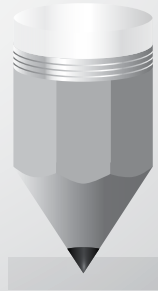




DEFINING

G r o w t h



half yearly report june 30, 2018

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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
Sulaiman S. Mehdi (Chief Executive) Executive Director
Faisal Nadeem Executive Director

Board Audit Committee

Kamran Nishat (Chairman)
Shafiq Ahmed
Inam Ur Rahman

Board HR & Remuneration Committee

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

Board Investment Committee

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

CFO & Company Secretary

Faisal Nadeem

Head of Internal Audit

Ayman Anwer

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Nadeem (CFO & CS)
Muhammad Anas Karimi (Senior Manager Finance)
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

Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shakra-e-Faisal
Karachi – 74400
Tel: 111-111-500
Fax: (92-21) 34326053

Legal Advisors

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

Rating Agency

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

Bankers

Bank Al Habib Limited
Bank Al Falah Limited
Habib Bank Limited
BankIslami Pakistan Limited
National Bank of Pakistan
MCB Bank Limited

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 half year ended June 30, 2018.

Economic Review and Outlook

Although Pakistan exhibited a 13 year high real GDP growth rate of 5.8% in FY18 but few economic measures began deteriorating mainly due to low export base and high import growth. The widening of trade deficit coupled with current account deficit led to the decline in foreign exchange reserves that resulted in exchange rate volatility and adoption of contractionary monetary policy stance.

Headline inflation skyrocketed to the highest level in four years to 5.2% YoY in June 2018 on account of increasing food and commodity prices, taking average inflation for 1HCY18 to 4.1% YoY compared to 4.4% YoY in the corresponding period last year. Large Scale Manufacturing posted a growth of 6.0% YoY during 11MFY18 on the back of growth in food, beverage & Tobacco sector along with automobile and non-metallic mineral products sectors.

On external account front, Current Account Deficit (CAD) stood at USD 18.0 billion for FY18 in comparison to FY17 CAD of USD 12.6 billion. Trade deficit increased to USD 36.2 billion during FY18 against USD 31 billion in the same period last year. Besides, the fiscal situation deteriorated; where the fiscal deficit for FY18 is expected at 6.5%, against government's revised target of 5.5%. The public debt stock at the end of Jun'18 clocked in at PKR 20.8 trillion resulting from increased domestic and foreign borrowings. The widening CAD coupled with rapid increasing trade deficit drove FX reserves downward to USD 16.4 billion in Jun' 18. Citing external account pressure, twin deficits and significant rupee devaluation, SBP hiked the policy rate by 150 bps to 7.5% during CY18. Cumulatively, rupee has weakened by 10% during 1HCY18.

Going ahead, the government has set a target of 6.2% real GDP growth for FY19 on the back of growing momentum in the last few years. The Moody's downgrade of outlook from 'stable' to 'negative', is an early warning signal for what can be expected unless corrective actions are taken. Higher PSDP Spending along with improvement in power availability may help in achieving the GDP growth target. However, deteriorating external accounts position and increasing international oil prices may pose a threat to the economy resulting in higher taxation and elimination of subsidies. Furthermore, Materialization of FX inflows from the tax amnesty scheme, probable loans from China and Saudi Arabia at lower cost of debt and a likely reversion back to IMF for a fresh loan in the near term could ease pressure on depleting foreign reserves; while providing stability to rupee in the short term.

Stock Market Review and Outlook

Spillover effect of PKR devaluation, political uncertainty with respect to caretaker setup, concern on the twin deficits front tagged with the placement of Pakistan on grey list by FATF translated into a negative return of 7.9% by KSE 100 Index during the quarter under review. Market activity decreased during 1HCY18, where average daily traded value of KSE-100 Index declined to PKR 6.1 billion compared to PKR 11.8 billion in 1HCY17. Moreover, average daily traded volume of KSE-100 Index also shrunk to 89.7 million shares in 1HCY18 from 127.1 million shares in the same period last year, resulting in a decrease of 29.4% YoY.

Against the inflow in the last quarter, foreign investors remained net sellers during the quarter as shares worth USD 164.6 million were offloaded during 2QCY18. The government's decision to let an overvalued PKR devalue by around 3.7% in Jun'18 (cumulative 10% in 1HCY18) provided much needed confidence to investors who were wary of mounting risks to the balance of payment position.

Against the street expectations of a weak coalition government at the center, Pakistan Tehreek-e-Insaf emerged as the leading party on 25 July 2018, capable of easily forming a relatively stable coalition government. Going ahead, although the smooth transition of power to the third consecutive democratic government will improve investors' sentiments but resolving economic challenges will broadly set the tone of the market. The steep correction in the bourse has opened up the valuations and may entice investors. However, higher than expected inflation, vulnerable external accounts position and volatile international oil prices may stir concern amongst investors. KSE-100 index is currently trading at an attractive P/E multiple of 8.2x against average regional multiple of 14.5x, representing a significant discount of 43.2% which is likely to keep market buoyant in the future.

Company Performance

During the half year ended June 30, 2018 the company posted an earnings per share of Rs.2.65 compared to loss per share of Rs.1.29 in the corresponding period in 2017.

The equity portfolio was maintained to have a balance between high growth and high yield investments. To this effect, sizable investments were made in Commercial Banks, Engineering and Oil & Gas Marketing Companies and money market mutual funds. Dividend income decreased by 41% to Rs.50 million for the half year ended June 30, 2018 as opposed to Rs.84 million earned in the corresponding period last year, which were primarily due to offload of HUBCO and lower than expected dividend from DLL.

