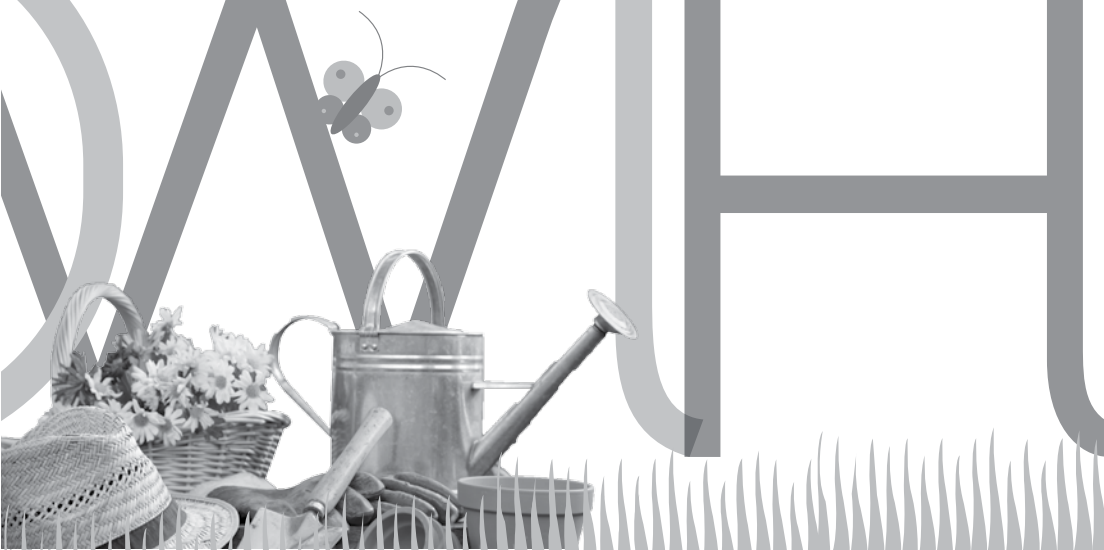
Half Yearly Report June 30, 2016

Investing into growth



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COMPANY INFORMATION

Board of Directors
Shahzada Dawood (Chairman)
Kulsum Dawood
Hasan Reza-Ur Rahim
Ghias Uddin Khan
Kamran Nishat
Shafiq Ahmed
Sulaiman S. Mehdi (Chief Executive)

Board Audit Committee
Kamran Nishat (Chairman)
Shafiq Ahmed
Hasan Reza-Ur Rahim
Ghias Uddin Khan

Board HR & Remuneration Committee
Ghias Uddin Khan (Chairman)
Kamran Nishat
Hasan Reza-Ur Rahim

Board Investment Committee
Hasan Reza-Ur Rahim (Chairman)
Kulsum Dawood
Shahzada Dawood
Shafiq Ahmed

CFO & Company Secretary
Faisal Nadeem Mangroria

Head of Internal Audit
Ayman Anwer

Executives*
Sulaiman S. Mehdi (CEO)
Faisal Nadeem Mangroria (CFO & CS)
Shahab Farooq (Head of Research)
Ayman Anwar (Head of Internal Audit)
Muhammad Anas Karimi (Senior Manager Finance)
Narender Lakhwani (Investment Associate)
Wahaj Ghulam Hussain (Manager Compliance & Risk Management)
Ali Akber Zafar (Investment Associate)
Sheikh Zulqarnain (Assistant Manager)

*As determined by the Board of Directors

Auditors
A.F. Ferguson & Co.
(Chartered Accountants)
State Life Building 1-C,
I.I. Chundrigar Road, Karachi.
Website: www.pwc.com/pk

Tax Consultants
A.F. Ferguson & Co.
(Chartered Accountants)
State Life Building 1-A,
I.I. Chundrigar Road, Karachi.
Website: www.pwc.com/pk

Share Registrar/Transfer Agent
Technology Trade (Pvt.) Ltd.
Dagia House,241-C,Block-2,
P.E.C.H.S. Off: Shahrah-e- Quaideen, Karachi.
Tel: (92-21) 34391316-7,19 & 34387960-1
Fax: (92-21) 34391318

Legal Advisors
Mohsin Tayebally & Co.
1st Floor, Dime Centre,
BC-4, Block 9, Khekashan,
Clifton, Karachi

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Al Falah Limited
BankIslami Pakistan Limited
Habib Bank Limited

Registered Office
Dawood Centre, M.T. Khan Road
Karachi-75530
Website: www.cyanlimited.com

Rating Agency
JCR – VIS Credit Rating Agency
VIS House, 128/C,
25th Lane Off Khayaban-e-Ittehad,
Phase VII, DHA, Karachi

DIRECTORS' REVIEW

The Board of Directors of Cyan Limited is pleased to present the un-audited condensed interim financial information of the company for the half year ended June 30, 2016.

