



INGREDIENTS FOR
SUCCESS

nine months report september 30, 2017

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COMPANY INFORMATION

Board of Directors

Hasan Reza-ur Rahim (Chairman) Non-Executive Director
Kulsum Dawood Non-Executive Director
Inam Ur Rahman Non-Executive Director
Kamran Nishat Independent Director
Shafiq Ahmed Non-Executive Director
Faisal Nadeem Mangroria Executive Director
Sulaiman S. Mehdi (Chief Executive) Executive Director

Board Audit Committee

Kamran Nishat (Chairman)
Shafiq Ahmed
Inam Ur Rahman

Board HR & Remuneration Committee

Hasan Reza-ur Rahim (Chairman)
Inam Ur Rahman
Kamran Nishat

Board Investment Committee

Hasan Reza-ur Rahim (Chairman)
Inam Ur Rahman
Shafiq Ahmed

CFO & Company Secretary

Faisal Nadeem Mangroria

Head of Internal Audit

Ayman Anwer

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Nadeem Mangroria (CFO & Company Secretary)
Muhammad Anas Karimi (Senior Manager Finance)
Wahaj Ghulam Hussain (Manager Compliance & Risk Management)
Ayman Anwer (Head of Internal Audit)
Naresh Kumar (Investment Associate)
Marvi Shaikh (Investment Analyst)

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, Kheকাশan,
Clifton, Karachi

Rating Agency

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

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Al Falah Limited
Habib Bank Limited
Summit Bank Limited
BankIslami Pakistan Limited
National Bank of Pakistan

Registered Office

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

*As determined by the Board of Directors

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 nine months and quarter ended September 30, 2017.

Economic Review and Outlook

Macroeconomic indicators remained favorable to growth without impacting headline inflation. Average inflation for 1QFY18 stands at 3.4% compared to 3.9% in the same period last year and it is expected to remain well below SBP FY18 target of 6.0%.

The pressures on the external front and an expansionary fiscal policy remained in check. Current Account Deficit (CAD) widened to USD 12 billion in FY17 compared to USD 4.8 billion in FY16. This is due to escalating trade deficit on the back of rising imports. Moreover, FY18 also started off with further escalating pressures on current account as deficit stands at USD 2.6 billion in 2MFY18 compared to USD 1.3 billion in the same period last year. The widening CAD coupled with external debt servicing drove FX reserves downward to USD 19.8 billion in September 2017.

Stock Market Review and Outlook

Politics, economic woes and looming currency devaluation risk took center stage at the bourse, where the KSE-100 index declined by 8.9% during the quarter ended September 2017, closing at 42,409 points.

Lack of widely anticipated net foreign inflows after the reclassification of PSX into MSCI Emerging Market Index with effect from June 2017 also dampened local investors' sentiments. During the quarter, foreigners trimmed their positions to the tune of USD 90.1 million taking CYTD outflow to USD 422.9 million. On the other hand, Banks, companies and individuals were net buyers investing USD 33.6 million, USD19.2 million and USD 17.1 million, respectively.

The recent fall in market has largely been due to political factors even though the fundamentals have remained unchanged. Economic growth trajectory to remain on track as the investments in power and infrastructure projects in the light of CPEC and private sector expansions would not be impacted by the recent political developments. With strong market fundamentals, the recent correction has provided lucrative entry point to long-term investors. After declining by about 22% from its recent peak hit on May 24th, 2017, the stock market valuations have become attractive, with the PSX trading at a forward PE of about 9.0x against MSCI emerging markets P/E of 13.8x indicating 35% discount. Dividend yield also remains attractive at 5.6%, one of the highest in the region.

Company Performance

During the nine months ended September 30, 2017 the company posted a loss per share of Rs.4.19 compared to earnings per share Rs.8.04 in the corresponding period in 2016.

