



Building
Momentum for
GROWTH



Quarterly Accounts (un-audited)

For the quarter ended March 31, 2020

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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 - (Chief Financial Officer) Executive Director
Ahsan Iqbal – (Secretary)

Board Audit Committee

Kamran Nishat (Chairman)
Shafiq Ahmed
Inam Ur Rahman
Kiran Hassan (Secretary)

Board HR & Remuneration Committee

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

Board Investment Committee

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

Chief Financial Officer

Faisal Nadeem

Company Secretary

Ahsan Iqbal

Head of Internal Audit

Kiran Hassan

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Nadeem (CFO)
Ahsan Iqbal (Company Secretary)
Kiran Hassan (Head of Internal Audit)
Muhammad Anas Karimi (Senior Manager Finance)
Naresh Kumar (Investment Associate)
Syeda Humaira Akhtar (Senior Investment Analyst)
Zulqarnain (Manager)

*As determined by the Board of Directors

Auditors

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

Tax Consultants

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

Share Registrar/Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel # (92-21) 111-111-500
Fax: (92-21) 34326053
Email: info@cdcrsl.com
Website: www.cdcrsl.com

Legal Advisors

Mohsin Tayebally & Co.
1st Floor, Dime Centre,
BC-4, Block 9, Khekehan,
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
National Bank of Pakistan
MCB Bank Limited

Registered Office

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

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, 2020.

Economic Review and Outlook

The global economy is being driven towards a recessionary phase due to a halt in economic activities caused by the Corona virus (Covid-19) pandemic, which has affected more than 200 countries. Lockdown of countries for social distancing and a decline in global oil prices due to tepid demand remained a key theme during 3QFY20. The Federal Government of Pakistan announced a stimulus package worth PKR 1.2 trillion to provide monetary support to the low-income groups and companies. Moreover, SBP announced a cumulative rate cut of 225 bps amid lower inflation expectations and various relief measures in order to tackle Covid-19.

Current account deficit (CAD) clocked in at USD 2.8 billion during 8MFY20 as compared to USD 9.8 billion in the same period last year, declining by 71% mainly as a result of import compression policies and increase in remittances. As a result, foreign exchange reserves have improved to USD 18.9 billion as compared to USD 15.0 billion in the same period last year. However, the ongoing lockdowns across the major economies may adversely affect CAD. The Rupee witnessed slight volatility during 3QFY20 as a result of hot money outflow due to declining yields on governments' bonds and Global sell off in emerging markets. The Government has requested for additional financial assistance of USD 1.4 billion under the Rapid Financing Instrument facility from the IMF, which will improve the forex reserve position and stabilize the Rupee. Inflation for March'20 was 10.2% YoY and is expected to decline further amid high base effect and lower petroleum prices.

The fiscal deficit has narrowed to 2.3% of GDP during 1HFY20 as compared to 2.7% in 1HFY19. The improvement has been mainly as a result of increase in non-tax revenues due to higher SBP profit, however, the fiscal targets for the upcoming quarters seem difficult to achieve. Moreover, the ongoing measures taken by the government to tackle Covid-19 might put additional stress on the fiscal position. We believe that once Covid-19 pandemic is over, Pakistan will again pick up the path of sustainable growth.

Stock Market Review and Outlook

The local bourse started the calendar year on a strong footing backed by inflows from major local institutions, however, the much of exuberance was soon wiped out amid concerns on higher than expected inflation in the first month. Further, the outbreak of novel Corona virus pandemic initiated a global sell-off in all the risky asset classes including equities, which kept the local bourse depressed. As a result, the local bourse plunged to -28.2% (-33.3% in USD) during 1QCY20 declining to an all-time low (over the last 6years) of 27,229 points in Mar'20.

The average daily traded value during 1QCY20 increased to PKR 7.2 billion from PKR 4.8 billion in the same period last year. However, average daily traded volumes during the quarter declined to 155 million shares from 184 million shares in 1QCY19.

