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BETTER TOMORROW



QUARTERLY REPORT MARCH 31, 2019

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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

Chief Financial Officer

Faisal Nadeem

Company Secretary

Ahsan Iqbal

Head of Internal Audit

Ayman Anwer

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Nadeem (CFO)
Ahsan Iqbal (Company Secretary)
Ayman Anwer (Head of Internal Audit)
Muhammad Anas Karimi (Senior Manager Finance)
Naresh Kumar (Investment Associate)
Marvi Shaikh (Senior Investment Analyst)
Zulqarnain (Assistant Manager)
Uzair Azmat (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 Shahra-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, 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

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 statements of the company for the quarter ended March 31, 2019.

Economic Review and Outlook

The economy is showing signs of stabilization with the large current account deficit shrinking by 60% in first two months of this calendar year compared to the same period last year. This is primarily due to a reduction in the trade deficit and higher remittance inflows. Furthermore, the financial assistance received from the Governments of the United Arab Emirates, Saudi Arabia and China have increased foreign reserves to USD 17.4 billion at the end of the first quarter.

The government has received a total funded package of USD 8 billion from friendly countries, USD 3 billion each from Saudi Arabia and the UAE and USD 2 billion from China for balance of payment support. This package is likely to provide respite for its net financing needs during 2019. They are also negotiating a package with the International Monetary Fund (IMF) in addition to discussions with other multilateral lenders. However, the sustainable growth and overall macroeconomic stability requires further policy measures.

On the other hand, the fiscal deficit remained higher than expected for 1HFY19 as it was recorded at 2.7% of GDP compared to 2.2% in the corresponding period last year. The lag impact of PKR devaluation along with the pass-through effect of hike in electricity tariffs, induced inflationary pressures where inflation for the period ended Mar-19 was 9.41%. As a result, the average inflation for 9MFY19 doubled to 6.79% from 3.78% in the same period last year. Citing increasing core inflation, fiscal concerns and vulnerable external account, the state bank of Pakistan continued monetary tightening as it hiked the policy rate to 10.75% by increasing 75 bps in its last two meetings.

Stock Market Review and Outlook

The first month of the calendar year started with robust performance, where KSE-100 index increased by 10.07%, because of improved balance of payment crises and ameliorating forex reserves position. Although the introduction of Finance Supplementary Act, 2019 generated optimism amongst the investors, subpar results of companies, tension with India, rising policy rate and delay in IMF program took a toll on the market. As a result, KSE-100 index posted a return of 4.27% during 1QCY19. During the quarter, the market activity remained dull as average daily traded value decreased to PKR 4.7 billion as compared to PKR 6.4 billion in the same period last year. The average daily traded volume also declined to 83 million shares as compared to 87 million shares in 1QCY18.

The international portfolio investors remained net buyers during the quarter where they purchased shares of worth USD 30.7 million. On the other hand, mutual funds, companies and individuals remained net sellers during the period which led to the current trading levels of the market at a forward P/E 7.17x compared to Asia Pac regional average of 14.65x, while dividend yield was 7.02% against 2.87% offered in the region.

Looking ahead, the market will take positive directions from the materialization of the IMF program and next tax amnesty scheme, both of which are expected to relieve fiscal and external pressures on the economy. However, factors that will adversely impact the market include increasing inflation, weak external accounts and volatile international oil prices.

Company Performance

During the quarter ended March 31, 2019 the company posted an earnings per share of Rs.1.12 compared to Rs.4.99 in the corresponding period in 2018.

The equity portfolio was maintained to have a balance between high growth and high yield investments. To this effect, investments were made in Textile Composite, Commercial Banks, Food and Personal Care Products and Technology sectors.

The company earned an investment income of Rs.130 million compared to Rs. 381 million in the similar period last year because the company had booked a sizeable capital gain from the Hubco's shares disposal. The operating expenses are in line with similar period last year. The company booked Rs.30 million as deferred tax asset reversal mainly due to portfolio performance in the quarter under review. The company achieved profit after tax of Rs.65.5 million whereas the company has booked surplus on revaluation of Rs.99.5 million on available for sale investments for the quarter ended March 31, 2019.