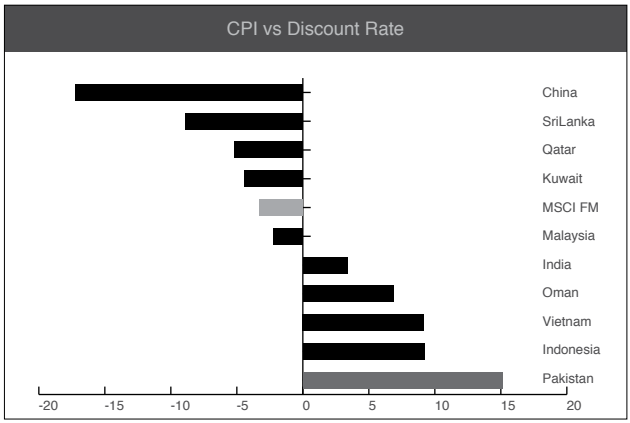
Economy Review & Outlook

Building on the previous year, FY16 witnessed slow but steady improvement in macroeconomic indicators with GDP growth posting an eight year high of 4.7% versus a growth of 4.0% in FY15. Inflationary pressures remained subdued owing to downturn in global commodity prices and headline inflation clocked in at 3.2% YoY in June 2016 resulting in an average inflation of 2.9% in FY16 compared to 4.6% in FY15. Soft inflation enabled the central bank to continue with its easing monetary policy stance and reducing interest rates further by 25 basis points during the period under review.

Economic activity is expected to strengthen due to implementation of power and infrastructure development projects under China Pakistan Economic Corridor (CPEC). Key risks include unexpected reversal in commodities prices, delays in implementation of CPEC projects and higher than expected PKR depreciation due to interest rate cycle reversal in the US. Continued slowdown in global economies may exert further pressure on the country's exports which have already witnessed a decline of 8% YoY, a reflection of global macroeconomic headwinds. Further slump in oil prices may also pose a risk to sustainability of remittances.

Stock Market Review & Outlook

The period under review ended on a positive note with Pakistan Stock Exchange (PSX) being reclassified as an Emerging Market by MSCI in its Annual Classification Review in June 2016, driving positive investor sentiments. The local bourse yielded 15% during the period under review on account of positive news flows on the macroeconomic and equity market fronts. Regionally, the KSE-100 Index was crowned as Asia's best performing market, outperforming major equity markets. The index is currently trading at an attractive P/E multiple of 9.9x with the highest dividend yield amongst regional peers of 5.2%. Foreign Portfolio Investment recorded an outflow of US$41 million during the period under review. However, the month of June helped pare outflows with a massive foreign inflow of US$74mn due to re-entrance of PSX into MSCI Emerging Market Index.



Going forward, the local bourse is expected to remain buoyant due to increased foreign investors' interest as Pakistan still offers attractive multiples relative to regional markets besides being reclassified as an Emerging Market. Progress on the privatisation front may prove to be a key sentiment driver going forward. Reversal in fortunes of index heavyweights such as the banking and oil exploration sectors is expected to keep investors interested. Moreover, the manufacturing sector is likely to generate positive results with cement and steel sectors to remain in the limelight. Sustained improvement in macro indicators are also expected to generate positive momentum in the local bourse.

Company Performance

During the half year ended June 30, 2016 the company posted earnings per share of Rs.5.52 compared to Rs.4.99 in the corresponding period in 2015.

During the half year the company adopted an aggressive stance on the public equities and increased its exposure to 94% (average), whereas 6% was vested towards mutual funds and government securities. The increase in equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves and inflation in single digits.

The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in electricity, textile composite, technology and communication, cement, oil & gas exploration and banks. Due to alignment of company's portfolio towards high yield oriented stocks, the dividend income increased by 45% to Rs.123 million for the half year ended June 30, 2016 as opposed to Rs.85 million earned in the corresponding period last year. Un-realized gain of Rs.161 million were recorded during the period as compared Rs.278 million reported in the corresponding period in 2015. The company also earned capital gains of Rs.60 million during the half year as opposed to Rs.85 million recorded in the corresponding period in 2015.

Acknowledgement

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their unswerving commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan and the management of the Pakistan Stock Exchange for their continued support and cooperation.