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 unwavering 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: August 20, 2018

خدشات کا باعث بن سکتی ہیں۔ KSE-100 انڈیکس x P/E 14.5 کے اوسط مقامی ملٹی پل کے مقابلے میں $8.2 \times$ پرکشش P/E ملٹی پل پر ٹیڈ کر رہا ہے جو 43.2 فیصد کے نمایاں ڈسکاؤنٹ کی عکاسی کرتا ہے اور جس کے باعث مستقبل میں مارکیٹ کے متحرک رہنے کی توقع ہے۔

کمپنی کی کارکردگی

30 جون، 2018 کو ختم ہونے والے نصف سال کے لئے کمپنی نے 2.65 روپے فی حصص کی آمدنی ظاہر کی جو کہ 2017 کی اسی مدت میں 1.29 روپے فی حصص خسارہ تھا۔

زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاریوں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو کو برقرار رکھا گیا۔ اس امر کو ممکن بنانے کے لئے کمرشل بینکس، انجینئرنگ اور آئل و گیس مارکیٹ کمپنیز اور منی مارکیٹ میوجیل فنڈز کے شعبوں میں نمایاں سرمایہ کاری کی گئی۔ 30 جون، 2018 کو ختم ہونے والے نصف سال میں ڈیویڈنڈ کی آمدنی 41 فیصد کی کے بعد 50 ملین روپے ہو گئی، جبکہ گزشتہ سال اسی مدت میں یہ آمدنی 84 ملین روپے تھی، اس کی بنیادی وجہ HUBCO کی فروخت اور DLL کی جانب سے توقع سے کم ڈیویڈنڈ تھی۔

اظہار تشکر

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

منجانب بورڈ

سلیمان الیس مہدی

حسن رضا الرحیم

سی ای او

چیئرمین

کراچی: 20 اگست، 2018

فیصد مقرر کیا ہے۔ Moody's ریٹنگز کی جانب سے آؤٹ لک کی ”مستحکم“ سے ”منفی“ درجہ پر تنزیل متوقع حالات میں خطرے کی ایک ابتدائی علامت ہے جب تک کہ صورت حال کی بہتری کے لئے اقدامات نہ کئے جائیں۔ پبلک سیکٹر ڈیولپمنٹ پروگرام (PSDP) میں بڑھتی ہوئی سرمایہ کاریاں اور بجلی کی بہتر دستیابی GDP کا ہدف حاصل کرنے میں معاون ہو سکتی ہیں۔ تاہم بیرونی اکاؤنٹس کی انحطاط پذیر صورت حال اور بین الاقوامی سطح پر تیل کی بڑھتی ہوئی قیمتیں معیشت کے لئے خطرات کا باعث ہو سکتی ہیں جس کا نتیجہ اضافی ٹیکسوں کے اطلاق اور مراعات (Subsidies) کے خاتمے کی صورت میں برآمد ہوگا۔ مزید برآں، ٹیکس اینکسٹی اسکیم کے ذریعے غیر ملکی زرمبادلہ کی آمد، چین اور سعودی عرب کی جانب سے کم شرح سود پر متوقع قرضہ جات اور عنقریب متوقع طور پر نئے قرضوں کے لئے آئی ایم ایف سے دوبارہ رجوع، گھٹتے ہوئے زرمبادلہ کے ذخائر پر دباؤ میں کمی کا باعث ہو سکتا ہے اور جس سے مختصر مدت کے لئے پاکستانی روپے کو بھی استحکام حاصل ہوگا۔

اسٹاک مارکیٹ کا جائزہ اور آثار

پاکستانی روپے کی قدر میں کمی کے ذیلی اثرات، مگر اس حکومت کے حوالے سے غیر یقینی سیاسی صورت حال، دوہرے خسارہ کے ساتھ FATF کی جانب سے پاکستان کو گریسٹ لسٹ میں ڈالنے کے عمل سے زیر جائزہ سہ ماہی کے دوران KSE 100 انڈیکس کو 7.9 فیصد کے منفی رجحان کا سامنا رہا۔ کیلنڈر سال 2018 کے پہلے نصف کے دوران مارکیٹ کی سرگرمی میں کمی آئی جبکہ KSE-100 انڈیکس کی روزانہ اوسط تجارتی قدر کیلنڈر سال 2017 کے پہلے نصف کے 11.8 ارب روپے کے مقابلے میں کم ہو کر 6.1 ارب روپے ہو گئی۔ مزید برآں، KSE-100 انڈیکس کا روزانہ اوسط تجارتی حجم کیلنڈر سال 2018 کے پہلے نصف میں، گزشتہ سال کی اسی مدت کے 127.1 ملین حصص کے مقابلے میں کم ہو کر 89.7 ملین حصص ہو گیا جس کا نتیجہ 29.4 فیصد سال بہ سال کمی کی صورت میں برآمد ہوا۔

گزشتہ سہ ماہی میں سرمائے کی آمد کے برعکس، کیلنڈر سال 2018 کی دوسری سہ ماہی میں غیر ملکی سرمایہ کار اصل فروخت کنندہ رہے اور اس مدت کے دوران 164.6 ملین امریکی ڈالر مالیت کے شیئرز فروخت کئے گئے۔ جون 2018 میں حکومت پاکستان نے بیش قدر پاکستانی روپے کی قدر میں 3.7 فیصد تک (کیلنڈر سال 2018 کے پہلے نصف میں مجموعی طور پر 10 فیصد) کی کمی کی جس سے ادائیگیوں کے توازن کی صورت حال کے بڑھتے ہوئے خطرات کے باعث محتاط ہو جانے والے سرمایہ کاروں کے اعتماد میں اضافہ ہوا۔

