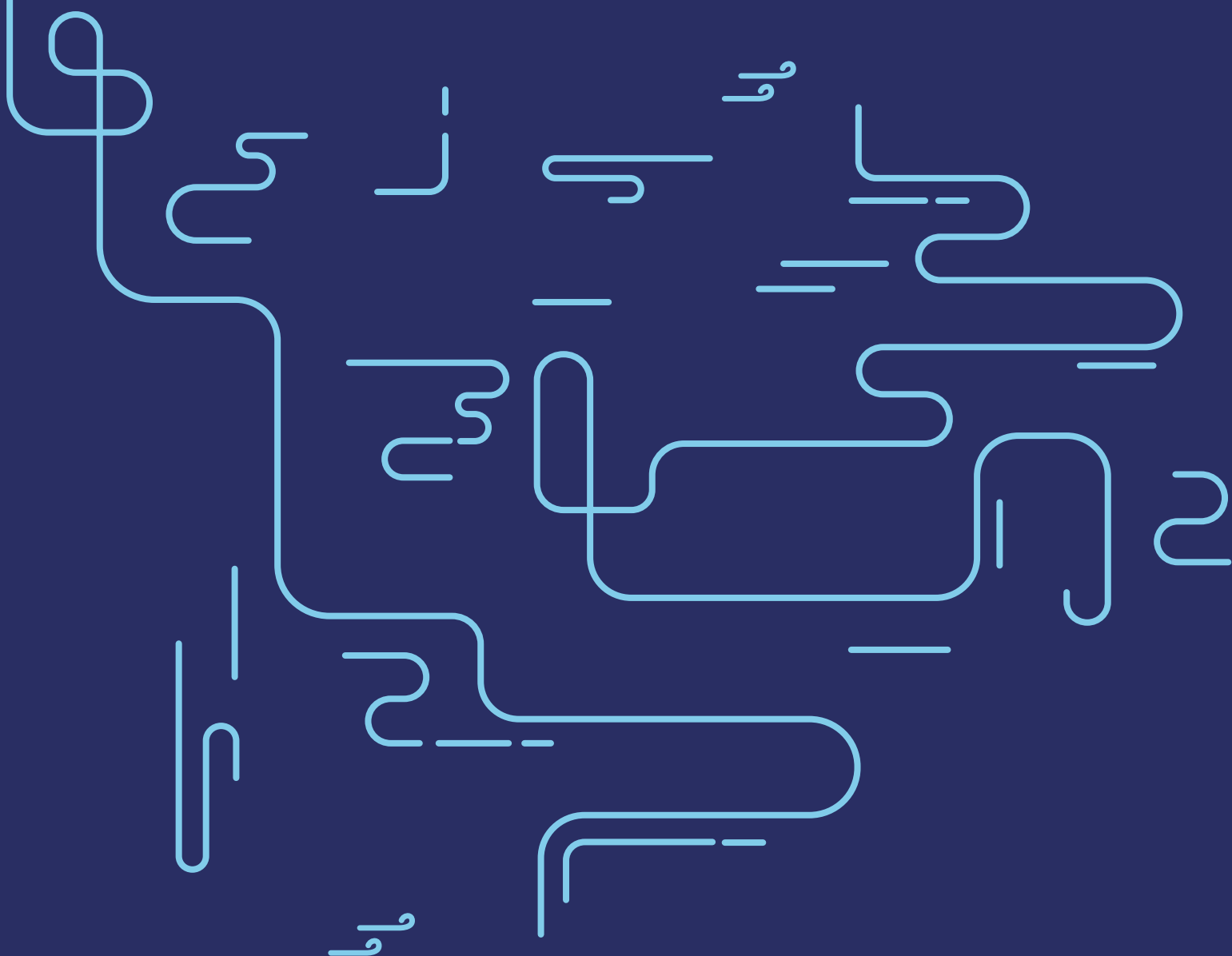




BUILDING VALUE



Half Yearly Accounts (Un-audited)

For the half year ended June 30,
2023

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COMPANY INFORMATION

Board of Directors

Mr. Abdul Samad Dawood - Chairman
Ms. Sabrina Dawood – Director
Mr. Muhammed Amin – Independent Director
Mr. Isfandiyar Shaheen - Independent Director
Mr. Zamin Zaidi- Director
Mr. Sikander Hazir - Director
Mr. Nasir Altaf- Director
Mohammad Shamoon Chaudry - Chief Executive Officer