The international portfolio investors remained net sellers during the quarter as they preferred resorting to less risky asset classes. The foreign portfolio managers sold shares worth USD 138 million with Mar'20 witnessing the highest outflow (USD 84.7 million) in any month after Nov'18. On the other side, insurance companies and banks remained net buyers during the quarter.

Looking ahead, the equity market is expected to strengthen unless the pandemic continues and the infection curve does not flatten. Presently, the market is trading at an attractive forward P/E multiple of 4.9x against the regional average of 11.5x and offers significantly higher dividend yield of 8.5% against the regional average of 4.0%.

Company Performance

During the quarter ended March 31, 2020 the company posted a loss per share of Rs.9.72 compared to earnings per share of Rs.1.12 in the corresponding period in 2019.

The equity portfolio was maintained with an expectation of quick recovery if infectious curve gets flattened in Pakistan. To this effect, sizable investments were made in Commercial Banks, Food and Personal Care Products and Technology sectors. Dividend income increased to Rs.14.7 million for the quarter ended March 31, 2020 as opposed to Rs.11 million earned in the corresponding period last year.

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 20, 2020

ڈائریکٹرز کی رپورٹ

سیان لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ 31 مارچ، 2020 کو ختم ہونے والی سہ ماہی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کرتے ہیں۔

معاشی جائزہ اور آثار

عالمی معیشت کو نواؤنرس (COVID-19) کی عالمی وبا، جس نے 200 سے زائد ممالک کو متاثر کیا ہے، کی وجہ سے معاشی سرگرمیاں رک جانے کے باعث کساد بازاری کی جانب مائل ہے۔ مالی سال 2020 کی تیسری سہ ماہی میں سماجی دوری کے لئے ممالک کے لاک ڈاؤن اور کم طلب کے باعث عالمی سطح پر تیل کی قیمتوں میں گراوٹ بنیادی رجحانات رہے۔ پاکستان کی وفاقی حکومت نے کم آمدنی کے حامل طبقات اور کمپنیوں کی مالی اعانت کے لئے 1.2 کھرب روپے کے زبردست پیکیج کا اعلان کیا ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے افراط زر کی کم شرح کی توقعات کے درمیان Covid-19 سے نمٹنے کے لئے مجموعی طور پر 225 بیسز پوائنٹس کمی کی ہے اور ریلیف کے متعدد اقدامات کا اعلان کیا ہے۔

کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2020 کے آٹھ ماہ میں 2.8 ارب امریکی ڈالر رہا جبکہ گزشتہ سال کی اسی مدت میں یہ خسارہ 9.8 ارب امریکی ڈالر تھا، اس 71% کمی کی بنیادی وجوہات درآمدات میں کمی کی پالیسیاں اور ترسیلات زر میں اضافہ تھیں۔ نتیجتاً، غیر ملکی زرمبادلہ کے ذخائر گزشتہ سال کی اسی مدت کے 15.0 ارب امریکی ڈالر کے مقابلہ میں بڑھ کر 18.9 ارب امریکی ڈالر پر پہنچ گئے۔ تاہم بڑی معیشتوں کے حامل ممالک میں جاری لاک ڈاؤن CAD کو بری طرح متاثر کرنے کا باعث بن سکتا ہے۔ حکومتی بانڈز کے کم ہوتے منافع اور ابھرتی ہوئی مارکیٹوں میں فروخت کے عالمی رجحان کی وجہ سے سرمایہ کے اخراج کے باعث مالی سال 2020 کی تیسری سہ ماہی میں روپے کی قدر میں اتار چڑھاؤ دیکھا گیا۔ حکومت نے آئی ایم ایف سے ریپڈ فنانشنگ انسٹرومنٹ فیسلٹی کے تحت مزید 1.4 ارب امریکی ڈالر کی اضافی مالی امداد طلب کی ہے، جس سے غیر ملکی زرمبادلہ کے ذخائر کی صورتحال بہتر ہوگی اور روپے کی قدر کو استحکام حاصل ہوگا۔ مارچ 2020 تک افراط زر کی شرح 10.2% سال بہ سال رہی اور ہائی بیسس ایفیکٹ (High Basis Effect) اور پیٹرول کی کم قیمتوں کی صورتحال کے دوران افراط زر میں مزید کمی متوقع ہے۔