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

Mr. Hasan Reza Ur Rahim
Chairman

Sulaiman S. Mehdi
CEO

Karachi: April 22, 2019

ڈائریکٹرز کی رپورٹ

سیان لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہیں۔

معاشی جائزہ اور آثار

موجودہ کیلنڈر سال کے پہلے دو ماہ میں گزشتہ ماہ کی اسی مدت کے مقابلے میں کرنٹ اکاؤنٹ کا بڑا خسارہ 60% تک کم ہوا ہے جس سے معیشت میں استحکام کے آثار نظر آنا شروع ہو گئے ہیں۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بنیادی وجہ تجارتی خسارے میں کمی اور ترسیلات زر کی آمد میں اضافہ ہے۔ مزید برآں، متحدہ عرب امارات، سعودی عرب اور چین کی حکومتوں سے ملنے والی مالی امداد کے بعد غیر ملکی زرمبادلہ کے ذخائر 2019 کی پہلی سہ ماہی کے اختتام تک بڑھ کر 17.4 ارب ڈالر ہو گئے ہیں۔

حکومت کو ادائیگیوں کے توازن میں مدد کے لئے دوست ممالک سے مجموعی طور پر 8 ارب امریکی ڈالر کا پیکیج حاصل ہوا ہے جس میں 3 ارب امریکی ڈالر سعودی عرب سے، 3 ارب امریکی ڈالر متحدہ عرب امارات سے اور 2 ارب امریکی ڈالر چین سے حاصل ہوئے ہیں جس سے حکومت کو 2019 کے دوران اصل مالیاتی ضروریات میں کچھ سہولت ملنے کی توقع ہے۔ حکومت کثیر فریقی قرض دہندگان سے مذاکرات کے ساتھ ساتھ بین الاقوامی مالیاتی فنڈ (IMF) سے بھی مالیاتی پیکیج کے حصول کے لئے مذاکرات کر رہی ہے تاہم مستحکم ترقی اور مجموعی اقتصادی استحکام کے لئے مزید پالیسی اقدامات کی ضرورت ہے۔

دوسری جانب مالیاتی خسارہ مالی سال 2019 کی پہلی ششماہی کے متوقع ہدف کے مقابلے میں بدستور زیادہ رہا جو کہ مجموعی ترقیاتی پیداوار (GDP) کا 2.7% ریکارڈ کیا گیا جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں مالیاتی خسارہ 2.2% رہا تھا۔ پاکستانی روپے کی قدر میں کمی کے مقابلتاً کم اثرات بشمول بجلی کی قیمتوں میں اضافے کے گردشی اثرات نے افراط زر کا دباؤ پیدا کیا جب مارچ 2019 کو ختم ہونے والی مدت میں افراط زر کا دباؤ 9.41% ریکارڈ کیا گیا، جس کے نتیجے میں مالی سال کے پہلے نو ماہ میں افراط زر کی اوسط شرح گزشتہ سال کی اسی مدت کے 3.78% کے مقابلے میں تقریباً دو گنا اضافے کے ساتھ 6.79% ہو گئی۔ بڑھتی ہوئی بنیادی افراط زر، مالیاتی خدشات اور غیر محفوظ بیرونی اکاؤنٹ کے پیش نظر اسٹیٹ بینک نے مالیاتی سختی برقرار رکھی اور اپنے گزشتہ دو اجلاسوں میں پالیسی شرح 75 پیسے پوائنٹس بڑھا کر 10.75% کر دی۔

اسٹاک مارکیٹ کا جائزہ اور آثار

کیلنڈر سال کے پہلے ماہ میں زبردست کارکردگی سامنے آئی جب KSE-100 انڈیکس میں 10.07% کا اضافہ ہوا، جس کی وجہ ادائیگیوں کے توازن کے بحران کی صورت حال میں بہتری اور زرمبادلہ کے ذخائر میں اضافہ تھی۔ اگرچہ فنانس سپلینڈری ایکٹ، 2019