On behalf of the Board

Hasa Reza-Ur Rahim
Director

Sulaiman S. Mehdi
Chief Executive

Karachi: August 17, 2016

ڈائریکٹر کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2016 کو ختم ہونے والی ششماہی کے لیے کمپنی کی غیر جانچ شدہ مختصر وسط مدتی مالیاتی معلومات پیش کرتے ہیں۔

معیشت کا تجزیہ اور مستقبل کے آثار

گزشتہ سال کے تسلسل میں، مالی سال 2016 میں میکرو اکنامک انڈیکیٹرز میں نسبتاً سست رفتاری سے مستحکم ترقی کی جانب گامزن نظر آئی اور GDP میں گزشتہ 8 سال میں سب سے زیادہ 4.7 فیصد اضافہ ہوا جو مالی سال 2015 میں 4.0 فیصد تھا۔ عالمی سطح پر اشیائے صرف کی قیمتوں میں کمی کے باعث افراط زر کا دباؤ کم رہا اور افراط زر کی شرح جون 2016 میں (سال بہ سال) 3.2 فیصد ہوگئی جس کے نتیجے میں مالی سال 2016ء میں افراط زر کی اوسط شرح 2.9 فیصد ہوگئی جبکہ مالی سال 2015ء میں 4.6 فیصد تھی۔ ہموار افراط زر کی وجہ سے مرکزی بینک نے اپنی مانیٹری پالیسی میں نرمی کے مؤقف کو برقرار رکھا اور زیر جائزہ مدت میں منافع کی شرح میں 25 بیسز پوائنٹس کی کمی کی۔

پاک چین اقتصادی راہداری (CPEC) کے تحت نئے پاور اور انفرااسٹرکچر ترقیاتی منصوبوں کے آغاز کے باعث معاشی سرگرمیوں میں مزید مضبوطی کی توقع ہے۔ اس ضمن میں درپیش بنیادی خطرات میں اشیائے صرف کی قیمتوں میں غیر معمولی اتار چڑھاؤ، CPEC منصوبوں کی تکمیل میں تاخیر اور امریکہ میں شرح منافع کے بدلاؤ کی وجہ سے پاکستانی روپے کی قدر میں خلافِ توقع کمی شامل ہیں۔ عالمی معیشتوں میں مسلسل سست روی کے رجحان کے باعث پاکستانی برآمدات پر دباؤ میں مزید اضافے کا خدشہ ہے جس میں پہلے ہی 8 فیصد (سال بہ سال) کی رفتار سے کمی واقع ہوئی ہے جس کی وجہ مشکل عالمی معاشی حالات کو قرار دیا جاسکتا ہے۔ تیل کی قیمتوں میں مزید کمی سے مضبوط تر سیلات زر کو بھی خطرات لاحق ہوسکتے ہیں۔

بازارِ حصص کا تجزیہ اور مستقبل کے آثار

زیر جائزہ مدت پاکستان حصص بازار کے لیے ایک مثبت انداز میں اختتام پذیر ہوئی چونکہ MSCI نے اپنے سالانہ درجہ بندی جائزے میں اس کو ایک ابھرتی ہوئی مارکیٹ کے درجے میں شامل کیا اور یہ مثبت رجحان سرمایہ کاروں کی توجہ کا باعث بنا۔ اس مدت میں مقامی بازارِ حصص میں 15 فیصد اضافہ دیکھنے میں آیا جو میکرو اکنامک اور ایکویٹی مارکیٹ میں مثبت خبروں کی گردش کے باعث تھا۔ علاقائی سطح پر کراچی اسٹاک ایکسچینج (KSE) کو ایشیا کی بہترین مارکیٹ قرار دیا گیا جس نے کارکردگی میں بڑی ایکویٹی مارکیٹس کو بھی پیچھے چھوڑ دیا۔ حالیہ دنوں میں اس کا انڈیکس 9.9x کے پرکشش P/E ملٹی پل (Multiple) پر سب سے زیادہ ڈیویڈنڈ کے ساتھ تجارت کررہا ہے جو علاقائی مارکیٹوں کے 5.2 فیصد سے زیادہ ہے۔ زیرِ جائزہ مدت کے دوران غیر ملکی سرمایہ کاری کی مد میں 41 ملین امریکی ڈالر کا اخراج ہوا۔ بہرحال ماہ جون میں پاکستان اسٹاک ایکسچینج کی MSCI ملین امر