The equity portfolio was maintained to have a balance between high growth and high yield investments. To this effect, sizable investments were made in Power Generation and Distribution, textile composite, Investment Banks, Commercial Banks and Oil & Gas Exploration and money market mutual funds. Dividend income decreased by 16% to Rs.114 million for the nine months ended September 30, 2017 as opposed to Rs.136 million earned in the corresponding period last year, which was primarily due to lower than expected dividend from HUBCO.

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

Hasan Reza Ur Rahim
Chairman

Sulaiman S. Mehdi
CEO

Karachi: October 23, 2017

سرمایہ کاری پر اثر انداز نہیں ہوگی۔ مارکیٹ کے مستحکم بنیادی عوامل کے ساتھ، حالیہ درستی نے طویل المیعاد سرمایہ کاروں کے لئے منافع بخش سرمایہ کاری کے داخلے کے مواقع فراہم کئے۔ 24 مئی، 2017 کو حالیہ بلند ترین سطح پر پہنچ کر بعد ازاں 22% تنزلی کے بعد اسٹاک مارکیٹ حصص کی قدر قدرے پرکشش ہوئی ہے اور MSCI ایشیائی مارکیٹس کے 13.8x PE کے مقابلے میں پاکستان اسٹاک ایکسچینج 9.0x کے پرکشش PE پر ٹریڈ کر رہی ہے، جس سے 35% ڈسکاؤنٹ کی نشاندہی ہوتی ہے۔ ڈیویڈنڈ کی آمدنی بھی 5.6% کے ساتھ بدستور پرکشش ہے جو اس خطے کی بہترین شرحوں میں سے ایک ہے۔

کمپنی کی کارکردگی

30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے دوران کمپنی نے 4.19 روپے فی حصص کا خسارہ ظاہر کیا جو کہ 2016 کی اسی مدت میں 8.04 روپے فی حصص آمدنی تھی۔

زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاریوں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو برقرار رکھا گیا۔ اس امر کو ممکن بنانے کے لئے بجلی کی پیداوار اور تقسیم، ٹیکسٹائل کمپوزٹ، انویسٹمنٹ بینکس، کمرشل بینکس، آئل اینڈ گیس ایکسپلوریشن اور مٹی مارکیٹ میوچل فنڈز کے شعبوں میں نمایاں سرمایہ کاری کی گئی۔ ڈیویڈنڈ کی آمدنی 16% کمی کے بعد 30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے دوران 114 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت کے دوران یہ آمدنی 136 ملین روپے تھی، اس کی بنیادی وجہ جبکو کی توقع سے کم ڈیویڈنڈ آمدنی تھی۔

اظہار تشکر

ہم اپنے تمام شریکان کار، بالخصوص اپنے قابل قدر سرمایہ کاران کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر اعتماد کیا اور اس کے ساتھ ہی ہم اپنی انتظامیہ کی غیر متزلزل وابستگی، انتھک محنت اور کمپنی کی ترقی کے لئے کاوشوں کی بھی دل سے قدر کرتے ہیں۔ کمپنی کا بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا بھی ان کے مسلسل تعاون اور اشتراک کے لئے تہہ دل سے مشکور ہے۔

منجانب بورڈ

حسن رضا الرحیم

چیئرمین

سلیمان ایس مہدی

سی ای او

کراچی ۲۳ اکتوبر، ۲۰۱۷

ڈائریکٹرز کی رپورٹ

سیان لمیٹڈ کے بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ 30 ستمبر، 2017 کو ختم ہونے والے نو ماہ اور سہ ماہی کے لئے کمپنی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہیں۔

معیشت کا تجزیہ اور آثار

میکرو اکنامک اشارے مجموعی افراط زر پر اثر انداز ہوئے بغیر ترقی کے لئے سازگار رہے۔ مالی سال 2018 کی پہلی سہ ماہی کے لئے اوسط افراط زر کی شرح گزشتہ سال کی اسی مدت کے 3.9% کے مقابلے میں 3.4% پر رہی اور توقع کی جارہی ہے کہ یہ شرح مالی سال 2018 کے اسٹیٹ بینک آف پاکستان کے ہدف 6.0% سے کم رہے گی۔