سرمایہ کاروں کے لئے خوش امید کی باعث بنا، تاہم کمپنیوں کی معمول سے کم کارکردگی، بھارت سے کشیدگی، بڑھتی ہوئی پالیسی شرح اور IMF پروگرام کے حصول میں تاخیر نے مارکیٹ سے اپنا خراج وصول کیا۔ نتیجے کے طور پر کیلنڈر سال 2019 کی پہلی سہ ماہی میں KSE-100 انڈیکس کا منافع 4.27% رہا۔ دوران سہ ماہی، مارکیٹ کی سرگرمی سست رہی اور روزانہ اوسط تجارتی قدر گزشتہ سال کی اسی مدت کے 6.4 ارب روپے کے مقابلے میں کم ہو کر 4.7 ارب روپے ہو گئی۔ اوسط روزانہ تجارتی حجم بھی کیلنڈر سال 2018 کی پہلی سہ ماہی کے 87 ملین شیئرز کے مقابلے میں کم ہو کر 83 ملین شیئرز ہو گیا۔

زیر جائزہ سہ ماہی کے دوران غیر ملکی سرمایہ کار بھی اصل خریدار رہے کیونکہ انہوں نے 30.7 ملین امریکی ڈالرز مالیت کے شیئرز کی خریداری کی۔ دوسری جانب میوچل فنڈز، کمپنیاں اور افراد اس مدت کے دوران اصل فروخت کنندہ رہے جس کے باعث مارکیٹ کی اوسط تجارتی قدر اس وقت ایشیا Pacific علاقائی اوسط 14.65x کے مقابلے میں 7.17x کے فارورڈ P/E پر ہے جبکہ علاقائی اضافے 2.87% کے مقابلے میں اس کا ڈیویڈنڈ منافع 7.02% ہے۔

آگے چل کر آئی ایم ایف پروگرام کی عملی تشکیل اور نئی ٹیکس ایمنسٹی اسکیم کے باعث مارکیٹ مثبت سمت میں آگے بڑھے گی، اور توقع ہے کہ یہ دونوں عوامل معیشت پر مالیاتی اور بیرونی دباؤ کم کرنے میں معاون ہوں گے۔ تاہم وہ عوامل جو مارکیٹ کو بری طرح متاثر کریں گے ان میں افراط زر کی بڑھتی ہوئی شرح، بیرونی اکاؤنٹس کی کمزور صورتحال اور عالمی سطح پر تغیر پذیر تیل کی قیمتیں شامل ہیں۔

کمپنی کی کارکردگی

31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کے دوران کمپنی نے 1.12 روپے فی حصص آمدنی ظاہر کی جو کہ 2018 کی یکساں مدت کے دوران 4.99 روپے فی حصص تھی۔

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 مقصد کے لئے ٹیکسٹائل کمپوزٹ، کمرشل بینکس، فوڈ اور پرنٹل کیٹر مصنوعات اور ٹیکنالوجی کے شعبہ جات میں سرمایہ کاری کی گئی۔

کمپنی نے زیر جائزہ مدت میں سرمایہ کاریوں سے گزشتہ سال کی اسی مدت کے 381 ملین روپے کے مقابلے میں 130 ملین روپے کی آمدنی حاصل کی جس کی وجہ یہ تھی کہ کمپنی نے جبکو (HUBCO) کے حصص کی فروخت سے خاصا بڑا منافع مختص کیا۔ کمپنی کے عمل کاری کے اخراجات گزشتہ سال کی اسی مدت کے برابر ہیں۔ کمپنی نے موثر ٹیکس ایسٹریوریٹ کے طور پر 30 ملین روپے مختص کئے جس کی وجہ زیر جائزہ سہ ماہی میں پورٹ فولیو کی کارکردگی تھی۔ کمپنی نے 65.5 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جبکہ 31 مارچ، 2019 کو ختم ہونے والی سہ ماہی کے دوران برائے فروخت سرمایہ کاریوں کی قدر کے دوبارہ تعین سے کمپنی کو 99.5 ملین روپے کا منافع حاصل

ہوا۔

اظہار تشکر

ہم اپنے تمام شریکان کار، بالخصوص اپنے قابل قدر سرمایہ کاران کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر 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، سیکریٹریز اینڈ ایکسچینج کمپنی آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی ان کے مسلسل توازن اور اشتراک کے لئے تہہ دل سے مشکور ہیں۔