کیلنڈر سال 2016 کی پہلی ششماہی میں علاقائی ایکویٹی مارکیٹوں کی کارکردگی

چین	-17.2%	MSCI FM	-3.3%	ویت نام	9.2%
سری لنکا	-8.9%	ملائیشیا	-2.3%	انڈونیشیا	9.2%
قطر	-5.2%	بھارت	3.4%	پاکستان	15.1%
کویت	-4.5%	عمان	6.9%		

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Cyan Limited** as at June 30, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2016 and June 30, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 condensed interim financial information as of and for the half year ended June 30, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: August 18, 2016
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at June 30, 2016

	Note	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	5	14,455	15,593
Intangible assets	6	17	30
Deferred taxation		5,910	-
Long term loans	7	10,863	11,712
Long term deposits		2,500	2,500
		33,745	29,835
Current assets			
Short term investments	8	2,940,314	2,825,317
Long term loans - current portion	7	2,330	2,348
Trade and other receivables		12,465	10,981
Advances and short term prepayments		3,800	3,997
Cash and bank balances	9	60,795	159,891
		3,019,704	3,002,534
TOTAL ASSETS		3,053,449	3,032,369
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2015: 100,000,000) Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital		586,277	586,277
Unappropriated profit		1,467,827	1,378,815
Reserves		133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(3,480)	(3,480)
Surplus on revaluation of available-for-sale investments		535,221	420,437
		2,718,933	2,515,137
Non-current liabilities			
Deferred liability - gratuity		10,072	8,369
Deferred taxation		-	45,166
		10,072	53,535
Current liabilities			
Creditors, accrued expenses and other liabilities		89,234	284,175
Short term borrowings	8.3.1.2	56,967	-
Taxation - net		178,243	179,522
		324,444	463,697
TOTAL EQUITY AND LIABILITIES		3,053,449	3,032,369
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the half year ended June 30, 2016 - (un-audited)

	Note	Half Year Ended		Quarter Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		----------(Rupees in '000)----------			
REVENUES					
Return on investments	11	124,330	86,904	48,630	26,491
Gain / (loss) on sale of investments - net	12	59,710	84,592	17,457	(16,764)
Other income	13	3,206	6,053	918	5,432
		187,246	177,549	67,005	15,159
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	14	161,523	278,328	241,885	358,029
Unrealised loss on re-measurement of derivatives-net		(448)	-	(448)	-
		348,321	455,877	308,442	373,188
EXPENSES					
Operating and administrative expenses		(57,160)	(32,433)	(31,557)	(10,968)
Financial charges		(7,605)	-	(6,216)	-
		(64,765)	(32,433)	(37,773)	(10,968)
PROFIT FOR THE PERIOD BEFORE TAXATION		283,556	423,444	270,669	362,220
Taxation - current period		(11,110)	(46,644)	(1,256)	(5,536)
- prior period		-	(37,423)	-	(37,423)
- deferred		51,077	(46,818)	39,684	(87,881)
		39,967	(130,885)	38,428	(130,840)
PROFIT FOR THE PERIOD AFTER TAXATION		323,523	292,559	309,097	231,380
		---------- (Rupees) ----------			
Basic and diluted earnings per share	15	5.52	4.99	5.27	3.95

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the half year ended June 30, 2016 - (un-audited)

	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	---------- (Rupees in '000) ----------			
Profit after taxation	323,523	292,559	309,097	231,380
Items that may be reclassified subsequently to profit or loss				
Surplus on revaluation of available-for-sale investments	114,784	8,752	158,943	47,769
Total comprehensive income for the period	438,307	301,311	468,040	279,149

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the half year ended June 30, 2016 - (un-audited)

	Share Capital	Capital reserves			Revenue reserves		Remesurement on post retirement benefits obligation-net of tax	Surplus / (deficit) on revaluation of available for sale investments	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropriated profit			
	(Rupees in '000)								
Balance as at January 1, 2015	586,277	10,535	-	2,553	120,000	3,535,458	(3,697)	339,387	4,590,513
Net Profit for the half year ended June 30, 2015	-	-	-	-	-	292,559	-	-	292,559
Other comprehensive income	-	-	-	-	-	-	-	8,752	8,752
Final dividend @ Rs.42.50 per share for the year ended December 31, 2014	-	-	-	-	-	(2,491,678)	-	-	(2,491,678)
	-	-	-	-	-	(2,491,678)	-	-	(2,491,678)
Balance as at June 30, 2015	586,277	10,535	-	2,553	120,000	1,336,339	(3,697)	348,139	2,400,146
Balance as at December 31, 2015	586,277	10,535	-	2,553	120,000	1,378,815	(3,480)	420,437	2,515,137
Final dividend @ Rs.4.00 per share for the year ended December 31, 2015	-	-	-	-	-	(234,511)	-	-	(234,511)
Net Profit for the half year ended June 30, 2016	-	-	-	-	-	323,523	-	-	323,523
Other comprehensive income	-	-	-	-	-	-	-	114,784	114,784
Balance as at June 30, 2016	586,277	10,535	-	2,553	120,000	1,467,827	(3,480)	535,221	2,718,933