بیرونی سطح پر دباؤ اور توسیعی مالیاتی پالیسی بدستور زیر جائزہ رہی۔ مالی سال 2017 میں کرنٹ اکاؤنٹ کا خسارہ (CAD) مالی سال 2016 کے 4.8 ارب امریکی ڈالر کے مقابلے میں بڑھ کر 12 ارب امریکی ڈالر ہو گیا۔ اس کی بنیادی وجہ بڑھتی ہوئی درآمدات کے تناظر میں بدترتیب و وسعت پذیر تجارتی خسارہ تھا، مزید برآں، مالی سال 2018 کا آغاز کرنٹ اکاؤنٹ پر دباؤ میں مزید اضافے کے ساتھ ہوا کیونکہ یہ خسارہ مالی سال 2018 کے دو ماہ کے دوران گزشتہ سال کی اسی مدت کے 1.3 ارب امریکی ڈالر کے مقابلے میں 2.6 ارب امریکی ڈالر رہا۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کے ساتھ بیرونی قرضہ جات کے باعث زرمبادلہ کے ذخائر ستمبر 2017 میں کم ہو کر 19.8 ارب امریکی ڈالر رہ گئے۔

اسٹاک مارکیٹ کا تجزیہ اور آثار

سیاسی و معاشی مسائل اور روپے کی قدر میں بڑھتے ہوئے کمی کے خطرات اسٹاک مارکیٹ کا احاطہ کئے رہے، جب کہ ستمبر 2017 کو ختم ہونے والی سہ ماہی کے دوران KSE-100 انڈیکس 8.9% کمی کے بعد 42,409 پوائنٹس پر بند ہوا۔

جون 2017 میں پاکستان اسٹاک ایکسچینج (PSX) ایمرجنگ مارکیٹ انڈیکس میں شامل کئے جانے کے بعد بیرونی سرمایہ کاری میں اضافے کی توقع تھی تاہم یہ توقع پوری نہ ہو سکی اور اس سے بھی مقامی سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ اس سہ ماہی کے دوران غیر ملکی سرمایہ کاروں کی جانب سے سرمایہ کاریوں میں 90.1 ملین امریکی ڈالر کی کمی کی گئی جس سے اس کیلنڈر سال کے آغاز سے اب تک غیر ملکی سرمایہ کاری کا اخراج 422.9 ملین امریکی ڈالر ہو گیا۔ دوسری جانب بینکوں، کمپنیوں اور افراد نے بالترتیب 33.6 ملین، 19.2 ملین اور 17.1 ملین امریکی ڈالر کی سرمایہ کاری کی۔

مارکیٹ میں حالیہ مندی کی بڑی وجہ سیاسی حالات ہیں حالانکہ بنیادی عوامل بدستور یکساں ہیں۔ معاشی ترقی کی سرگرمیاں بدستور جاری رہنے کی توقع ہے کیونکہ موجودہ سیاسی پیش رفت سی پیک کی وجہ سے اور نجی شعبے کی توسیع کے باعث پاور اور انفراسٹرکچر کے شعبوں میں