منجانب بورڈ

سلیمان ایس مہدی
سی ای او

حسن رضا الرحیم
چیئرمین

کراچی: 22 اپریل، 2019

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property and equipment	5	23,942	13,405
Intangible assets	6	48	66
Deferred taxation		43,843	74,051
Long term loans	7	5,523	6,154
Long term deposits		2,500	2,500
		<u>75,856</u>	<u>96,176</u>
Current assets			
Short term investments	8	2,123,121	2,108,946
Long term loans - current portion	7	2,330	2,330
Trade and other receivables		106,066	43,772
Advances and short term prepayments		5,741	3,291
Cash and bank balances	9	8,902	9,570
		<u>2,246,160</u>	<u>2,167,909</u>
TOTAL ASSETS		<u><u>2,322,016</u></u>	<u><u>2,264,085</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2018: 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		725,386	659,843
Reserves		133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(1,855)	(1,855)
Surplus on revaluation of available-for-sale investments		556,266	456,777
		<u>1,999,162</u>	<u>1,834,130</u>
Non-current liabilities			
Deferred liability - gratuity		16,471	15,281
Current liabilities			
Trade and other payable		15,064	38,549
Unclaimed dividend		26,901	32,599
Short term borrowings	10	149,220	218,146
Taxation - net		115,198	125,380
		<u>306,383</u>	<u>414,674</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,322,016</u></u>	<u><u>2,264,085</u></u>
CONTINGENCIES AND COMMITMENTS	11	-	-

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31,	
		2019	2018
		------(Rupees in '000)-----	
Return on investments	12	12,177	34,422
Gain on sale of investments - net		69,066	238,981
Other income		3,234	2,454
		<u>84,477</u>	<u>275,857</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		45,759	105,520
		<u>130,236</u>	<u>381,377</u>
Expenses			
Operating and administrative expenses		(29,107)	(29,631)
Financial charges		(3,477)	(4,048)
		<u>(32,584)</u>	<u>(33,679)</u>
Profit for the period before taxation		<u>97,652</u>	<u>347,698</u>
Taxation - current year		(1,901)	(4,423)
- deferred		(30,208)	(50,569)
		<u>(32,109)</u>	<u>(54,992)</u>
Profit for the period after taxation		<u>65,543</u>	<u>292,706</u>
		------(Rupees)-----	
Basic and diluted earnings per share	13	<u>1.12</u>	<u>4.99</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	March 31,	
	2019	2018
	----- (Rupees in '000) -----	
Profit after taxation	65,543	292,706
Items that may be reclassified subsequently to profit or loss		
Surplus/(Deficit) on revaluation of available-for-sale investments	99,489	(47,038)
Total comprehensive income for the period	<u>165,032</u>	<u>245,668</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	Share Capital	Capital reserves		Revenue reserves		Remeasur e-ment on post retirement benefits obligation- net of tax	Surplus on revaluatio n of available for sale investme nts	Total
	Issued, subscrib ed and paid-up	Reserve for exceptio nal losses	Capital gain reserve	General reserve	Unappro- priated profit			
(Rupees in '000)								
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 quarter ended March 31, 2018	-	-	-	-	292,706	-		292,706
Other comprehensive loss	-	-	-	-	-	-	(47,038)	(47,038)
Total comprehensive income for the quarter ended March 3	-	-	-	-	292,706	-	(47,038)	245,668
Balance as at March 31, 2018	586,277	10,535	2,553	120,000	1,317,204	(2,142)	481,334	2,515,761
Balance as at January 1, 2019	586,277	10,535	2,553	120,000	659,843	(1,855)	456,777	1,834,130
Net profit for the quarter ended March 31, 2019	-	-	-	-	65,543	-	-	65,543
Other comprehensive income	-	-	-	-	-	-	99,489	99,489
Total comprehensive income for the quarter ended March 3	-	-	-	-	65,543	-	99,489	165,032
Balance as at March 31, 2019	586,277	10,535	2,553	120,000	725,386	(1,855)	556,266	1,999,162