مالی سال 2020 کے پہلے نصف میں مالیاتی خسارہ کم ہو کر مجموعی قومی پیداوار (GDP) کا 2.3% ہو گیا جبکہ مالی سال 2019 کے پہلے نصف میں یہ خسارہ 2.7% تھا۔ یہ بہتری اسٹیٹ بینک آف پاکستان کے زیادہ منافع جات کی وجہ سے نان ٹیکس آمدنی میں ہونے والے اضافہ کا نتیجہ تھی، تاہم آئندہ سہ ماہی کے لئے طے شدہ مالیاتی اہداف کا حصول مشکل نظر آتا ہے۔ مزید برآں، Covid-19 پر قابو پانے کے لئے کئے گئے حکومتی اقدامات سے مالی صورتحال پر دباؤ مزید بڑھنے کا امکان ہے۔ ہمیں امید ہے کہ Covid-19 کی

عالمی وبا کے خاتمہ کے بعد پاکستان ایک بار پھر پائیدار ترقی کے راستے پر گامزن ہو جائے گا۔

اسٹاک مارکیٹ کا جائزہ اور آثار

بڑے مقامی اداروں کی جانب سے سرمایہ کاری کے باعث مقامی مارکیٹ نے کیلنڈر سال کا آغاز مستحکم انداز سے کیا تاہم پہلے ہی ماہ توقع سے زیادہ افراط زر کے خدشات کے باعث سرمایہ کاری کی کثرت کی یہ صورتحال ختم ہو گئی۔ مزید یہ کہ نول کرونا وائرس کی عالمی وبا کا پھیلاؤ تمام پُرخطر (Risky) اثاثوں بشمول ایکویٹیز جنہوں نے مقامی مارکیٹ کو گراؤ کا شکار رکھا، اثاثوں کی فروخت کے عالمی رجحان کے آغاز کا باعث بنا۔ اس کے نتیجے میں مقامی مارکیٹ کیلنڈر سال 2020 کی پہلی سہ ماہی میں 28.2% (امریکی ڈالر میں 33.3%-) تک گر گئی، جبکہ مارچ 2020 میں مارکیٹ اپنی کم ترین سطح (چھ سال کی کم ترین سطح) 27,229 پوائنٹس تک کم ہوئی۔ کیلنڈر سال 2020 کی پہلی سہ ماہی میں اوسط یومیہ تجارتی قدر گزشتہ سال کی اسی مدت کے 4.8 ارب روپے کے مقابلہ میں بڑھ کر 7.2 ارب روپے ہو گئی، تاہم دوران سہ ماہی اوسط یومیہ تجارتی حجم کیلنڈر سال 2019 کی پہلی سہ ماہی کے 184 ملین حصص کے مقابلہ میں کم ہو کر 155 ملین حصص ہو گیا۔

اس سہ ماہی میں بین الاقوامی سرمایہ کار بدستور اصل فروخت کنندہ رہے کیونکہ انہوں نے کم پُرخطر (Less Risky) اثاثوں میں سرمایہ کاری کو ترجیح دی۔ غیر ملکی پورٹ فولیو منیجرز نے 138 امریکی ڈالر کے حصص فروخت کئے اور مارچ 2020 میں 84.7 ملین امریکی ڈالر کی سرمایہ کاری کا اخراج ہوا جو نومبر 2018 کے بعد سے کسی ایک ماہ میں ہونے والا سب سے زیادہ اخراج ہے۔ دوسری جانب، انشورنس کمپنیاں اور بینکس سہ ماہی کے دوران اصل خریدار رہے۔