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at september 30, 2017

	Note	(Un audited) September 30 2017 (Rupees in '000)	(Audited) December 31 2016
ASSETS			
Non-current assets			
Property and equipment	5	15,046	13,751
Intangible assets	6	195	266
Deferred taxation		44,468	-
Long term loans	7	8,724	9,985
Long term deposits		2,500	2,500
		<u>70,933</u>	<u>26,502</u>
Current assets			
Short term investments	8	2,901,247	3,612,508
Long term loans - current portion	7	2,330	2,330
Trade and other receivables		48,545	11,619
Advances and short term prepayments		3,751	5,179
Cash and bank balances	9	580	906
		<u>2,956,453</u>	<u>3,632,542</u>
TOTAL ASSETS		<u>3,027,386</u>	<u>3,659,044</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 100,000,000 (2016: 100,000,000) Ordinary shares of Rs 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital		586,277	586,277
Unappropriated profit		1,316,457	1,708,968
Reserves		133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(2,611)	(2,611)
Surplus on revaluation of available-for-sale investments		558,396	746,881
		<u>2,591,607</u>	<u>3,172,603</u>
Non-current liabilities			
Deferred liability - gratuity		12,459	10,528
Deferred taxation		-	13,803
		<u>12,459</u>	<u>24,331</u>
Current liabilities			
Creditors, accrued expenses and other liabilities		48,349	89,852
Accrued mark - up		2,442	1,796
Short term running finance	9.2.1	129,693	183,265
Taxation - net		242,836	187,197
		<u>423,320</u>	<u>462,110</u>
TOTAL EQUITY AND LIABILITIES		<u>3,027,386</u>	<u>3,659,044</u>
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem Mangroria
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the nine months and quarter ended september 30, 2017 - (un-audited)

	Note	Nine Months Ended September 30,		Quarter Ended September 30,	
		2017	2016	2017	2016
------(Rupees in '000)-----					
REVENUES					
Return on investments	11	116,170	138,493	31,118	14,163
Gain / (loss) on sale of investments - net		132,701	165,101	(64,692)	105,391
Other income		16,536	3,808	254	602
		<u>265,407</u>	<u>307,402</u>	<u>(33,320)</u>	<u>120,156</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(407,603)	253,054	(126,732)	91,531
Unrealised (loss) / gain on re-measurement of derivatives-net		-	-	(70)	448
		<u>(142,196)</u>	<u>560,456</u>	<u>(160,122)</u>	<u>212,135</u>
EXPENSES					
Operating and administrative expenses		(74,299)	(87,189)	(21,571)	(30,029)
Financial charges		(14,190)	(10,346)	(3,379)	(2,741)
		<u>(88,489)</u>	<u>(97,535)</u>	<u>(24,950)</u>	<u>(32,770)</u>
(LOSS) / PROFIT FOR THE PERIOD BEFORE TAXATION		<u>(230,685)</u>	<u>462,921</u>	<u>(185,072)</u>	<u>179,365</u>
Taxation - current year		(49,861)	(31,869)	5,980	(20,759)
- prior year		(23,668)	-	(2,766)	-
- deferred		58,272	40,367	11,461	(10,710)
		<u>(15,257)</u>	<u>8,498</u>	<u>14,675</u>	<u>(31,469)</u>
(LOSS) / PROFIT FOR THE PERIOD AFTER TAXATION		<u>(245,942)</u>	<u>471,419</u>	<u>(170,397)</u>	<u>147,896</u>
------(Rupees)-----					
BASIC AND DILUTED (LOSS) /EARNINGS PER SHARE	12	<u>(4.19)</u>	<u>8.04</u>	<u>(2.91)</u>	<u>2.52</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem Mangroria
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the nine months and quarter ended september 30, 2017 - (un-audited)

	Nine Months Ended September 30		Quarter Ended September 30	
	2017	2016	2017	2016
	----- (Rupees in '000)-----			
(Loss) / Profit after taxation	(245,942)	471,419	(170,397)	147,896
Items that may be reclassified subsequently to profit or loss				
(Deficit) / Surplus on revaluation of available-for- sale investments	(188,485)	183,982	(83,743)	69,198
Total comprehensive (loss) / income for the period	<u>(434,427)</u>	<u>655,401</u>	<u>(254,140)</u>	<u>217,094</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem Mangroria
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine months ended september 30, 2017 - (un-audited)