مرکز میں ایک کمزور مخلوط حکومت کے قیام کی توقعات عام کے برعکس پاکستان تحریک انصاف 25 جولائی 2018 کو ایک مرکزی جماعت کے طور پر ابھری، جو آسانی سے نسبتاً مستحکم مخلوط حکومت قائم کرنے کی اہل نظر آتی ہے۔ مزید یہ کہ تیسری مسلسل جمہوری حکومت کو اقتدار کی منتقلی کے ہموار عمل سے سرمایہ کاروں کے رجحان میں بہتری کا باعث بنے گی تاہم معاشی چیلنجز سے نمٹنے کی حکمت عملی مارکیٹ کا رجحان طے کرے گی۔ بازار حصص میں تیزی سے آنے والی بہتری سے تنجین کاری کا آغاز ہو گیا ہے اور یہ امر سرمایہ کاران کی دلچسپی کا باعث ہو سکتا ہے۔ تاہم توقع سے زیادہ افراط زر، بیرونی اکاؤنٹس کی غیر محفوظ صورت حال اور عالمی سطح پر تیل کی تہل پذیر قیمتیں سرمایہ کاران کے لئے

ڈائریکٹرز کی رپورٹ

سیان لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون، 2018 کو ختم ہونے والے نصف سال کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہیں۔

معاشی جائزہ اور آمار

اگرچہ پاکستان میں گزشتہ 18 سالوں میں GDP کے اضافے کی شرح کو مالی سال 2018 میں اس کی بلند ترین شرح 5.8 فیصد پر دیکھا گیا تاہم بعض معاشی پیمانے برآمدات میں کمی اور درآمدات میں اضافے کے باعث انحطاط پذیر ہونا شروع ہو گئے۔ بڑھتے ہوئے تجارتی خسارے کے ساتھ ساتھ کرنٹ اکاؤنٹ خسارے سے زرمبادلہ کے ذخائر میں کمی واقع ہوئی جس کے نتیجے میں زرمبادلہ کی شرح میں اتار چڑھاؤ پیدا ہوا اور تخفیفی مالیاتی پالیسی مؤقف اختیار کرنے کی ضرورت پیش آئی۔

غذائی اور اشیائے صرف کی بڑھتی ہوئی قیمتوں کے باعث نمایاں افراط زر کی شرح میں تیزی سے اضافہ ہوا جو جون، 2018 میں چار سال کی بلند ترین شرح 5.2 فیصد سال بہ سال تک پہنچ گئی، جس سے کیلنڈر سال، 2018 کے پہلے نصف میں اوسط افراط زر کی شرح 4.1 فیصد سال بہ سال ہو گئی، جبکہ گزشتہ سال کی اسی مدت کے دوران یہ شرح 4.4 فیصد سال بہ سال تھی۔ نان۔ مینا لک منرل پروڈکٹس اور آئو موبائل کے شعبوں کے ساتھ غذائی اشیاء، مشروبات اور تंबاکو کے شعبہ جات میں ترقی کی وجہ سے بڑے پیمانے کی صنعت کی پیداوار میں مالی سال 2018 کے 11 ماہ میں 6.0 فیصد سال بہ سال کا اضافہ ہوا۔

بیرونی اکاؤنٹ کی سطح پر کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2017 کے 12.6 ارب امریکی ڈالر کے خسارے کے مقابلے میں مالی سال 2018 میں 18.0 ارب امریکی ڈالر رہا۔ تجارتی خسارہ بڑھ کر 36.2 ارب امریکی ڈالر ہو گیا جو کہ گزشتہ سال کی اسی مدت میں 31 ارب امریکی ڈالر تھا۔ مزید برآں، مالیاتی صورت حال انحطاط کا شکار رہی جبکہ مالی سال 2018 میں مالیاتی خسارہ حکومت کے نظر ثانی شدہ ہدف 5.5 فیصد کے برعکس 6.5 فیصد متوقع ہے۔ مقامی اور غیر ملکی قرضہ جات کے حصول کے بڑھتے ہوئے رجحان کے باعث حکومتی قرضہ جون 2018 کے اختتام تک 20.8 ٹریلین روپے تک پہنچ گیا۔ وسیع تجارتی خسارے اور بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے سے غیر ملکی زرمبادلہ کے ذخائر میں کمی واقع ہوئی اور جون 2018 میں اس کی سطح 16.4 ارب امریکی ڈالر تک جا پہنچی۔ بیرونی اکاؤنٹ کا شدید دباؤ، دوہرے خسارے اور روپے کی قدر میں نمایاں کمی کے باعث اسٹیٹ بینک آف پاکستان نے کیلنڈر سال 2018 میں پالیسی شرح 150 بیس پوائنٹس سے بڑھا کر 7.5 فیصد کر دی۔ کیلنڈر سال 2018 کے پہلے نصف میں روپے کی قدر میں مجموعی طور پر 10 فیصد کمی واقع ہوئی۔

مزید یہ کہ گزشتہ چاند سالوں کے بڑھتے ہوئے رجحان کی بنیاد پر حکومت نے مالی سال 2019 کے لئے مجموعی ترقیاتی پیداوار کا ہدف 6.2

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF CYAN LIMITED ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Cyan Limited (the Company) as at June 30, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month 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 financial statements based on our review. The figures for the quarters ended June 30, 2018 and June 30, 2017 in the condensed interim profit or loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion on them.

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.

The engagement partner on the review resulting in this independent auditor's review report is Shahbaz Akbar.