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the half year ended June 30, 2016 - (un-audited)

	Note	Half Year Ended June 30, 2016	June 30, 2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		283,556	423,444
Adjustment for non cash charges and other items:			
Depreciation / Amortisation		1,309	2,235
Gain on sale of property and equipment		(1)	-
Capital gain on sale of investments - net		(59,710)	(84,592)
Amortisation income on government securities		(1,585)	(1,932)
Financial charges		7,605	-
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(161,523)	(278,328)
Unrealised loss on re-measurement of derivatives-net		448	-
		(213,457)	(362,617)
Operating profit before working capital changes		70,099	60,827
(Increase) / Decrease in operating assets			
Trade and other receivables		(1,484)	27,421
Long term loan		867	1,269
Advances and short term prepayments		197	115
		(420)	28,805
(Decrease) / Increase in operating liabilities			
Creditors, accrued expenses and other liabilities		(198,416)	(54,991)
Deferred liability		1,703	1,312
		(196,713)	(53,679)
Net cash (used in) / generated from operations		(127,034)	35,953
Taxes paid		(12,389)	(15,054)
Financial charges paid		(6,521)	-
Dividend paid		(232,567)	(2,479,002)
		(251,477)	(2,494,056)
Net cash used in operating activities		(378,511)	(2,458,103)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		3,575,887	10,201,193
Investment in securities		(3,353,282)	(7,754,271)
Capital expenditure incurred		(167)	(343)
Proceeds from sale of property and equipment		10	38
Net cash generated from investing activities		222,448	2,446,617
Net decrease in cash and cash equivalents		(156,063)	(11,486)
Cash and cash equivalents at the beginning of the period		162,891	24,844
Cash and cash equivalents at the end of the period	9.2	6,828	13,358

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited, a DH Group Company ("the Company"), is a Public Limited Company incorporated in Pakistan on 23 April 1960 under the Companies Act,1913 (now Companies Ordinance,1984). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor Dawood Centre, Molvi Tamizuddin Khan Road, Karachi.

The company is engaged in making equity investments in companies with high growth potential.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance,1984 and the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34, "Interim Financial Reporting". This condensed interim financial information does not include all the information and disclosures made in the annual published financial information and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2015.

This condensed interim financial information is un-audited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

2.2 Basis of measurement

This condensed interim financial information has been prepared on the historical cost basis, except for certain investments which are measured at fair value. Further, obligation in respect of staff retirement benefits is carried at present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani rupee, which is also the Company's functional and presentation currency.

2.4 Rounding off

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2015.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of this condensed interim financial information in conformity with approved Accounting Standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant judgments made by the management in applying the Company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended December 31, 2015.

	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
5 PROPERTY AND EQUIPMENT		
Opening book value	15,593	17,644
Additions during the period / year	167	1,036
	15,760	18,680
Less: Written down value of disposal during the period / year	(9)	(62)
Less: Depreciation for the period / year	(1,296)	(3,025)
	(1,305)	(3,087)
	14,455	15,593

The details of additions and disposals during the period / year are as follows:

Additions-Cost		
Furniture and fixtures	-	19
Office equipment	167	1,017
	167	1,036
Disposals-Cost		
Office Equipment	(28)	(170)

6 INTANGIBLE ASSETS

Opening book value	30	1,108
Less: Amortisation for the period / year	(13)	(1,078)
	17	30

7 These represent loans given to executives and other employees disbursed under mark-up arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

		Note	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
			(Rupees in '000)	
8	INVESTMENTS			
	Held-to-maturity investments - short term	8.1	43,043	44,077
	Available-for-sale investments	8.2	653,162	548,028
	Investments carried at fair value through profit or loss	8.3	2,241,109	2,230,212
	Term Deposit Receipts	8.4	3,000	3,000
			2,940,314	2,825,317

8.1 These are Treasury Bills placed with the State Bank of Pakistan as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. The Treasury Bills have a face value of Rs. 45 million and market value of Rs. 43.102 million as at June 30, 2016 (December 31, 2015: market value of Rs. 44.20 million). These will be released once the outstanding claims and balances relating to insurance are settled.