	Share Capital	Capital reserves		Revenue reserves		Remesurment 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	Capital gain reserve	General reserve	Unappropriated profit			
(Rupees in '000)								
Balance as at January 1, 2016	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)
Interim dividend @ Rs.2.50 per share for the half year ended June 30, 2016	-	-	-	-	(146,569)	-	-	(146,569)
	-	-	-	-	(381,080)	-	-	(381,080)
Net profit for the period ended September 30, 2016	-	-	-	-	471,419	-	-	471,419
Other comprehensive income	-	-	-	-	-	-	183,982	183,982
Total comprehensive income for period ended September 30, 2016	-	-	-	-	471,419	-	183,982	655,401
Balance as at September 30, 2016	<u>586,277</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>1,469,154</u>	<u>(3,480)</u>	<u>604,419</u>	<u>2,789,458</u>
Balance as at December 31, 2016	<u>586,277</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>1,708,968</u>	<u>(2,611)</u>	<u>746,881</u>	<u>3,172,603</u>
Interim dividend @ Rs.2.50 per share for the year ended December 31, 2016	-	-	-	-	(146,569)	-	-	(146,569)
Net loss for the period ended September 30, 2017	-	-	-	-	(245,942)	-	-	(245,942)
Other comprehensive loss	-	-	-	-	-	-	(188,485)	(188,485)
Total comprehensive loss for period ended September 30, 2017	-	-	-	-	(245,942)	-	(188,485)	(434,427)
Balance as a September 30, 2017	<u>586,277</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>1,316,457</u>	<u>(2,611)</u>	<u>558,396</u>	<u>2,591,607</u>

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem Mangroria
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

for the nine months ended september 30, 2017 - (un-audited)

Note **Nine Months Ended**
September 30, 2017 **September 30, 2016**
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / Profit before taxation	(230,685)	462,921
Adjustment for non cash charges and other items:		
Depreciation / Amortisation	1,918	1,978
Gain on sale of property and equipment	(891)	(14)
Capital gain on sale of investments - net	(132,701)	(165,101)
Amortisation income on government securities	(1,890)	(2,247)
Financial charges	14,190	10,346
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	407,603	(253,054)
	288,229	(408,092)
Operating profit before working capital changes	57,544	54,829
(Increase) / Decrease in operating assets		
Trade and other receivables	(36,926)	(55,551)
Long term loan	1,261	1,186
Advances and short term prepayments	1,428	246
	(34,237)	(54,119)
(Decrease) / Increase in operating liabilities		
Creditors, accrued expenses and other liabilities	(39,722)	(191,364)
Deferred liability	1,931	2,560
Net cash (used in) from operations	(14,484)	(188,094)
Taxes paid	(17,997)	(12,759)
Financial charges paid	(13,544)	(8,200)
Net cash used in operating activities	(46,025)	(209,053)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	4,155,192	5,664,695
Investment in securities	(3,905,428)	(5,376,441)
Capital expenditure incurred	(3,301)	(439)
Proceeds from sale of property and equipment	1,050	47
Net cash generated from investing activities	247,513	287,862

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(148,242)	(233,253)
Net cash (utilised in) financing activities	(148,242)	(233,253)
Net decrease in cash and cash equivalents	53,246	(154,444)
Cash and cash equivalents at the beginning of the year	(179,359)	162,891
Cash and cash equivalents at the end of the period	9.2 (126,113)	8,447

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem Mangroria
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (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 April 23, 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, Moulvi Tamizuddin Khan Road, Karachi. Dawood Corporation (Private) Limited is the parent company of the entity.

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, 2016.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular No.23/2017 dated October 04, 2017, these condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

This condensed interim financial information has been prepared using the historical cost convention, except for certain investments which are measured at fair value. Further, obligations in respect of staff retirement benefits are 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 nine months and quarter ended september 30, 2017 - (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, 2016.

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, 2016.