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

Note	March 31,	
	2019	2018
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	97,652	347,698
Adjustment for non cash charges and other items:		
Depreciation / amortisation	1,077	605
Capital gain on sale of investments - net	(69,066)	(238,981)
Amortisation income on government securities	(1,101)	(597)
Financial charges	3,477	4,048
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(45,759)	(105,520)
	(111,372)	(340,445)
Operating (loss) / profit before working capital changes	(13,720)	7,253
(Increase) / decrease in operating assets		
Trade and other receivables	(62,294)	(266,028)
Long term loan	631	600
Advances and short term prepayments	(2,450)	513
	(64,113)	(264,915)
(Decrease) / increase in operating liabilities		
(Decrease)/ increase in trade and other payable	(23,485)	8,813
Increase in deferred liability	1,190	882
	(100,128)	(247,967)
Taxes paid	(12,082)	(82,111)
Financial charges paid	(6,346)	(400)
Net cash used in operating activities	(118,556)	(330,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,214,638	2,499,364
Investment in securities	(1,013,399)	(2,200,540)
Capital expenditure incurred	(11,596)	-
Net cash generated from investing activities	189,643	298,824
CASH FLOWS FROM FINANCING ACTIVITIES		
Unclaimed dividend paid	(5,698)	(9)
Net cash utilised in financing activities	(5,698)	(9)
Net increase / (decrease) in cash and cash equivalents	65,389	(31,663)
Cash and cash equivalents at the beginning of the year	(199,230)	8,269
Cash and cash equivalents at the end of the period	(133,841)	(23,394)

9.1

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

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.

2.2 Changes in accounting standards, interpretations and pronouncements

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

International Accounting Standards Board (IASB) introduced IFRS 9 'Financial Instruments' which had a mandatory effective date for annual period beginning on or after 1 January 2018. However, by virtue of SRO 1007(1)/2017, SECP made mandatory for all classes of companies to adopt IFRS 9 for annual period beginning on or after 1 July 2018. Subsequent to the year end, SECP, vide its notification dated 14 February 2019, has modified the effective date for applicability IFRS 9 to reporting periods ending on or after 30 June 2019 permitting earlier application.

The adoption of IFRS 15 'Revenue from contracts with customers', as of 1 January 2019, did not impact on operating revenue recognised by 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, 2018.

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, 2018.

5 PROPERTY AND EQUIPMENT

Opening book value
Additions during the period / year

Less: Written down value of disposals during the period / year
Less: Depreciation for the period / year

(Un-audited) (Audited)
March 31, December 31,
2019 2018
----- (Rupees in '000) -----

13,405	14,951
11,596	1,243
25,001	16,194
-	(171)
(1,059)	(2,618)
(1,059)	(2,789)
23,942	13,405

(Un-audited) (Audited)
March 31, December 31,
2019 2018
----- (Rupees in '000) -----

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

Additions - cost

Motor vehicles
Office equipment
Furniture and Fixture

Disposals - cost

Motor vehicles
Office equipment

9,975	-
1,621	1,201
-	42
11,596	1,243
-	39
-	1,047
-	1,086

6 INTANGIBLE ASSETS

Opening book value
Additions during the period / year
Less: Amortisation for the period / year

66	137
-	-
(18)	(71)
48	66

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

8 INVESTMENTS

Held-to-maturity investments
Available-for-sale investments
Investments carried at fair value through profit or loss
Loans and receivables

8.1	43,972	44,979
8.2	674,208	574,719
8.3	1,401,941	1,486,248
8.4	3,000	3,000
	2,123,121	2,108,946

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. 43.950 million as at March 31, 2019 (December 31, 2018: market value of Rs. 44.975 million). These will be released once the outstanding claims and balances relating to insurance business are settled.

		Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018	
			----- (Rupees in '000) -----		
8.2	Available-for-sale investments				
	Quoted shares - related parties	8.2.1	674,208	574,719	
			674,208	574,719	
8.2.1	Quoted Shares - Related Parties				
Name of investee company	Note	Number of Shares		Market value	
		31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
----- Rupees '000' -----					
Fertiliser					
Dawood Hercules Corporation Limited		794,380	794,380	47,652	101,974
Equity held: 0.17% (2018: 0.17%)	10.1				88,295
Textile Composite					
Dawood Lawrencepur Limited		2,965,095	2,965,095	222,111	572,234
Equity held: 5.02% (2018: 5.02%)					486,424
				269,763	674,208
Less : Provision for impairment				(151,821)	
Carrying value				117,942	
Market value as at March 31, 2019			674,208		
Unrealised gain on quoted shares			556,266		