آگے چل کر توقع ہے کہ ایکویٹی مارکیٹس کو استحکام حاصل ہوگا چاہے یہ عالمی وبا جاری رہے یا انفیکشن کے بڑھنے کی رفتار (Infectious Curve) ہموار نہ ہو۔ موجودہ طور پر مارکیٹ علاقائی اوسط 11.5x ملٹی پل کے مقابلے میں 4.9x P/E کے ملٹی پل پر تجارت کر رہی ہے اور 4.0% کے اوسط علاقائی منافع کے مقابلہ میں 8.5% کا کافی زیادہ پُرکشش ڈیویڈنڈ منافع پیش کر رہی ہے۔

کمپنی کی کارکردگی

31 مارچ، 2020 کو ختم ہونے والی سہ ماہی میں کمپنی نے 9.72 روپے فی حصص کا خسارہ ظاہر کیا جبکہ 2019 کی اس مدت کے دوران کمپنی نے 1.12 روپے فی حصص کی آمدنی ظاہر کی تھی۔

ایکویٹی پورٹ فولیو اس توقع کے ساتھ برقرار رکھا گیا کہ انفیکشن کے پھیلاؤ کی رفتار ہموار ہونے کے بعد فوری بحالی کی توقع ہے۔ اس مقصد

کے لئے کمرشل بینکس، فوڈ اور پرسنل کیئر مصنوعات اور ٹیکنالوجی کے شعبہ جات میں بھاری سرمایہ کاری کی گئی۔ 31 مارچ 2020 کو ختم ہونے والی سہ ماہی میں ڈیویڈنڈ کی آمدنی گزشتہ سال کی اسی مدت کے 11 ملین روپے کے مقابلہ میں بڑھ کر 14.7 ملین روپے ہو گئی۔

اظہار تشکر

ہم اپنے تمام شریکان کار بالخصوص اپنے قابل قدر سرمایہ کاروں کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر اعتماد 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 کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی اس کے مسلسل تعاون اور اشتراک کے تہہ دل سے مشکور ہیں۔

بحکم بورڈ

سلیمان ایس مہدی

حسن رضا الرحیم

سی ای او

چیئر مین

کراچی: 20 اپریل، 2020

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property and equipment	6	37,019	39,236
Intangible assets	7	344	109
Deferred taxation		162,499	83,815
Long term investments	9.1	42,691	42,248
Long term loans	8	3,947	4,282
Long term deposits		2,500	2,500
		<u>249,000</u>	<u>172,190</u>
Current assets			
Short term investments	9.2	1,499,573	2,325,275
Long term loans - current portion	8	1,766	2,094
Trade and other receivables		25,843	11,976
Advances and short term prepayments		9,678	8,298
Cash and bank balances	10	554	1,869
		<u>1,537,414</u>	<u>2,349,512</u>
TOTAL ASSETS		<u><u>1,786,414</u></u>	<u><u>2,521,702</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2019: 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		188,194	757,785
Reserves		133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(384)	(384)
Surplus on revaluation of investment carried at fair value through other comprehensive income		537,786	639,564
		<u>1,444,961</u>	<u>2,116,330</u>
Non-current liabilities			
Deferred liability - gratuity		18,617	17,358
Lease liability against right-of-use asset		8,174	9,143
		<u>26,791</u>	<u>26,501</u>
Current liabilities			
Trade and other payable		16,057	68,174
Current portion of lease liability against right-of-use asset		7,191	8,023
Unclaimed dividend		25,191	26,727
Short term borrowings	11	197,385	195,446
Taxation - net		68,838	80,501
		<u>314,662</u>	<u>378,871</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,786,414</u></u>	<u><u>2,521,702</u></u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 18 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 AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