5 PROPERTY AND EQUIPMENT

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Opening book value	13,751	15,593
Additions during the period / year	3,301	897
	17,052	16,490
Less: Written down value of disposals during the period / year	(159)	(94)
Less: Depreciation for the period / year	(1,847)	(2,645)
	(2,006)	(2,739)
	15,046	13,751

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

Additions-Cost

Furniture Fixture	135	-
Motor vehicles	2,708	-
Office equipment	458	897
	3,301	897

Disposals-Cost

Motor vehicles	1,466	-
Office equipment	-	633
	1,466	633

6 INTANGIBLE ASSETS

Opening book value	266	30
Additions during the period / year	-	269
Less: Amortisation for the period / year	(71)	(33)
	195	266

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

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

	Note	(Un-audited) September 30, 2017 (Rupees in '000)	(Audited) December 31, 2016
8 INVESTMENTS			
Held-to-maturity investments	8.1	44,000	44,367
Available-for-sale investments	8.2	676,337	864,822
Investments carried at fair value through profit or loss	8.3	2,177,910	2,700,319
Loans and receivables	8.4	3,000	3,000
		<u>2,901,247</u>	<u>3,612,508</u>

- 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. 43.963 million as at September 30, 2017 (December 31, 2016: market value of Rs. 44.361 million). These will be released once the outstanding claims and balances relating to insurance business are settled.

8.2 Available-for-sale investments

Quoted shares - related parties	8.2.1	<u>676,337</u>	<u>864,822</u>
		<u>676,337</u>	<u>864,822</u>

8.2.1 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	30-Sep-17	31-Dec-16	30-Sep-17	30-Sep-17	31-Dec-16
				Rupees '000'	
Fertiliser					
Dawood Hercules Corporation Limited	794,380	794,380	47,652	97,994	114,653
Equity held: 0.17% (2016: 0.17%)					
Textile Composite					
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,110	578,343	750,169
Equity held: 5.02% (2016: 5.02%)					
			269,762	676,337	864,822
Less : Provision for impairment			(151,821)		
Carrying value			<u>117,941</u>		
Market value as at Sep 30, 2017			<u>676,337</u>		
Unrealised gain on quoted shares			<u>558,396</u>		

	Note	(Un-audited) September 30, 2017 (Rupees in '000)	(Audited) December 31, 2016
8.3 Investment carried at fair value through profit or loss			
Quoted shares	8.3.1	2,175,232	2,697,752
Mutual funds	8.3.2	2,678	2,567
		<u>2,177,910</u>	<u>2,700,319</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

8.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	30-Sep-17	31-Dec-16	30-Sep-17	30-Sep-17	31-Dec-16
	----- Rupees '000' -----				
Oil & Gas					
Oil & Gas Development Company Limited	500,000	-	83,362	74,320	-
Oil and Gas Marketing Companies					
Sui Northern Gas Pipelines Limited	500,000	1,648,000	75,507	66,930	134,427
Engineering					
International Steel Limited	500,000	-	75,664	60,565	-
Aisha Steel Mills Limited	-	5,000,000	-	-	78,650
Chemical					
Lotte Chemical Pakistan Limited	10,000,000	-	121,049	81,600	-
Cement					
D.G Khan Cement Limited	200,000	1,000,000	45,836	29,372	221,730
Thatta Cement Limited	-	500,000	-	-	19,690
Textile Composite					
Gul Ahmad Textile Mills Limited	-	3,600,000	-	-	184,212
Nishat Chunian Limited	3,000,000	3,000,000	193,152	163,560	187,290
Nishat Mills Limited	-	1,000,000	-	-	152,270
Glass & Ceramics					
Tariq Glass Industries Limited	200,000	-	25,676	21,028	-
Technology and Communication					
Media Times Limited	5,000,000	5,000,000	24,750	15,500	24,750
TRG Pakistan Limited - Class 'A'	1,000,000	-	56,963	36,920	-
Textile Spinning					
Hira Textile Mills Limited	-	4,600,000	-	-	60,490
Refinery					
Pakistan Refinery Limited	1,000,000	-	59,919	47,480	-
Power Generation & Distribution					
K-Electric Limited	5,000,000	-	49,495	35,200	-
The Hub Power Company Limited (related party)	10,000,000	10,000,000	1,234,800	1,118,100	1,234,800
Equity held: 0.86% (2016: 0.86%)					