Chartered Accountants
Karachi
Dated: August 27, 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

| | | (Un-audited) June 30 2018 (Rupees in '000) | (Audited) December 31 2017 |
|---|----|---|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 6 | 13,888 | 14,951 |
| Intangible assets | 7 | 102 | 137 |
| Deferred taxation | | 17,612 | 52,235 |
| Long term loans | 8 | 7,159 | 8,133 |
| Long term deposits | | <u>2,500</u> | <u>2,500</u> |
| | | 41,261 | 77,956 |
| Current assets | | | |
| Short term investments | 9 | 2,673,722 | 2,440,890 |
| Long term loans - current portion | 8 | 2,330 | 2,330 |
| Trade and other receivables | | 18,395 | 16,242 |
| Advances and short term prepayments | | 3,592 | 3,539 |
| Cash and bank balances | 10 | 9,912 | 5,269 |
| | | 2,707,951 | 2,468,270 |
| TOTAL ASSETS | | <u>2,749,212</u> | <u>2,546,226</u> |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital | | | |
| 100,000,000 (2017: 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 | | 1,179,939 | 1,024,498 |
| Reserves | | 133,088 | 133,088 |
| Remeasurement on post retirement benefits obligation - net of tax | | (2,142) | (2,142) |
| Surplus on revaluation of available-for-sale investments | | 491,145 | 528,372 |
| | | <u>2,388,307</u> | <u>2,270,093</u> |
| Non-current liabilities | | | |
| Deferred liability - gratuity | | 13,922 | 12,237 |
| Current liabilities | | | |
| Creditors, accrued expenses and other liabilities | | 26,999 | 15,016 |
| Accrued mark - up | | 1,441 | 400 |
| Unclaimed dividend | | 30,282 | 30,671 |
| Short term borrowing | | 169,997 | - |
| Taxation - net | 11 | 118,264 | 217,809 |
| | | 346,983 | 263,896 |
| TOTAL EQUITY AND LIABILITIES | | <u>2,749,212</u> | <u>2,546,226</u> |
| CONTINGENCIES AND COMMITMENTS | 12 | | |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the half year ended June 30, 2018 (un-audited)

| | | Half Year Ended | | Quarter Ended | |
|--|------|---------------------|-----------------|------------------|------------------|
| | Note | June 30, | | June 30, | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | ------(Rupees)----- | | | |
| Revenues | | | | | |
| Return on investments | 13 | 50,888 | 85,052 | 16,466 | 81,569 |
| Gain / (loss) on sale of investments - net | | 252,340 | 197,393 | 13,359 | (23,131) |
| Other income | | 5,806 | 16,282 | 3,352 | 7,975 |
| | | <u>309,034</u> | <u>298,727</u> | <u>33,177</u> | <u>66,413</u> |
| Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net | | (56,028) | (280,871) | (161,548) | (328,302) |
| Unrealised gain on re-measurement of derivatives - net | | 2,496 | 70 | 2,496 | 70 |
| | | <u>255,502</u> | <u>17,926</u> | <u>(125,875)</u> | <u>(261,819)</u> |
| Expenses | | | | | |
| Operating and administrative expenses | | (53,633) | (52,728) | (24,002) | (26,210) |
| Financial charges | | (5,489) | (10,811) | (1,441) | (5,837) |
| | | <u>(59,122)</u> | <u>(63,539)</u> | <u>(25,443)</u> | <u>(32,047)</u> |
| Profit / (loss) for the period before taxation | | <u>196,380</u> | <u>(45,613)</u> | <u>(151,318)</u> | <u>(293,866)</u> |
| Taxation - current year | | (6,316) | (55,841) | (1,893) | (8,784) |
| - prior year | | - | (20,902) | - | (20,902) |
| - deferred | | (34,623) | 46,811 | 15,946 | 30,742 |
| | | <u>(40,939)</u> | <u>(29,932)</u> | <u>14,053</u> | <u>1,056</u> |
| Profit / (loss) for the period after taxation | | <u>155,441</u> | <u>(75,545)</u> | <u>(137,265)</u> | <u>(292,810)</u> |
| | | ------(Rupees)----- | | | |
| Basic and diluted earnings / (loss) per share | 14 | <u>2.65</u> | <u>(1.29)</u> | <u>(2.34)</u> | <u>(4.99)</u> |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended June 30, 2018 (un-audited)

| | Half Year Ended June 30, | | Quarter Ended June 30, | |
|--|-----------------------------|-------------------------|---------------------------|-------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | ------(Rupees in '000)----- | | | |
| Profit / (loss) after taxation | 155,441 | (75,545) | (137,265) | (292,810) |
| Items that may be reclassified subsequently to profit or loss | | | | |
| (Deficit) / surplus on revaluation of available-for-sale investments | (37,227) | (104,742) | 9,811 | 2,526 |
| Total comprehensive income / (loss) for the period | <u>118,214</u> | <u>(180,287)</u> | <u>(127,454)</u> | <u>(290,284)</u> |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended June 30, 2018 (un-audited)