Board Audit Committee

Mr. Muhammed Amin - Chairman
Mr. Isfandiyar Shaheen - Member
Mr. Nasir Altaf – Member

Board HR & Remuneration Committee

Mr. Isfandiyar Shaheen - Chairman
Ms. Sabrina Dawood - Member
Mr. Sikander Hazir - Member

Board Investment Committee

Mr. Abdul Samad Dawood - Chairman
Mr. Muhammed Amin - Member
Mr. Isfandiyar Shaheen - Member
Mr. Nasir Altaf - Member

Chief Financial Officer

Muhammad Anas Karimi

Company Secretary

Mr. Imran Chagani

Bankers

Bank Al Habib Limited
Habib Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited

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

Ali Raza
643, Block - B
Bhittai Colony, Korangi Crossing, Karachi

Rating Agency

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

Registered Office

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

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 Half Year ended June 30, 2023.

Economic Overview

Economic headwinds remained strong during the quarter ended June 2023. Inflation remained elevated, reaching its highest point at 38% in May. As a result, interest rates continued to rise, reaching a record-high 22%. However, the PKR remained in a relatively narrow band as the current account turned into a surplus in the last four months of the fiscal year. This was partly driven by import restrictions, necessitated by low foreign exchange reserves, which led to frequent plant shutdowns across various industries especially those dependent on imports. This resulted in business and consumer confidence remaining weak. It was only a last-minute effort to secure the IMF SBA program, via additional taxation measures and further monetary tightening, that helped provide support to the flailing economy and helped ensure that FY24 commenced on a sound footing.

Although the challenges continue to remain, so long as Pakistan remains compliant with the ongoing IMF program and is able to secure a successor IMF program in a timely manner, the economy should gradually stabilize especially when it comes to inflation and interest rates.

Market Overview

The KSE100 Index commenced 2QCY23 at sub-40,000pts and peaked out a muted 3.6% return for the quarter after a late run up. Trading activity remained relatively thin, in keeping with the subdued investor sentiment, as the import cover continued to come off which gave rise to default fears. The challenges were compounded by the surge in interest rates, with the Policy Rate reaching a record-high 22% during the quarter, as well as by a noisy political environment. There was, however, a positive turn of events towards the end of the quarter when Pakistan secured an IMF SBA program of approximately US\$3bn for 9 months. This development injected optimism into the markets, with both Pakistan Eurobonds and the KSE-100 drawing immense strength.

Company Performance

During the half year ended June 30, 2023 the Company posted an earnings per share of Rs.1.70 compared to loss per share of Rs.4.70 in the corresponding period in 2022.

The equity portfolio was maintained to have a balance between high growth and high yielding investments. To this effect, investments were made in Commercial Banks, Technology & Communication, Investment Banks/Investment Companies /Securities Limited and Food & Personal Care Products.

The Company recorded income on investment of Rs.139.042 million compared to loss on investment of Rs.261.932 million in the similar period last year.

Future Outlook

The IMF SBA program has played a crucial role in unlocking vital funding support from the UAE and Saudi Arabia, bolstering Pakistan's foreign currency reserves to more than US\$8bn from a low of US\$3bn in January. This has dovetailed with continued assistance from China via rollovers. With the economy cautiously entering a stabilization phase, import restrictions are gradually being removed, which should alleviate a major issue for the import-dependent industries.

While risks remain - Pakistan needs political stability and economic policies to remain compliant with the ongoing IMF program - the rewards at the end of this tough road can be significant. Valuations, estimated at less than 4x P/E vs. the long-term average of 8x, have significant room to re-rate as confidence in the economy recovers..