		Note	Market Value (Un-audited) March 31, 2019	(Audited) December 31, 2018
			----- Rupees '000' -----	
8.3 Investment carried at fair value through profit or loss				
Quoted shares		8.3.1	1,399,665	1,483,399
Mutual funds		8.3.2	2,276	2,849
			<u>1,401,941</u>	<u>1,486,248</u>

8.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Mar-19	31-Dec-18
----- Rupees '000' -----					
Oil & Gas Exploration					
Oil and Gas Development Company Limited	500,000	500,000	64,000	73,775	64,000
Oil and Gas Marketing					
Sui Nothern Gas Pipeline Limited	1,000,000	-	82,729	75,110	-
Pakistan State Oil Company Limited	-	370,700	-	-	83,567
Pharmaceutical					
The Searle Company Limited	100,000	-	25,169	23,683	-
Refinery					
National Refinery Limited	50,000	-	13,650	8,413	-
Cement					
Lucky Cement Limited	200,000	525,000	89,909	85,648	228,202
Maple Leaf Cement Factory Limited	-	384,000	-	-	15,610
Textile Composite					
Gul Ahmad Textile Mills Limited	2,575,000	1,000,000	130,435	146,698	46,170
Kohinoor Textile Mills Limited	250,000	250,000	11,270	11,217	11,270
Nishat Chunian Limited	-	1,500,500	-	-	72,894
Automobile Assembler					
Honda Atlas Cars (Pakistan) Limited	293,300	-	71,498	70,380	-
Food & Personal Care Products					
At-Tahur Limited	2,500,000	2,500,000	47,500	69,025	47,500
Matco Foods Limited	1,550,000	1,550,000	43,044	53,397	43,044

Name of investee company	Note	Number of Shares		Carrying Value	Market value	
		31-Mar-19	31-Dec-18	31-Mar-19	31-Mar-19	31-Dec-18
		Rupees '000'				
Glass & Ceremics						
Shabbir Tiles & Ceremics Limited		-	982,000	-	-	14,229
Tariq Glass Industries Limited		-		-	-	-
Transport						
Pakistan International Airline Corporation Lim		2,000,000	-	14,660	11,820	-
Technology & Communication						
Netsol Technologies Limited		918,400	718,400	68,262	74,905	49,879
TRG Pakistan Limited		-	-	-	-	-
Commercial Banks						
Bank Alfalah Limited	10.3	5,000,000	5,000,000	202,950	235,350	202,950
Bank of Punjab Limited		3,000,000	-	42,112	39,060	-
Faysal Bank Limited	10.2	8,000,000	10,000,000	192,560	188,320	240,700
United Bank Limited		-	1,050,000	-	-	128,772
Engineering						
Mughal Iron & Steel Industries Limited		1,636,500	1,636,500	66,196	63,922	66,196
Aisha Steel Mills Limited		-	2,503,000	-	-	26,282
Amreli Steels Limited		1,300,000	1,300,000	62,244	55,991	62,244
International Steels Limited	8.3.1.1	466,100	466,100	30,655	29,844	30,655
Chemical						
Biafo Industries Limited		97,000	229,800	20,782	19,117	49,235
Lotte Chemical Pakistan Limited		4,500,000	-	74,276	63,990	-
				1,353,901	1,399,665	1,483,399
Unrealised gain on Quoted Shares				45,764		

8.3.1.1 0.45 million shares (December 2018: 0.45 million shares) of International Steel Mills Limited having market value of Rs. 28.81 million as at March 31, 2019 (December 31, 2018: 26.28 million) have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

8.3.2 Mutual Funds

		Number of Units		Cost	Market value		
		31-Mar-19	31-Dec-18	31-Mar-19	31-Mar-19	31-Dec-18	
Name of fund		Rupees '000'					
NAFA Government Securities Liquid Fund		8.3.2.1	223,871	279,573	2,281	2,276	2,849
					2,281	2,276	2,849
Market Value as at March 31, 2019				2,276			
Unrealised loss on mutual fund				(5)			

8.3.2.1 223,871 units (December 31, 2018: 223,871 units) of NAFA Government Liquid Fund having a market value of Rs. 2.276 million (December 31, 2018: 2.281 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

	Note	(Un-audited) March 31, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
8.4 Loans and receivables			
Deposits maturing within one month	8.4.1	<u>3,000</u>	<u>3,000</u>