| | Share Capital | Capital reserves | | Revenue reserves | | Remesurement on post retirement benefits obligation-net of tax | Surplus 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, 2017 | 586,277 | 10,535 | 2,553 | 120,000 | 1,708,968 | (2,611) | 746,881 | 3,172,603 |
| Final dividend @ Rs.2.50 per share for the year ended Dec 31, 2016 | - | - | - | - | (146,569) | - | - | (146,569) |
| Net loss for the half year ended June 30, 2017 | - | - | - | - | (75,545) | - | - | (75,545) |
| Other comprehensive income | - | - | - | - | - | - | (104,742) | (104,742) |
| Total comprehensive income for half year ended June 30, 2017 | - | - | - | - | (75,545) | - | (104,742) | (180,287) |
| Balance as at June 30, 2017 | <u>586,277</u> | <u>10,535</u> | <u>2,553</u> | <u>120,000</u> | <u>1,486,854</u> | <u>(2,611)</u> | <u>642,139</u> | <u>2,845,747</u> |
| Balance as at January 1, 2018 | 586,277 | 10,535 | 2,553 | 120,000 | 1,024,498 | (2,142) | 528,372 | 2,270,093 |
| Net profit for the half year ended June 30, 2018 | - | - | - | - | 155,441 | - | - | 155,441 |
| Other comprehensive income | - | - | - | - | - | - | (37,227) | (37,227) |
| Total comprehensive income for half year ended June 30, 2018 | - | - | - | - | 155,441 | - | (37,227) | 118,214 |
| Balance as at June 30, 2018 | <u>586,277</u> | <u>10,535</u> | <u>2,553</u> | <u>120,000</u> | <u>1,179,939</u> | <u>(2,142)</u> | <u>491,145</u> | <u>2,388,307</u> |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the half year ended June 30, 2018 (un-audited)

| Note | Half Year Ended | |
|--|------------------|------------------|
| | June 30, 2018 | June 30, 2017 |
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before taxation | 196,380 | (45,613) |
| Adjustment for non cash charges and other items: | | |
| Depreciation / amortisation | 1,226 | 1,171 |
| Loss / (gain) on sale of property and equipment | 17 | (891) |
| Capital gain on sale of investments - net | (252,340) | (197,393) |
| Amortisation income on government securities | (1,285) | (1,247) |
| Financial charges | 5,489 | 10,811 |
| Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net | 56,028 | 280,871 |
| Unrealised gain on re-measurement of derivatives - net | (2,496) | (70) |
| | (193,361) | 93,252 |
| Operating profit before working capital changes | 3,019 | 47,639 |
| (Increase) / decrease in operating assets | | |
| Trade and other receivables | 343 | (10,329) |
| Long term loan | 974 | 911 |
| Advances and short term prepayments | (53) | 1,668 |
| | 1,264 | (7,750) |
| (Decrease) / increase in operating liabilities | | |
| Creditors, accrued expenses and other liabilities | 11,983 | (39,532) |
| Deferred liability | 1,685 | 1,371 |
| Net cash generated from operations | 17,951 | 1,728 |
| Taxes paid | (105,861) | (17,400) |
| Financial charges paid | (4,448) | (8,048) |
| Net cash used in operating activities | (92,358) | (23,720) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 3,150,556 | 3,799,575 |
| Investment in securities | (3,223,018) | (3,692,978) |
| Capital expenditure incurred | (251) | (2,931) |
| Proceeds from sale of property and equipment | 106 | 1,050 |
| Net cash (used in) / generated from investing activities | (72,607) | 104,716 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (389) | (146,182) |
| Net cash utilised in financing activities | (389) | (146,182) |
| Net decrease in cash and cash equivalents | (165,354) | (65,186) |
| Cash and cash equivalents at the beginning of the period | 8,269 | (179,359) |
| Cash and cash equivalents at the end of the period | 10.2 (157,085) | (244,545) |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (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 Act, 2017). 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

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

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

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

This condensed interim financial statements 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, 2017.

This condensed interim financial statements 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 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The Companies Act, 2017 (the Act) has brought certain changes with regards to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in nomenclature of primary statements and change in presentation of unclaimed dividend etc.

The presentation of these condensed interim financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact on the recognition and measurement of the amounts included in these condensed interim financial statements of the Company.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018, that may have an impact on the financial statements of the Company:

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of these changes on the financial statements of the Company.

2.3 Basis of measurement

These condensed interim financial statements have 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.

2.4 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani rupee, which is also the Company's functional and presentation currency.

2.5 Rounding off

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan 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, 2017.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the company are consistent with those disclosed in the financial statements for the year ended December 31, 2017.

6 PROPERTY AND EQUIPMENT

| | (Un-audited) June 30, 2018 | (Audited) December 31, 2017 |
|--|----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| Opening book value | 14,951 | 13,751 |
| Additions during the period / year | 251 | 3,980 |
| | 15,202 | 17,731 |
| Less: Written down value of disposals during the period / year | (123) | (200) |
| Less: Depreciation for the period / year | (1,191) | (2,580) |
| | (1,314) | (2,780) |
| | <u>13,888</u> | <u>14,951</u> |

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

Additions - cost

| | | |
|-----------------------|------------|--------------|
| Motor vehicles | - | 2,708 |
| Office equipment | 251 | 678 |
| Furniture and Fixture | - | 594 |
| | <u>251</u> | <u>3,980</u> |

Disposals - cost

| | | |
|------------------|------------|--------------|
| Motor vehicles | - | 1,466 |
| Office equipment | 503 | 121 |
| | <u>503</u> | <u>1,587</u> |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| | Note | (Un-audited) June 30, 2018 | (Audited) December 31, 2017 |
|------------|--|----------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 7 | INTANGIBLE ASSETS | | |
| | Opening book value | 137 | 266 |
| | Additions during the period / year | - | - |
| | Less: Amortisation for the period / year | (35) | (129) |
| | | <u>102</u> | <u>137</u> |
| 8 | These represent loans given to executives and other employees disbursed under mark-up arrangements. | | |
| 9 | INVESTMENTS | | |
| | Held-to-maturity investments | 9.1 44,757 | 44,643 |
| | Available-for-sale investments | 9.2 609,087 | 646,314 |
| | Investments carried at fair value through profit or loss | 9.3 2,016,878 | 1,746,933 |
| | Loans and receivables | 9.4 3,000 | 3,000 |
| | | <u>2,673,722</u> | <u>2,440,890</u> |
| 9.1 | 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. 44.736 million as at June 30, 2018 (December 31, 2017: market value of Rs. 44.624 million). These will be released once the outstanding claims and balances relating to insurance business are settled. | | |
| 9.2 | Available-for-sale investments | | |
| | Quoted shares - related parties | 9.2.1 <u>609,087</u> | <u>646,314</u> |
| | | <u>609,087</u> | <u>646,314</u> |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