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. Muhammed Amin
Director

Mr. Mohammad Shamoony Chaudry
CEO

Karachi: August 23, 2023

آئندہ کا منظر نامہ

متحدہ عرب امارات اور سعودی عرب سے مالیاتی امداد کے درکھولنے میں آئی ایم ایف کے SBA پروگرام نے اہم کردار ادا کیا اور پاکستان کے غیر ملکی زرمبادلہ کے ذخائر جنوری کے مہینے میں صرف 3 بلین ڈالر سے بڑھ کر 8 بلین ڈالر سے زیادہ ہو گئے۔ قرضوں میں توسیع کی صورت میں چین کی جانب سے مسلسل اعانت نے صورت حال میں کسی حد تک بہتری پیدا کی ہے۔ معیشت استحکام کی جانب بڑھ رہی ہے لہذا اہم پابندیاں مرحلہ وار ہٹائی جا رہی ہیں لہذا اس صورت حال میں درآمدات پر انحصار کرنے والی صنعتوں کو آرام ملنا چاہیے۔

خطرات بہر حال موجود ہیں..... ایسے میں ضرورت ہے کہ پاکستان میں سیاسی استحکام بھی لایا جائے اور اقتصادی پالیسیوں کو آئی ایم ایف کے پروگرام کے مطابق بنایا جائے۔ اس مشکل راستے پر چلنے کا انعام شان دار بھی ہو سکتا ہے۔ تخمینے کے مطابق 4x P/E کی کم ترین سطح کے مقابلے میں 8x کی طویل مدتی اوسط کی قدرکاری میں بہتری کی کافی گنجائش ہے۔

اظہار تشکر

ہم اپنے تمام اسٹیک ہولڈروں، خصوصاً ہمارے قابل قدر سرمایہ کاروں کو تہنیت پیش کرتے ہیں کہ انہوں نے ہم پر اپنا بھروسہ قائم رکھا۔ ہم اپنی مینجمنٹ ٹیم کی کوششوں، محنت اور جدوجہد کو بھی قدر کی نگاہ سے دیکھتے ہیں۔ بورڈ آف ڈائریکٹرز، اعانت اور تعاون فراہم کرنے پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھی سپاس گزار ہیں۔

مخانب بورڈ

محمد شمعون چوہدری
چیف ایگزیکٹو آفیسر

محمد امین
ڈائریکٹر

کراچی، مورخہ 23 اگست 2023

ڈائریکٹرز رپورٹ

سیان لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2023 کو اختتام پذیر ہونے والی ششماہی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

اقتصادی جائزہ

جون 2023 کو اختتام پذیر ہونے والی سہ ماہی کے دوران اقتصادی بات کو شدید باؤ مخالف کا سامنا رہا۔ افرات زر بلند ترین ہی رہا جو مئی کے مہینے میں 38% رہا تھا۔ نتیجے میں شرح سود میں بھی اضافہ ہوتا رہا جو 22% کی ریکارڈ شرح تک پہنچا۔ تاہم پاکستانی روپیہ سخت پابندیوں کا شکار رہا کیونکہ جاری کھاتہ مالی سال کے آخری چار مہینوں میں سرپلس ہو گیا۔ اس کی ایک وجہ درآمدات پر پابندیاں تھیں جو غیر ملکی زرمبادلہ کی قلت کے سبب ضروری بھی تھیں، جس کے نتیجے میں مختلف صنعتیں، خاص طور سے درآمدی خام مال پر انحصار کرنے والی صنعتیں اپنے پلانٹ بند کرنے پر مجبور ہوئیں۔ اس صورت حال میں کاروباری کرنے والوں اور صارفین کے بھروسے پر ضرب پڑی۔ سرتوڑ کوششیں کرتے ہوئے اضافی ٹیکس عائد کئے جانے اور زرزی پابندیوں میں سختی لانے کی بدولت ہی آئی ایم ایف کا SBA پروگرام جاری ہوا جس نے ملک کی دگرگوں معیشت کو کچھ سہارا دیا اور مالی سال 2024 کا آغاز نسبتاً آسانی سے ہوسکا۔

اگرچہ چیلنجز بدستور رہیں گے لیکن پاکستان اگر آئی ایم ایف کے جاری پروگرام پر کامیابی سے عمل درآمد کرتا ہے اور اگلا پروگرام بروقت حاصل کرنے میں کامیاب رہتا ہے تو پاکستانی معیشت خاص طور سے مہنگائی اور شرح سود کے حوالے سے دھیرے دھیرے مستحکم ہونے میں کامیاب ہو جائے گی۔