		March 31,	
	Note	2020	2019
		------(Rupees in '000)-----	
Return on investments	13	16,141	12,177
(loss) / gain on sale of investments - net		(114,460)	69,066
Other income		3,522	3,234
		<u>(94,797)</u>	<u>84,477</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		<u>(507,249)</u>	<u>45,759</u>
		<u>(602,046)</u>	<u>130,236</u>
Expenses			
Operating and administrative expenses		(28,848)	(29,107)
Financial charges		(14,186)	(3,477)
		<u>(43,034)</u>	<u>(32,584)</u>
(Loss) / Profit for the period before taxation		<u>(645,080)</u>	<u>97,652</u>
Taxation - net		75,489	(32,109)
(Loss) / Profit for the period after taxation		<u>(569,591)</u>	<u>65,543</u>
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss			
Deficit on revaluation of investments carried at fair value through other comprehensive income		(101,778)	-
Items that may be reclassified subsequently to profit or loss			
Surplus on revaluation of available-for-sale securities		-	99,489
Total comprehensive (loss) / income for the period		<u>(671,369)</u>	<u>165,032</u>
Basic and diluted (loss) / Earnings per share	14	<u>(9.72)</u>	<u>1.12</u>

The annexed notes from 1 to 18 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 PERIOD ENDED MARCH 31, 2020

	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, 2019	586,277	10,535	2,553	120,000	659,843	(1,855)	456,777	1,834,130
Net profit for the period	-	-	-	-	65,543	-		65,543
Other comprehensive income	-	-	-	-	-	-	99,489	99,489
	-	-	-	-	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
Balance as at January 1, 2020	586,277	10,535	2,553	120,000	757,785	(384)	639,564	2,116,330
Net loss during the period	-	-	-	-	(569,591)	-	-	(569,591)
Other comprehensive loss	-	-	-	-	-	-	(101,778)	(101,778)
	-	-	-	-	(569,591)	-	(101,778)	(671,369)
Balance as at March 31, 2020	586,277	10,535	2,553	120,000	188,194	(384)	537,786	1,444,961

The annexed notes from 1 to 18 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 PERIOD ENDED MARCH 31, 2020

	Note	March 31,	
		2020	2019
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(645,080)	97,652
Adjustment for non cash charges and other items:			
Depreciation / amortisation		3,343	1,077
Capital Loss / (Gain) on sale of investments - net		114,460	(69,066)
Amortisation income on government securities		(443)	(1,101)
Financial charges		14,186	3,477
Gratuity provision		1,259	1,190
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		507,249	(45,759)
		640,054	(110,182)
Operating loss before working capital changes		(5,026)	(12,530)
(Increase) / decrease in operating assets			
Trade and other receivables		(13,867)	(62,294)
Long term loan		663	631
Advances and short term prepayments		(1,380)	(2,450)
		(14,584)	(64,113)
(Decrease) / increase in operating liabilities			
(Decrease)/ increase in trade and other payable		(52,117)	(23,485)
		(71,727)	(100,128)
Taxes paid		(14,857)	(12,082)
Gratuity paid		-	-
Financial charges paid		(5,955)	(6,346)
Unclaimed dividend paid		(1,536)	(5,698)
Net cash used in operating activities		(94,075)	(124,254)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		840,563	1,214,638
Investment in securities		(738,348)	(1,013,399)
Capital expenditure incurred		(1,361)	(11,596)
Net cash generated from investing activities		100,854	189,643
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liability against right-of-use asset		(1,802)	-
Net cash utilised in financing activities		(1,802)	-
Net increase in cash and cash equivalents		4,977	65,389
Cash and cash equivalents at the beginning of the year		(185,113)	(199,230)
Cash and cash equivalents at the end of the period	10.1	(180,136)	(133,841)

The annexed notes from 1 to 18 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 PERIOD ENDED MARCH 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited ("the Company"), a DH Group 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. The Company is a subsidiary of Dawood Corporation (Private) Limited (the Parent Company).

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.

These condensed interim financial statements comprise of the condensed interim statement of financial position as at March 31, 2020 and the condensed interim profit or loss account and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the three months period then ended.

The comparative statement of financial position as at December 31, 2019 presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year then ended. The comparative condensed interim profit or loss account and other comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three months ended March 31, 2019 have been extracted from the condensed interim financial statements of the Company for the three months then ended.