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

Name of investee company	Number of Shares		Carrying Value	Market value	
	30-Sep-17	31-Dec-16	30-Sep-17	30-Sep-17	31-Dec-16
	----- Rupees '000' -----				
Commercial Banks					
Askari Bank Limited	-	2,000,000	-	-	49,900
Bank of Punjab	2,490,000	2,490,000	36,001	24,651	43,949
JS Bank Limited	-	10,000,000	-	-	108,100
MCB Bank Limited	556,200	200,000	134,908	116,246	47,564
National Bank Limited	-	2,002,000	-	-	149,930
United Bank Limited	300,000	-	76,954	57,051	-
Cable and Electrical Goods					
Singer Pakistan Limited	500,000	-	36,951	24,410	-
Inv. Banks / Inv. Cos. / Securities Cos.					
Pakistan Stock Exchange Limited	7,929,330	-	222,021	180,709	-
Transport					
Pakistan International Bulk Terminal Limited	1,000,000	-	29,798	21,590	-
			<u>2,582,806</u>	<u>2,175,232</u>	<u>2,697,752</u>
Unrealised Loss on Quoted Shares			<u>(407,574)</u>		

8.3.1.1 0.794 million (market value: Rs.97.995 million), 5 million (market value: Rs.35.2 million), 1 million (market value: Rs.36.92 million) shares of DAWH, KEL and TRG respectively 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 2.49 million (market value: Rs.24.65 million) ordinary shares of BOP, 0.2 million (Market value: Rs.29.37 million) ordinary shares of DGKC, 3 million (Market value: Rs.163.56 million) ordinary shares of NCL and 0.5 million (Market value: Rs.66.93 million) ordinary shares of SNGP have been pledged as collateral in favour of Bank Al Habib Limited against running finance facility arrangements.

8.3.2 Mutual Funds

Name of fund	Note	Number of Units		Cost	Market value	
		30-Sep-17	31-Dec-16	30-Sep-17	30-Sep-17	31-Dec-16
		----- Rupees '000' -----				
NAFA Government Securities Liquid Fund	8.3.2.1	260,170	246,349	2,707	2,678	2,567
Carrying Cost as at 30 Sep 2017				<u>2,707</u>	<u>2,678</u>	<u>2,567</u>
Market Value as at 30 Sep 2017				2,678		
Unrealised Loss on mutual funds				<u>(29)</u>		

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

8.3.2.1 223,871 units (December 31, 2016: 223,871 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.3 million (December 31, 2016: 2.332 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	

8.4 Term Deposit Receipts

Deposits maturing within one month	8.4.1	<u>3,000</u>	<u>3,000</u>
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8.4.1 Term Deposit Receipts carry mark-up at 5.25% (December 31, 2016: 5.5%) per annum and with maturity on October 29, 2017.

9 CASH AND BANK BALANCES

Cash in hand		50	20
Cash at bank	9.1	<u>530</u>	<u>886</u>
		<u>580</u>	<u>906</u>

9.1 These include balances amounting to Rs. 0.52 million placed under mark-up arrangements with mark-up ranging between 4.0% to 5.5% (December 31, 2016: 4.0% to 5.5%) per annum and balances amounting to Rs. 0.01 million placed under Shariah permissible modes with profit rates of 3.6% (December 31, 2016: 3.03%) per annum .

9.2 Cash and cash equivalents

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

	Note	(Un-audited) September 30, 2017	(Un-audited) September 30, 2016
		(Rupees in '000)	
Cash and bank balances		580	5,447
Term deposit receipts		3,000	3,000
Short term running finance	9.2.1	<u>(129,693)</u>	<u>-</u>
		<u>(126,113)</u>	<u>8,447</u>

9.2.1 The Company has running finance facility of Rs.500 million (Sep 30, 2016: Rs.500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.65% per annum (December 2016: 3 month KIBOR + 0.85%) and will expire on March 31, 2018.