مارکیٹ کا جائزہ

2023 کی دوسری سہ ماہی میں KSE 100 انڈیکس نے 40,000 پوائنٹ سے کم پر کاروبار کا آغاز کیا اور زیر نظر سہ ماہی کیلئے زیادہ سے زیادہ 3.6% کا ریٹرن دیا۔ زر مبادلہ کے ذخائر میں مسلسل کمی کے سبب ڈیفالٹ کے خدشات بڑھنے کے نتیجے میں سرمایہ کاروں نے انتہائی احتیاط کا مظاہرہ کیا جس کے سبب کاروباری سرگرمیوں میں زیادہ گرم جوشی دیکھنے میں نہیں آئی۔

شرح سود میں اضافے نے مشکلات بڑھائیں اور زیر نظر سہ ماہی کے دوران پالیسی ریٹ 22% کی ریکارڈ بلند ترین سطح تک پہنچا اور اس دوران سیاسی گرما گرمی نے بھی مارکیٹ پر اثر ڈالا۔ البتہ سہ ماہی کے آخر میں حالات نے اس وقت مثبت موڑ لیا جب پاکستان آئیندہ 9 ماہ کے لئے 3 بلین ڈالر کا آئی ایم ایف SBA پروگرام منظور کروانے میں کامیاب ہوا۔ اس اہم واقعے نے مارکیٹ میں امید کی فضاء پیدا کی اور پاکستان یورو بونڈ ز اور KSE-100 انڈیکس دونوں کو استحکام ملا۔

کمپنی کی کارکردگی

30 جون 2023 کو اختتام پذیر ہونے والی نصف سال کی مدت کے دوران کمپنی نے 1.70 روپے کی فی شیئر کمائی ظاہر کی جب کہ مالی سال 2022 کی اسی مدت کے دوران کمپنی کو فی شیئر 4.70 روپے کا خسارہ اٹھانا پڑا تھا۔

ایکویٹی پورٹ فولیو کا انتظام اس طرح کیا گیا کہ بلند تر ترقی اور بلند تر حاصل والی سرمایہ کاریوں میں توازن قائم رکھا جاسکے۔ اس مقصد کی خاطر کمرشل بینکوں، بینکاروں، اینڈ کیو بی کیوشن، انوسٹمنٹ بینکوں/ انوسٹمنٹ کمپنیوں/ سیکوریٹیز لمیٹڈ اور فوڈ اینڈ پرنٹل کیئر پروڈکٹس میں سرمایہ کاری کی گئی۔

سرمایہ کاری پر کمپنی نے زیر جائزہ مدت کے دوران 139.042 ملین روپے کی آمدنی حاصل کی جبکہ گزشتہ برس کی اسی مدت کے دوران سرمایہ کاری پر 261.932 ملین روپے کا خسارہ اٹھانا پڑا تھا۔



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CYAN LIMITED

REPORT 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, 2023 and the related 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 interim financial statements for the half year 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 interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss account and other comprehensive income and notes thereto for the quarters ended June 30, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2023.

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 **Khattab Muhammad Akhi Baig**.

Chartered Accountants
Karachi

Dated: August 28, 2023

UDIN: RR2023100810yuPVdBhi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property and equipment	6	3,011	3,444
Intangible assets	7	74	106
Deferred taxation		44,903	87,287
Long term investment	8	704,085	622,671
Long term deposit		<u>2,500</u>	<u>2,500</u>
		754,573	716,008
Current assets			
Short term investments	9	<u>624,766</u>	<u>846,820</u>
Trade and other receivables		13,297	10,497
Advances and short-term prepayments		1,114	1,036
Cash and bank balances	10	<u>1,417</u>	<u>428</u>
		640,594	858,781
TOTAL ASSETS		<u><u>1,395,167</u></u>	<u><u>1,574,789</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		<u>1,000,000</u>	<u>1,000,000</u>
100,000,000 (2022: 100,000,000) Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital		615,591	615,591
Unappropriated profit		173,988	69,116
Reserves		13,088	13,088
Remeasurement on post retirement benefits obligation - net of tax		3,145	3,145
Surplus on revaluation of investment carried at fair value through other comprehensive income		<u>534,513</u>	<u>530,578</u>
		1,340,325	1,231,518
Non-current liabilities			
Deferred liability - gratuity		<u>67</u>	<u>99</u>
		67	99
Current liabilities			
Trade and other payables		<u>8,566</u>	<u>9,151</u>
Unclaimed dividend		29,394	29,821
Short term borrowings	11	-	255,674
Taxation - net		<u>16,815</u>	<u>48,526</u>
		54,775	343,172
TOTAL EQUITY AND LIABILITIES		<u><u>1,395,167</u></u>	<u><u>1,574,789</u></u>
CONTINGENCIES AND COMMITMENTS			
	12		