9.2.1 Quoted Shares - Related Parties

| Quoted Shares - Related Parties | | Note | Number of Shares | | Cost | Market value | |
|-------------------------------------|------|------|------------------|-----------|-----------|--------------|-----------|
| Name of investee company | | | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 30-Jun-18 | 31-Dec-17 |
| ----- Rupees '000' ----- | | | | | | | |
| Fertiliser | | | | | | | |
| Dawood Hercules Corporation Limited | | | 794,380 | 794,380 | 47,652 | 88,001 | 88,875 |
| Equity held: 0.17% (2017: 0.17%) | 11.2 | | | | | | |
| Textile Composite | | | | | | | |
| Dawood Lawrencepur Limited | | | 2,965,095 | 2,965,095 | 222,111 | 521,086 | 557,439 |
| Equity held: 5.02% (2017: 5.02%) | | | | | | | |
| | | | | | 269,763 | 609,087 | 646,314 |
| | | | | | (151,821) | | |
| Less : Provision for impairment | | | | | 117,942 | | |
| Carrying value | | | | | 609,087 | | |
| Market value as at June 30, 2018 | | | | | 491,145 | | |
| Unrealised gain on quoted shares | | | | | | | |

Less : Provision for impairment
Carrying value
Market value as at June 30, 2018
Unrealised gain on quoted shares

| Market Value | |
|--------------|--------------|
| (Un-audited) | (Audited) |
| June 30, | December 31, |
| 2018 | 2017 |
| Rupees '000' | |

9.3 Investment carried at fair value through profit or loss

| | | | |
|---------------|-------|------------------|------------------|
| Quoted shares | 9.3.1 | 2,014,095 | 1,682,761 |
| Mutual funds | 9.3.2 | 2,783 | 64,172 |
| | | <u>2,016,878</u> | <u>1,746,933</u> |

9.3.1 Quoted Shares

| | Note | Number of Shares | | Carrying Value | Market value | |
|---|------|------------------|-----------|----------------|--------------|-----------|
| Name of investee company | | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 30-Jun-18 | 31-Dec-17 |
| ----- Rupees '000' ----- | | | | | | |
| Oil & Gas Exploration | | | | | | |
| Pakistan Oil field Limited | | 50,000 | - | 34,218 | 33,590 | - |
| Oil and Gas Development Company Limited | | - | 500,000 | - | - | 81,395 |
| Oil and Gas Marketing | | | | | | |
| Sui Northern Gas Pipeline Limited | | - | 500,000 | - | - | 47,305 |
| Pakistan State Oil Company Limited | | 400,000 | - | 123,293 | 127,324 | - |
| Cable & Electrical Goods | | | | | | |
| Singer Pakistan Limited | | - | 500,000 | - | - | 18,210 |
| Refinery | | | | | | |
| Pakistan Refinery Limited | | 595,000 | 1,000,000 | 23,729 | 20,652 | 35,180 |
| Cement | | | | | | |
| Dewan Cement Limited | | 3,000,000 | - | 55,955 | 54,000 | - |
| D. G. Khan Cement Limited | | - | 200,000 | - | - | 26,744 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| Note | Number of Shares | | Carrying Value | Market value | |
|---|--------------------------|------------|----------------|------------------|------------------|
| | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 30-Jun-18 | 31-Dec-17 |
| | ----- Rupees '000' ----- | | | | |
| Textile Composite | | | | | |
| Nishat Chunian Limited | - | 3,000,000 | - | - | 137,310 |
| Nishat Mills Limited | 75,100 | - | 12,147 | 10,583 | - |
| Azgard Nine Limited | 5,000,000 | - | 77,127 | 64,700 | - |
| Insurance | | | | | |
| Adamjee Insurance Company Limited | 2,000,000 | - | 100,000 | 97,460 | - |
| Automobile Assembler | | | | | |
| Siddiqsons Tin Plate Limited | 1,000,000 | - | 30,022 | 15,220 | - |
| Leasing Companies | | | | | |
| Orix Leasing Pakistan Limited | 500,000 | - | 21,810 | 21,735 | - |
| Inv. Banks / Inv. Cos. / Securities Cos. | | | | | |
| Pakistan Stock Exchange Limited | - | 7,929,330 | - | - | 177,617 |
| Glass & Ceramics | | | | | |
| Tariq Glass Industries Limited | - | 200,000 | - | - | 18,998 |
| Transport | | | | | |
| Pakistan International Bulk Terminal Limited | - | 1,000,000 | - | - | 14,950 |
| Technology & Communication | | | | | |
| Media Times Limited | 5,000,000 | 5,000,000 | 8,500 | 8,650 | 8,500 |
| System Limited | 100,000 | - | 10,172 | 10,122 | - |
| TRG Pakistan Limited | - | 1,000,000 | - | - | 29,600 |
| Power Generation & Distribution | | | | | |
| The Hub Power Company Limited (related party) | - | 10,000,000 | - | - | 910,000 |
| Equity held: Nil (2017: 0.86%) | | | | | |
| K-Electric Limited | - | 5,000,000 | - | - | 31,550 |
| Commercial Banks | | | | | |
| Bank Alfalah Limited | 11.1 | 8,800,000 | - | 420,966 | 460,152 |
| Bank of Punjab Limited | | 20,600,000 | 2,490,000 | 246,800 | 248,642 |
| Faysal Bank Limited | | 10,835,500 | - | 259,270 | 281,723 |
| MCB Bank Limited | 9.3.1.1 | 500,000 | - | 111,810 | 98,885 |
| United Bank Limited | | 800,000 | - | 157,071 | 135,184 |
| Engineering | | | | | |
| Mughal Iron & Steel Industries Limited | | 1,286,500 | - | 90,952 | 79,017 |
| Aisha Steel Mills Limited | 9.3.1.1 | 2,503,000 | - | 55,025 | 39,472 |
| Amreli Steels Limited | | 500,000 | - | 49,522 | 35,275 |
| International Steels Limited | | - | 500,000 | - | - |
| | | | | | 53,185 |
| Chemical | | | | | |
| Biafo Industries Limited | | 200,000 | - | 66,196 | 63,996 |
| Descon Oxychem Limited | | 1,930,000 | - | 40,667 | 37,249 |
| Lotte Chemical Pakistan Limited | | - | 10,000,000 | - | - |
| | | | | | 71,700 |
| Fertilizer | | | | | |
| Fauji Fertilizer Bin Qasim Limited | | 1,825,500 | - | 74,941 | 70,464 |
| | | | | | - |
| | | | | <u>2,070,193</u> | <u>2,014,095</u> |
| | | | | | <u>1,682,761</u> |
| Unrealised Loss on Quoted Shares | | | | <u>(56,098)</u> | |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