8.2 Available-for-sale investments

Un-quoted shares	8.2.1	-	-
Mutual Funds		-	38,301
Un-quoted debentures	8.2.2	-	-
Quoted shares - related parties	8.2.3	653,162	509,727
		653,162	548,028

8.2.1 Un-quoted Shares

Name of investee company	Number of Shares		Cost	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
			----- Rupees '000'-----	
Bankers Equity Limited	13,465	13,465	117	117
Less: Provision for impairment			(117)	(117)
Carrying value			-	-

8.2.2 Un-quoted Debentures

Name of investee company	Number of Debentures		Cost	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
			----- Rupees '000'-----	
Hyson Sugar Mills Limited	240,500	240,500	60	60
			60	60
Less: Provision for impairment			(60)	(60)
Carrying value			-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

8.2.3 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	30-Jun-16	31-Dec-15	30-Jun-16	30-Jun-16	31-Dec-15
			---------- Rupees '000'----------		
Fertilizer					
Dawood Hercules Corporation Limited Equity held: 0.17% (2015: 0.17%)	794,380	794,380	47,652	118,259	94,643
Textile Composite					
Dawood Lawrencepur Limited Equity held: 5.02% (2015: 5.02%)	2,965,095	2,965,095	222,110	534,903	415,084
			269,762	653,162	509,727
Less : Provision for impairment			(151,821)		
Carrying value			117,941		
Market value as at June 30, 2016			653,162		
Unrealised gain on quoted shares			535,221		

8.3 Investment carried at fair value through profit or loss

	Note	Market Value	
		June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
		Rupees '000'	
Quoted shares	8.3.1	2,238,609	2,124,447
Mutual funds	8.3.2	2,500	105,765
		2,241,109	2,230,212

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

8.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	30-Jun-16	31-Dec-15	30-Jun-16	30-Jun-16	31-Dec-15
			---------- Rupees '000' ----------		
Oil & Gas					
Oil & Gas Development Company Limited	750,000	-	106,358	103,553	-
Pakistan Oil Fields Limited	100,000	-	33,590	34,748	-
Oil and Gas Marketing Companies					
Pakistan State Oil Company Limited	200,000	-	79,100	75,092	-
Hascol Petroleum Limited	-	1,091,200	-	-	157,406
Sui Southern Gas Co. Limited	-	2,000,000	-	-	74,700
Sui Northern Gas Pipelines Limited	19,500	-	700	708	-
Refinery					
Pakistan Refinery Limited	-	500,000	-	-	22,605
Fertilizers				-	
Fatima Fertilizer Company Limited	87,000	-	2,877	2,953	-
Fauji Fertilizer Bin Qasim Limited	500,000	-	28,209	26,505	-
Fauji Fertlizer Company Limited	2,000	-	228	229	-
Cement					
Cherat Cement Company Limited	1,000	-	120	120	-
D.G Khan Cement Limited	553,500	250,000	95,828	105,436	36,898
Dewan Cement Limited	-	1,500,000	-	-	19,425
Maple Leaf Cement Company Limited	-	1,000,000	-	-	74,580
Pioneer Cement Limited	15,000	-	1,569	1,611	-
Textile Composite					
Gul Ahmad Textile Mills Limited	1,694,500	1,000,000	63,382	61,324	36,240
Nishat Mills Limited	1,253,500	-	137,370	135,253	-
Automobile Parts and Accessories					
General Tyre and Rubber Company of Pakistan Limited	-	200,000	-	-	34,316
Automobiles Assembler					
Honda Atlas Cars (Pakistan) Limited	-	101,200	-	-	24,181
Technology and Communication					
TRG Pakistan Limited	10,000,000	10,000,000	346,767	335,500	346,500
Power Generation & Distribution					
The Hub Power Company Limited (related party) Equity held: 0.86% (2015: 0.86%)	10,000,000	10,000,000	1,026,000	1,200,600	1,026,000
Pakgen Power Limited	-	500,000	-	-	14,715
Japan Power Generation Limited	-	3,000,000	-	-	11,880
Commercial Banks					
Habib Bank Limited	500,000	-	97,690	98,780	-
MCB Bank Limited	-	100,000	-	-	21,684
United Bank Limited	200,000	350,000	34,166	35,384	54,232
Cable and Electrical Goods					
Pak Elektron Limited	127,500	500,000	8,137	8,243	31,270
TPL Trakker Limited	1,000,000	1,000,000	14,930	12,570	14,930
Pharmaceutical					
GlaxoSmithKline Pakistan Limited	-	200,000	-	-	44,004
Non Life Insurance					
Adamjee Insurance Company Limited	-	500,000	-	-	28,255
IGI Insurance Limited	-	214,000	-	-	50,626
			2,077,021	2,238,609	2,124,447
Unrealised gain on quoted shares			161,588		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