These condensed interim financial statements do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the annual published financial statements of the Company for the year ended December 31, 2019.

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of Financial Statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact these condensed interim financial statements of the Company on adoption. The Management is currently in the process of assessing the full impact of these amendments on the condensed interim financial statements of the Company.

There are other standards and amendments to the published standards that are not yet effective and are also not relevant to the Company's financial statements and operations and therefore, have not been presented in these condensed interim financial statements.

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, 2019.

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, 2019.

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, 2019.

6 PROPERTY AND EQUIPMENT

	(Un-audited) March 31, 2020	(Audited) December 31, 2019
	------(Rupees in '000)-----	
Opening book value	39,236	13,405
Additions during the period / year	1,109	39,812
	40,345	53,217
Less: Written down value of disposals during the period / year	-	(636)
Less: Depreciation for the period / year	(3,326)	(13,345)
	(3,326)	(13,981)
	37,019	39,236

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

Additions - cost

Office equipment	1,109	1,201
Furniture and Fixture	-	42
	1,109	1,243

Disposals - cost

Vehicles	-	39
Office equipment	-	1,047
	-	1,086

7 INTANGIBLE ASSETS

Opening book value	109	66
Additions during the period / year	252	141
Less: Amortisation for the period / year	(17)	(98)
	344	109
Additions - cost		
Software, License	252	-
	252	-

8 LONG TERM LOANS

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

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	
9 INVESTMENTS			
Long term investment	9.1	42,691	42,248
Short term investment	9.2	1,499,573	2,325,275
		<u>1,542,264</u>	<u>2,367,523</u>

9.1 Long term investment

Investments carried at amortised cost	9.1.1 & 9.1.2	42,691	42,248
		<u>42,691</u>	<u>42,248</u>

9.1.1 These are five year Pakistan Investment Bonds 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 Pakistan Investment Bonds have a face value of Rs. 50 million and market value of Rs.47.539 million as at March 31, 2020. These will be released once the outstanding claims and balances relating to insurance business are settled.

9.1.2 These carry a profit yield at 13.71% per annum semi annually. These PIB's are maturing on July 12, 2023

9.2 Short term investment

Investments carried at amortised cost	9.2.1	10,500	10,500
Investments carried at fair value through other comprehensive income	9.2.2	655,728	757,506
Investments carried at fair value through profit or loss	9.2.3	833,345	1,557,269
		<u>1,499,573</u>	<u>2,325,275</u>

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	

9.2.1 Investments carried at amortised cost

Deposits maturing within one month	9.2.1.1	3,000	3,000
Deposits maturing within one year	9.2.1.2	7,500	7,500
		<u>10,500</u>	<u>10,500</u>

9.2.1.1 These 'Term Deposit Receipts' carry mark-up at 11.25% per annum and are due to mature on April 10, 2020.

9.2.1.2 These 'Term Deposit Receipts' carry mark-up at 11.70% per annum and are due to mature on June 24, 2020.

	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	

9.2.2 Investments carried at fair value through other comprehensive income

Quoted shares - related parties	9.2.2.1	655,728	757,506
		<u>655,728</u>	<u>757,506</u>

9.2.2.1 Quoted Shares - Related Parties

Quoted Shares - Related Parties		Number of Shares		Cost	Market value	
Name of investee company	Note	31-Mar-20	31-Dec-19	31-Mar-20	31-Mar-20	31-Dec-19
		----- Rupees '000' -----				
Inv. Banks/Inv. Cos/ Securities Cos.						
Dawood Hercules Corporation Limited		794,380	794,380	47,652	82,338	122,501
Equity held: 0.17% (2019: 0.17%)	9.2.3.1.2					
Textile Composite						
Dawood Lawrencepur Limited		2,965,095	2,965,095	222,111	573,390	635,005
Equity held: 5.02% (2019: 5.02%)						
				269,763	655,728	757,506
Less : Provision for impairment				(151,821)		
Carrying value				117,942		
Market value as at March 31, 2020				655,728		
Unrealised gain on quoted shares				537,786		

