) Limited		
-Receivable from holding company	22	-

25 FAIR VALUE MEASUREMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2020.

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs

The Company held the following financial assets at fair value;

		December 31, 2020			June 30, 2020
		(Level 1)	(Level 2)	(Level 3)	Total
		-----Rupees in '000'-----			
Short term investment	Note 13	-	-	-	7,780
		-	-	-	7,780

26 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2020.

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27 GENERAL

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

28 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements was authorised for issue on 26 FEB 2021 by the Board of Directors of the Company.

CTM


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