8.3.1.1 3 million shares (December 31, 2015: 5 million shares) of The Hub Power Company Limited having market value of Rs. 360.18 million (December 31, 2015: Rs. 513 million) as at June 30, 2016 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

8.3.1.2 The Company has a facility of Rs.500 million (December 31, 2015: Nil) under Share Murabaha arrangement (Shariah Compliant Facility) with Bank Islami Pakistan Limited. The facility carries profit calculated at relevant KIBOR plus 0.8% per annum and will expire on December 31, 2016.

The facility is secured against pledge of 3.696 million ordinary shares of The Hub Power Company Limited having market value of Rs. 443.77 million.

8.3.1.3 The Company has running finance facility of Rs. 300 million (December 31, 2015: Rs. 500 million) under mark-up arrangement (Conventional Financing Facility) with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.85% per annum (December 31, 2015: 3 month KIBOR + 0.85% per annum) and will expire on March 31, 2017.

The facility is secured against pledge of 2.403 million (market value: Rs. 288.60 million) and 0.794 million (Market value: Rs.118.259 million) ordinary shares of The Hub Power Company Limited and Dawood Hercules Corporation Limited respectively.

8.3.2 Mutual Funds

	Note	Number of Units		Carrying value	Market value	
		30-Jun-16	31-Dec-15	30-Jun-16	30-Jun-16	31-Dec-15
Name of fund				---------- Rupees '000' ----------		
AKD Cash Fund		-	487,282	-	-	25,108
Atlas Money Market Fund		-	67,602	-	-	35,118
Meezan Islamic Income Fund		-	323,378	-	-	17,023
NAFA Government Securities Liquid Fund	8.3.2.1	246,349	236,220	2,565	2,500	2,462
NAFA Money Market Fund		-	2,572,465	-	-	26,054
				2,565	2,500	105,765
Unrealised loss on Mutual Fund units				(65)		

8.3.2.1 246,349 units (December 31, 2015: 236,220 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.5 million (December 31, 2015: 2.462 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

	Note	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
8.4 Term Deposit Receipts		(Rupees in '000)	
Deposits maturing within one month	8.4.1	3,000	3,000

8.4.1 Term Deposit Receipts carry mark-up at 5.5% per annum (December 31, 2015: 5.5%) and maturity on July 24, 2016.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

		Note	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
			(Rupees in '000)	
9	CASH AND BANK BALANCES			
	Cash in hand		50	6
	Cash at bank	9.1	60,745	159,885
			60,795	159,891

9.1 These includes balances amounting to Rs. 60.741 million placed under mark-up arrangement with mark-up ranging between 4.0% to 5.5% (December 31, 2015: 5.5% to 7%) per annum and balances amounting to Rs. 0.004 million placed under Shariah permissible modes with profit rates of 2.8% per annum (December 31, 2015: Nil).

9.2 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow comprises of the following:

	Note	June 30, 2016 (Un-audited)	June 30, 2015
		(Rupees in '000)	
Cash and bank balances		60,795	10,358
Term deposit receipts		3,000	3,000
Short term borrowings	8.3.1.2	(56,967)	-
		6,828	13,358

		June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
		(Rupees in '000)	
10	CONTINGENCIES AND COMMITMENTS		
	Guarantees issued on behalf of the Company by commercial banks	5,205	5,205

		June 30, 2016 (Un-audited)	June 30, 2015
		(Rupees in '000)	
11	RETURN ON INVESTMENTS		
	Amortization on treasury bills	1,585	1,932
	Dividend income	11.1	122,745	84,972
		124,330	86,904

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

		Note	June 30, 2016	June 30, 2015
			(Un-audited)	
11.1	Dividend Income		(Rupees in '000)	
	Pakistan OilFields Limited		3,750	-
	Hascol Petroleum Limited		880	-
	Oil and Gas Development Company Limited		740	-
	Maple Leaf Cement Factory Limited		1,125	-
	The Hub Power Company Limited		80,000	40,000
	PAKGEN Power Limited		500	-
	Lalpir Power Limited		-	2,235
	Dawood Hercules Corporation Limited		5,164	794
	Fauji Fertilizer Company Limited		-	1,970
	Dawood Lawrancepur Limited		14,825	-
	Gul Ahmed Textile Mills Limited		3,389	-
	National Bank Of Pakistan		7,500	-
	United Bank Limited		600	2,850
	Habib Bank Limited		2,625	711
	Habib Metropolitan Bank Limited		-	12,288
	MCB Bank Limited		-	400
	Adamjee Insurance Company Limited		750	8,749
	IGI Insurance Limited		760	-
	NAFA Government Securities Liquid Fund		137	166
	The National Investment Unit Trust		-	1,022
	Golden Arrow Selected Stock Fund		-	5,292
	Pakistan Telecommunication Company Limited		-	6,750
	Millat Tractors Limited		-	1,250
	ICI Pakistan Limited		-	495
			122,745	84,972