		Market Value	
		(Un-audited)	(Audited)
	Note	March 31, 2020	December 31, 2019
		----- Rupees '000'-----	
9.2.3	Investment carried at fair value through profit or loss		
	Quoted shares	9.2.3.1	831,061
	Mutual funds	9.2.3.2	2,284
			2,285
		833,345	1,557,269

9.2.3.1 Quoted Shares

Name of investee company		Number of Shares		Carrying Value	Market value	
		31-Mar-20	31-Dec-19	31-Mar-20	31-Mar-20	31-Dec-19
----- Rupees '000' -----						
Oil & Gas Exploration						
Oil and Gas Development Company Limited		-	500,000	-	-	71,160
Oil and Gas Marketing						
Sui Nothern Gas Pipeline Limited	9.2.3.1.2	2,899,000	1,250,000	225,413	106,973	95,213
Pakistan State Oil Company Limited		-	550,000	-	-	105,402
Cement						
Lucky Cement Limited		-	200,000	-	-	85,680
Textile Composite						
Gul Ahmad Textile Mills Limited		529,000	-	24,263	12,194	-
Food & Personal Care Products						
At-Tahur Limited		2,756,050	2,756,050	57,739	43,242	57,739
Pharmaceuticals						
Searle Pakistan Limited		-	250,000	-	-	47,185
Technology & Communication						
Netsol Technologies Limited		1,418,400	1,218,400	94,178	41,361	80,244
TRG Pakistan Limited	9.2.3.1.1	5,000,000	6,000,000	123,150	69,550	147,300
Commercial Banks						
Bank Alfalah Limited	9.2.3.1.2 &					
	9.2.3.1.3	5,000,000	5,000,000	228,500	159,050	228,500
Faysal Bank Limited	9.2.3.1.2	8,514,500	8,305,000	161,887	118,096	157,961
Habib Bank Limited	9.2.3.1.2	500,000	1,000,000	78,725	51,615	157,420
Meezan Bank Limited	9.2.3.1.2	2,000,000	2,000,000	190,260	130,180	190,260
United Bank Limited		-	600,000	-	-	98,700
Vanaspati & Allied Industries						
Unity Foods Limited		10,000,000	2,000,000	154,195	98,800	32,220
				1,338,310	831,061	1,554,984
Unrealised loss on Quoted Shares				(507,249)		

9.2.3.1.1 5 million shares of TRG Pakistan Limited having market value of Rs. 69.55 million as at March 31, 2020 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

9.2.3.1.2 0.794 million shares of Dawood Hercules Corporation Limited having a market value of Rs. 82.337 million, 3.305 million shares of Faysal Bank Limited having a market value of Rs. 45.84 million, 1.5 million shares of Sui Northern Gas Pipelines Limited having a market value of Rs. 55.35 million, 0.5 million shares of Habib Bank Limited having a market value of Rs. 51.61 million, 2 million shares of Meezan Bank Limited having a market value of Rs. 130.18 million and 0.7 million shares of Bank Al Falah Limited having a market value of Rs. 22.27 million as at March 31, 2020, have been pledged with MCB Bank Limited as collateral against running finance facility obtained from the bank.

9.2.3.1.3 5 million shares of Faysal Bank Limited having a market value of Rs. 41.61 million as at March 31, 2020, have been pledged with Bank Al-Habib Limited as collateral against running finance facility obtained from the Bank.