- 8.4.1** Term Deposit Receipts carry mark-up at 8.25% per annum (December 31, 2018: 8.00% per annum) and maturity on April 21, 2019.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
9 CASH AND BANK BALANCES		
Cash in hand	50	22
Cash at bank	8,852	9,548
	<u>8,902</u>	<u>9,570</u>

	(Un-audited) March 31, 2019	March 31 2018
	----- (Rupees in '000) -----	
9.1 Cash and cash equivalents		

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

Cash and bank balances	8,902	6,601
Term deposit receipts	3,000	3,000
Short term borrowings	(145,743)	(32,995)
	<u>(133,841)</u>	<u>(23,394)</u>

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
10 SHORT TERM BORROWINGS		

Secured

Short term running finance	145,743	218,146
Mark-up accrued	3,477	6,346
	<u>149,220</u>	<u>224,492</u>

- 10.1** The Company has running finance facility of Rs. 1,000 million (December 31, 2018: 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, 2018: 3 month KIBOR + 0.25% per annum) and will expire on April 30, 2019.

The facility is secured against pledge of 0.794 million (market value: Rs.101.974 million) ordinary shares of Dawood Hercules Corporation Limited.

- 10.2** The Company has running finance facility of Rs. 500 million (December 31, 2018: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 1.00% per annum (December 31, 2018: 3 month KIBOR + 0.65% per annum) and will expire on March 31, 2020.

The facility is secured against pledge of 5 million (market value: Rs.117.700 million) ordinary shares of Faysal Bank Limited.

- 10.3** The Company has running finance facility of Rs.1,000 million (December 31, 2018: 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 May 31, 2019.

The facility is secured against pledge of 5 million (market value: Rs.235.35 million) ordinary shares of Bank Alfalah Limited.

	(Un-audited) March 31, 2019	(Audited) December 31, 2018
11 CONTINGENCIES AND COMMITMENTS	----- (Rupees in '000) -----	
Guarantee issued on behalf of the Company by a commercial bank	2,800	2,800
12 RETURN ON INVESTMENTS	(Un-audited) March 31, 2019 March 31, 2018 ----- (Rupees in '000) -----	
Amortisation on Treasury Bills	1,101	597
Dividend income	11,076	33,825
	<u>12,177</u>	<u>34,422</u>
13 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the period after taxation	65,543	292,706
	(Number of shares)	
Weighted average number of ordinary shares outstanding as at the period end	58,627,722	58,627,722
	----- (Rupees) -----	
Earnings per share	1.12	4.99
14 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:

Transactions	(Un-audited) March 31, 2019	March 31, 2018
	----- (Rupees in '000) -----	
Associated companies		
Rendering of service	3,000	1,750
Purchase of service	2,236	2,195
Dividend Income	-	15,000
Other related parties		
Provision relating to staff retirement gratuity scheme	1,228	883
Membership fee & other subscription	38	63
Contribution to staff provident fund	1,117	657
Key management personnel		
Director fee	250	350
Remuneration	7,453	6,935
Loan recovery	699	699

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Investment carried at fair value are categorized as follows:

----- As at March 31, 2019 -----				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	1,399,665	-	-	1,399,665
- Mutual fund units	2,276	-	-	2,276
	<u>1,401,941</u>	<u>-</u>	<u>-</u>	<u>1,401,941</u>
Investment in securities - financial assets available for sale				
- Quoted shares	<u>674,208</u>	<u>-</u>	<u>-</u>	<u>674,208</u>
----- As at December 31, 2018 -----				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000-----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	1,483,399	-	-	1,483,399
- Mutual fund units	2,849	-	-	2,849
	<u>1,486,248</u>	<u>-</u>	<u>-</u>	<u>1,486,248</u>
Investment in securities - financial assets available for sale				
- Quoted shares	<u>574,719</u>	<u>-</u>	<u>-</u>	<u>574,719</u>

16 Corresponding Figures

No significant reclassifications have been made to the corresponding figures.

17 AUTHORISATION FOR ISSUE

These condensed interim financial statements was authorised for issue on April 22, 2019 by the Board of Directors of the Company.

Chief Financial Officer

Chief Executive Officer

Director

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