9.3.1.1 2,503 million shares (Dec. 2017: Nil) of Aisha Steel Mills Limited having market value of Rs. 39.47 million as at June 30, 2018 and 0.5 million shares of MCB Bank Limited (Dec. 2017: Nil) having market value of Rs 98.89 million have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

9.3.2 Mutual Funds

| Name of fund | Note | Number of Units | | Cost | Market value | |
|--|---------|-----------------|-----------|-----------|--------------|-----------|
| | | 30-Jun-18 | 31-Dec-17 | 30-Jun-18 | 30-Jun-18 | 31-Dec-17 |
| | | | | | Rupees '000' | |
| HBL Money Market Fund | | - | 239,712 | - | - | 25,007 |
| NAFA Government Securities Liquid Fund | 9.3.2.1 | 260,170 | 260,170 | 2,713 | 2,783 | 2,713 |
| NAFA Money Market Fund | | - | 3,600,238 | - | - | 36,452 |
| | | | | 2,713 | 2,783 | 64,172 |
| Market Value as at June 30, 2018 | | | | 2,783 | | |
| Unrealised gain on mutual funds | | | | 70 | | |

9.3.2.1 223,871 units (December 31, 2017: 223,871 units) of NAFA Government Liquid Fund having a market value of Rs. 2.394 million (December 31, 2017: 2.334 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

| | Note | (Un-audited) June 30, 2018 | (Audited) December 31, 2017 |
|------------------------------------|-------|----------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 9.4 Loans and receivables | | | |
| Deposits maturing within one month | 9.4.1 | 3,000 | 3,000 |

Term Deposit Receipts carry mark-up at 5.25% per annum (December 31 2017: 5.25%) per annum and to be matured on July 18, 2018.

10 CASH AND BANK BALANCES

| | | | |
|--------------|------|-------|-------|
| Cash in hand | | 33 | 36 |
| Cash at bank | 10.1 | 9,879 | 5,233 |
| | | 9,912 | 5,269 |

10.1 The balances are placed under mark-up arrangements with mark-up ranging between 2.6% to 5.50% (December 31, 2017: 2.78% to 4.00%) per annum.

10.2 Cash and cash equivalents

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| | (Un-audited) June 30, 2018 | June 30, 2017 |
|------------------------|----------------------------------|------------------|
| | Rupees in '000 | |
| Cash and bank balances | 9,912 | 8,235 |
| Term deposit receipts | 3,000 | 3,000 |
| Short term borrowings | (169,997) | (255,780) |
| | <u>(157,085)</u> | <u>(244,545)</u> |

11 SHORT TERM BORROWINGS

| | (Un-audited) June 30, 2018 | (Audited) December 31, 2017 |
|----------------------------|----------------------------------|-----------------------------------|
| | Rupees in '000 | |
| Secured | | |
| Short term running finance | <u>169,997</u> | <u>-</u> |

- 11.1 The Company has running finance facility of Rs. 1,000 million (December 31, 2017: Rs.1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 3 month KIBOR plus 0.25% per annum (December 31, 2017: 3 month KIBOR + 0.25% per annum) and will expire on April 30, 2019. The amount utilised as at June 30, 2018 amounted to Rs. 169.997 million.

The facility is secured against pledge of 5.3 million (market value: Rs.277.14 million) ordinary shares of Bank Alfalah Limited.

- 11.2 The Company has running finance facility of Rs. 500 million (December 31, 2017: 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 31, 2017: 3 month KIBOR + 0.65% per annum) and will expire on March 31, 2019. The facility has not been utilised as at June 30, 2018.

The facility is secured against pledge of 0.794 million (market value: Rs.88.00 million) ordinary shares of Dawood Hercules Corporation Limited.