12 GAIN / (LOSS) ON SALE OF INVESTMENTS - NET

There were certain shares that were held by the Company which are included in All Share Islamic Index. Capital gain on sale of these investments amounted to Rs. 29.105 million (June 30, 2015: 65.93 million).

13 OTHER INCOME

Profit on bank deposits	13.1	2,806	1,624
Income from Term Deposit Receipts		82	101
Gain on sale of property and equipment		1	-
Income from long term loans		317	396
Others		-	3,932
		3,206	6,053

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

13.1 These include income of Rs. 0.01 million (June 30, 2015: Nil) earned on deposit with Bank Islami Pakistan Limited as per arrangements permissible under Shariah.

14 There are certain shares held by the Company which are included in All Share Islamic Index. Unrealised gain on these shares amount to Rs. 181.778 million (June 30, 2015: Rs. 184.722 million)

		June 30, 2016	June 30, 2015
		(Un-audited)	
15	EARNINGS PER SHARE - BASIC AND DILUTED	(Rupees in '000)	
	Profit for the period after taxation	323,523	292,559
		(Number of shares)	
	Weighted average number of ordinary shares outstanding as at the period end	58,627,722	58,627,722
		(Rupees)	
	Earnings per share	5.52	4.99

16 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, staff retirement fund, directors and key management personnel. Transactions with related parties are entered into at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagement. Transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial information are as follows:

	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Transactions	(Rupees in '000)			
Rent paid	3,689	3,164	1,804	1,582
Dividend received	99,989	40,794	40,163	794
Dividend paid	157,052	1,668,671	-	-
Brokerage	-	746	-	-
Services charges	-	600	-	300
Commission income from a related party on sale of property	-	3,900	-	3,900
Contribution to provident fund	1,199	1,077	648	558
Charge for staff retirement gratuity scheme	1,713	1,621	857	810
Key Management Personnel				
Dividend paid	8,830	17,850	-	-
Remuneration excluding bonus	20,541	18,115	10,644	9,380
Director meeting fee	950	350	200	150
Proceeds from sale of property and equipment	-	38	-	38
Employee loan recovered	1,183	2,181	484	1,283
Employee loan disbursed	-	530	-	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

Balances	June 30, 2016 (Un-audited)	December 31, 2015 (Audited)
	(Rupees in '000)	
Loan to chief executive officer	4,415	4,881
Loan to other executives	8,777	9,179
Receivable from a related party	501	100
Payable to related parties	700	700

17 FINANCING STRUCTURE / MODE

Conventional mode:		
Assets		
Short term investments	3,000	3,000
Cash and bank balances	60,741	159,885
Shariah compliant mode:		
Assets		
Cash and bank balances	4	-
Liabilities		
Short term borrowings	56,967	-

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 13, the Company shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

Investment carried at fair value are categorized as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended June 30, 2016 - (un-audited)

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,238,609	-	-	2,238,609
- Mutual fund units	2,500	-	-	2,500
Investment in securities - financial assets available for sale				
- Quoted shares	653,162	-	-	653,162
- Mutual fund units	-	-	-	-

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,124,447	-	-	2,124,447
- Mutual fund units	105,765	-	-	105,765
Investment in securities - financial assets available for sale				
- Quoted shares	509,727	-	-	509,727
- Mutual fund units	38,301	-	-	38,301

19 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on August 17,2016, have announced an interim cash dividend of Rs. 2.5 per share (2015: Rs. Nil) in respect of the half year ended June 30, 2016 amounting to Rs. 146.569 million (2015: Rs. Nil). The condensed interim financial information for the half year ended June 30, 2016 does not include the effect of this appropriation which will be accounted for subsequent to the half year end.

20 CORRESPONDING FIGURES

Corresponding information has been reclassified, rearranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. However, no significant re-arrangements have been made.

21 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 17, 2016 by the Board of Directors of the Company.

Kamran Nishat
Director

Sulaiman S. Mehdi
Chief Executive Officer

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