	Note	(Un-audited) September 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	

10 CONTINGENCIES AND COMMITMENTS

Guarantee issued on behalf of the Company by a commercial bank		<u>2,800</u>	<u>2,800</u>
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

		(Un-audited)	
		September 30, 2017	September 30, 2016
		(Rupees in '000)	
11	RETURN ON INVESTMENTS		
	Amortization on Treasury Bills	1,890	2,247
	Dividend income	114,280	136,246
		<u>116,170</u>	<u>138,493</u>
12	(LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED		
	(Loss) / Profit for the period after taxation	<u>(245,942)</u>	<u>471,419</u>
		(Number of shares)	
	Weighted average number of ordinary shares outstanding as at the period end	58,627,722	58,627,722
		(Rupees)	
	(Loss) / Earnings per share	<u>(4.19)</u>	<u>8.04</u>

13 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:

	(Unaudited)							
	Dawood Corporation (Private) Limited		Group / associated companies		Other related parties		Total	
	Period ended Sep 30, 2017	Period ended Sep 30, 2016	Period ended Sep 30, 2017	Period ended Sep 30, 2016	Period ended Sep 30, 2017	Period ended Sep 30, 2016	Period ended Sep 30, 2017	Period ended Sep 30, 2016
----- Rupees in 000 -----								
Transactions								
Rent paid	-	-	6,304	5,534	-	-	6,304	5,534
Dividend received	-	-	78,003	107,138	-	-	78,003	107,138
Dividend paid	90,912	236,370	7,245	18,838	5,519	14,349	103,676	269,557
Corporate advisory services	-	-	15,000	-	-	-	15,000	-
Service charges	-	-	1,231	-	-	-	1,231	-
Contribution to provident fund	-	-	-	-	1,893	1,838	1,893	1,838
Charge for staff retirement gratuity scheme	-	-	-	-	2,690	2,569	2,690	2,569
Remuneration	-	-	-	-	28,617	30,977	28,617	30,977
Director meeting fee	-	-	-	-	1,100	1,250	1,100	1,250
Employee loan recovered	-	-	-	-	1,631	1,649	1,631	1,649

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Dawood Corporation (Private) Limited		Group / associated companies		Other related parties		Total	
As at Sep 30, 2017	As at December 31, 2016	As at Sep 30, 2017	As at December 31, 2016	As at Sep 30, 2017	As at December 31, 2016	As at Sep 30, 2017	As at December 31, 2016
----- Rupees in 000 -----							

Loan to chief executive officer	-	-	-	-	3,264	3,940	3,264	3,940
Loan to other executives	-	-	-	-	7,790	8,375	7,790	8,375
Trade and other receivables	-	-	8,984	755	-	-	8,984	755
Creditors, accrued expenses and other liabilities	-	-	219	5,094	-	-	219	5,094

14 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).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months and quarter ended september 30, 2017 - (un-audited)

Investment carried at fair value are categorized as follows:

----- As at September 30, 2017 -----				
ASSETS	Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,175,232	-	-	2,175,232
- Mutual fund units	2,678	-	-	2,678
	<u>2,177,910</u>	<u>-</u>	<u>-</u>	<u>2,177,910</u>

Investment in securities - financial assets available for sale

- Quoted shares	676,337	-	-	676,337
	<u>676,337</u>	<u>-</u>	<u>-</u>	<u>676,337</u>

----- As at December 31, 2016 -----				
ASSETS	Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,697,752	-	-	2,697,752
- Mutual fund units	2,567	-	-	2,567
	<u>2,700,319</u>	<u>-</u>	<u>-</u>	<u>2,700,319</u>

Investment in securities - financial assets available for sale

- Quoted shares	864,822	-	-	864,822
- Mutual fund units	-	-	-	-
	<u>864,822</u>	<u>-</u>	<u>-</u>	<u>864,822</u>

15 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 23, 2017 by the Board of Directors of the Company.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director








Faisal Nadeem Mangroria
Chief Financial Officer










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