- 11.3 The Company has running finance facility of Rs.1,000 million (December 31, 2017: 1,000 million) under mark-up arrangement with National Bank Limited. The facility carries mark up at 3 months KIBOR plus 0.20% per annum and will expire on August 31, 2018. The facility has not been utilised as at June 30, 2018.

| | (Un-audited) June 30, 2018 | (Audited) December 31, 2017 |
|--|----------------------------------|-----------------------------------|
| | Rupees in '000 | |

12 CONTINGENCIES AND COMMITMENTS

| | | |
|--|--------------|--------------|
| Guarantee issued on behalf of the Company by a commercial bank | <u>2,800</u> | <u>2,800</u> |
|--|--------------|--------------|

The status of taxation related contingencies as disclosed in note 24.1 to the annual financial statements of the Company for the year ended December 31, 2017 has remained unchanged.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| | | (Un-audited) | |
|----|---|--------------------|-------------------|
| | | June 30, 2018 | June 30, 2017 |
| | | Rupees in '000 | |
| 13 | RETURN ON INVESTMENTS | | |
| | Amortisation on Treasury Bills | 1,285 | 1,247 |
| | Dividend income | 49,603 | 83,805 |
| | | <u>50,888</u> | <u>85,052</u> |
| 14 | EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | | |
| | Profit / (loss) for the period after taxation | <u>155,441</u> | <u>(75,545)</u> |
| | | (Number of shares) | |
| | Weighted average number of ordinary shares outstanding as at the period end | <u>58,627,722</u> | <u>58,627,722</u> |
| | | (Rupees) | |
| | Earnings / (Loss) per share | <u>2.65</u> | <u>(1.29)</u> |

15 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 employment. Transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial statements are as follows:

| (Unaudited) | | | | | | | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Dawood Corporation (Private) Limited | | Group / associated companies | | Other related parties | | Total | |
| Half year ended June 30, 2018 | Half year ended June 30, 2017 | Half year ended June 30, 2018 | Half year ended June 30, 2017 | Half year ended June 30, 2018 | Half year ended June 30, 2017 | Half year ended June 30, 2018 | Half year ended June 30, 2017 |
| ----- Rupees in 000 ----- | | | | | | | |
| Transactions | | | | | | | |
| Rent paid | - | - | 3,989 | 4,135 | - | 3,989 | 4,135 |
| Dividend received | - | - | 19,554 | 53,003 | - | 19,554 | 53,003 |
| Dividend paid | - | 90,912 | - | 7,245 | - | 5,519 | - |
| Corporate advisory services | - | - | 4,750 | 15,000 | - | - | 4,750 |
| Service charges | - | - | 201 | 1,232 | - | - | 201 |
| Contribution to provident fund | - | - | - | - | 1,343 | 1,276 | 1,343 |
| Charge for staff retirement gratuity scheme | - | - | - | - | 1,765 | 1,793 | 1,765 |
| Remuneration to Key Management Personnel | - | - | - | - | 20,325 | 19,091 | 20,325 |
| Director meeting fee | - | - | - | - | 450 | 750 | 450 |
| Employee loan recovered | - | - | - | - | 1,165 | 1,165 | 1,165 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
|--------------------------------------|-------------------------|------------------------------|-------------------------|-----------------------|-------------------------|---------------------|-------------------------|
| Dawood Corporation (Private) Limited | | Group / associated companies | | Other related parties | | Total | |
| As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 |

----- Rupees in '000 -----

| | | | | | | | | |
|---|---|---|-------|-------|-------|-------|-------|-------|
| Loan to chief executive officer | - | - | - | - | 2,455 | 2,960 | 2,455 | 2,960 |
| Loan to other executives | - | - | - | - | 7,033 | 7,503 | 7,033 | 7,503 |
| Trade and other receivables | - | - | 1,440 | 1,458 | - | - | 1,440 | 1,458 |
| Creditors, accrued expenses and other liabilities | - | - | 219 | 321 | - | - | 219 | 321 |

16 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).

Investments carried at fair value are categorized as follows:

| ASSETS | ----- As at June 30, 2018 ----- | | | |
|--|---------------------------------|----------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees in '000 ----- | | | |
| Investment in securities - financial assets at fair value through profit or loss | | | | |
| - Quoted shares | 2,014,095 | - | - | 2,014,095 |
| - Mutual fund units | 2,783 | - | - | 2,783 |
| | <u>2,016,878</u> | <u>-</u> | <u>-</u> | <u>2,016,878</u> |
| Investment in securities - financial assets available for sale | | | | |
| - Quoted shares | 609,087 | - | - | 609,087 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended June 30, 2018 (un-audited)

| ASSETS | ----- As at June 30, 2018 ----- | | | |
|--|---------------------------------|----------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees in '000 ----- | | | |
| Investment in securities - financial assets at fair value through profit or loss | | | | |
| - Quoted shares | 1,682,761 | - | - | 1,682,761 |
| - Mutual fund units | 64,172 | - | - | 64,172 |
| | <u>1,746,933</u> | <u>-</u> | <u>-</u> | <u>1,746,933</u> |
| Investment in securities - financial assets available for sale | | | | |
| - Quoted shares | <u>646,314</u> | <u>-</u> | <u>-</u> | <u>646,314</u> |

17 CORRESPONDING FIGURES

Unclaimed dividend amounting to Rs. 30.282 million (December 31, 2017: Rs. 30.671 million) which was classified under creditors, accrued expenses and other liabilities has now been reclassified and shown separately on the face of condensed interim statement of financial position. This reclassification has been made to align the presentation of unclaimed dividends with the requirements of Companies Act, 2017.

18 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on August 20, 2018, have announced an interim cash dividend of Rs. 2.50 per share (2017: Rs. Nil) in respect of the half year ended June 30, 2018 amounting to Rs. 146.57 million (2017: Rs. Nil). These condensed interim financial statements for the half year ended June 30, 2018 do not include the effect of this appropriation which will be accounted for subsequent to the half year end.

There are no other reclassifications of corresponding figures.

19 AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company on August 20, 2018.

Sulaiman S.Mehdi
Chief Executive Officer

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

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