9.2.3.2 Mutual Funds

Mutual Funds		Note	Number of Units		Cost	Market value	
Name of fund			31-Mar-20	31-Dec-19	31-Mar-20	31-Mar-20	31-Dec-19
			----- Rupees '000' -----				
NAFA Government Securities Liquid Fund	9.2.3.2.1	223,871	223,871	2,284	2,284	2,285	
				<u>2,284</u>	<u>2,284</u>	<u>2,285</u>	
Market Value as at March 31, 2020				2,284			
Unrealised gain on mutual fund				-			

9.2.3.2.1 223,871 units of NAFA Government Liquid Fund having a market value of Rs. 2,284 million have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

10 CASH AND BANK BALANCES	Note	(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	
Cash in hand		15	22
Cash at bank	10.1	<u>539</u>	<u>1,847</u>
		<u>554</u>	<u>1,869</u>

10.1 Cash and cash equivalents		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		Rupees in '000'	

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

Cash and bank balances	554	8,902
Term deposit receipts	3,000	3,000
Short term borrowings	<u>(183,690)</u>	<u>(145,743)</u>
	<u>(180,136)</u>	<u>(133,841)</u>

11 SHORT TERM BORROWINGS		(Un-audited) March 31, 2,020.00	(Audited) December 31, 2,019.00
		Rupees in '000'	

Short term borrowings	(183,690)	(189,982)
Financial charges	<u>(13,695)</u>	<u>(5,464)</u>
	<u>(197,385)</u>	<u>(195,446)</u>

11.1 The Company has running finance facility of 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 and will expire on April 30, 2020.

11.2 The Company has running finance facility of 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 and expired on March 31, 2020.

11.3 The Company has running finance facility of Rs.500 million (December 31, 2019: 500 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, 2020.

		(Un-audited) March 31, 2020	(Audited) December 31, 2019
		----- (Rupees in '000) -----	
12	CONTINGENCIES AND COMMITMENTS		
	Guarantee issued on behalf of the Company by a commercial bank	2,800	2,800

12.1 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, 2019 has remained unchanged.

		(Un-audited) March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
13	RETURN ON INVESTMENTS		
	Amortisation on Government Securities	443	1,101
	Interest Income on Government Securities	998	-
	Dividend income	14,701	11,076
		<u>16,141</u>	<u>12,177</u>

		(Un-audited) March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
14	(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
	(Loss) / Profit for the period after taxation	(569,591)	65,543

		(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	(9.72)	1.12

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:

15.1	Transactions		
		(Un-audited) March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
	Associated companies		
	Rendering of service	3,000	3,000
	Purchase of service	2,262	2,236
	Other related parties		
	Provision relating to staff retirement gratuity scheme	1,259	1,228
	Membership fee & other subscription	-	38
	Contribution to staff provident fund	1,073	1,117
	Key management personnel		
	Director fee	250	250
	Remuneration	9,837	7,453
	Loan recovery	699	699

15.2		March 31, 2020	December 31, 2019
		(Un-audited)	(Audited)
		----- (Rupees in '000) -----	
	Balances outstanding		
	Loan to Chief Executive Officer	553	880
	Loan to other executive	5,160	5,496
	Receivable from related party	1,413	1,419
	Payable to related party	241	117
	Security deposit with related party	1,740	1,740

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).

Investment carried at fair value are categorized as follows:

----- As at March 31, 2020 -----				
	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	831,061	-	-	831,061
- Mutual fund units	-	2,284	-	2,284
	<u>831,061</u>	<u>2,284</u>	<u>-</u>	<u>833,345</u>
Investment in securities - financial assets Through Other Comprehensive income				
- Quoted shares	<u>655,728</u>	<u>-</u>	<u>-</u>	<u>655,728</u>
----- As at December 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	1,554,984	-	-	1,554,984
- Mutual fund units	-	2,285	-	2,285
	<u>1,554,984</u>	<u>2,285</u>	<u>-</u>	<u>1,557,269</u>
Investment in securities - financial assets Through Other Comprehensive income				
- Quoted shares	<u>757,506</u>	<u>-</u>	<u>-</u>	<u>757,506</u>

17 Corresponding Figures

There were no significant re-classifications / restatements during the period.

18 AUTHORISATION FOR ISSUE

These condensed interim financial statements was authorised for issue on April 20, 2020 by the Board of Directors of the Company.

Chief Financial Officer

Chief Executive Officer

Director

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