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

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Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Note	Quarter Ended		Half Year Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
------(Rupees in '000)-----					
Income					
Return on investments	13	36,458	35,308	72,692	78,061
Gain / (loss) on sale of investments - net		10,577	(16,802)	33,058	(15,687)
Other income / (loss)		359	4,232	642	(376)
		<u>47,394</u>	<u>22,738</u>	<u>106,392</u>	<u>61,998</u>
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net					
	9.3.1 & 9.3.2	23,363	(280,183)	33,292	(324,306)
		<u>70,757</u>	<u>(257,445)</u>	<u>139,684</u>	<u>(262,308)</u>
Expenses					
Operating and administrative expenses		(9,009)	(8,059)	(16,075)	(33,245)
Financial charges		-	(21,771)	(7,247)	(40,431)
		<u>(9,009)</u>	<u>(29,830)</u>	<u>(23,322)</u>	<u>(73,676)</u>
Profit / (loss) for the period before taxation		<u>61,748</u>	<u>(287,275)</u>	<u>116,362</u>	<u>(335,984)</u>
Taxation - net	14	(1,457)	33,421	(11,490)	34,613
Profit / (loss) for the period after taxation		<u>60,291</u>	<u>(253,854)</u>	<u>104,872</u>	<u>(301,371)</u>
Other comprehensive income / (loss) for the period					
Items that will not be reclassified to profit or loss					
Surplus / (deficit) on revaluation of investments carried at fair value through other comprehensive income - net of tax		(13,352)	(79,227)	3,935	(61,940)
Remeasurement of post retirement benefits obligation - net of tax		-	-	-	41
Total comprehensive income / (loss) for the period		<u>46,939</u>	<u>(333,081)</u>	<u>108,807</u>	<u>(363,270)</u>
Basic and diluted earnings / (loss) per share	15	<u>0.98</u>	<u>(4.12)</u>	<u>1.70</u>	<u>(4.90)</u>

The annexed notes from 1 to 19 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 HALF YEAR ENDED JUNE 30, 2023

	Share Capital	Capital reserves		Revenue reserves		Remeasurement on post retirement benefits obligation - net of tax	Surplus / (deficit) on revaluation of investment carried at fair value through other comprehensive income	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, 2022	615,591	10,535	2,553	120,000	634,362	3,215	496,982	1,883,238
Transactions with owners recorded directly in equity								
Final dividend @ Rs.4 per share for the year ended December 31, 2021	-	-	-	-	(246,236)	-	-	(246,236)
	-	-	-	-	(246,236)	-	-	(246,236)
Total comprehensive income for the period ended June 30, 2022								
Net loss for the half year ended June 30, 2022	-	-	-	-	(301,371)	-	-	(301,371)
Deficit on revaluation of investments carried at fair value through other comprehensive income	-	-	-	-	-	-	(61,940)	(61,940)
Remeasurement of post retirement benefits obligation - net of tax	-	-	-	-	-	41	-	41
Total comprehensive (loss) / income	-	-	-	-	(301,371)	41	(61,940)	(363,270)
Balance as at June 30, 2022	<u>615,591</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>86,755</u>	<u>3,256</u>	<u>435,042</u>	<u>1,273,732</u>
Balance as at January 1, 2023	615,591	10,535	2,553	-	69,116	3,145	530,578	1,231,518
Total comprehensive income for the period ended June 30, 2023								
Net profit for the half year ended June 30, 2023	-	-	-	-	104,872	-	-	104,872
Surplus on revaluation of investments carried at fair value through other comprehensive income	-	-	-	-	-	-	3,935	3,935
Total comprehensive income	-	-	-	-	104,872	-	3,935	108,807
Balance as at June 30, 2023	<u>615,591</u>	<u>10,535</u>	<u>2,553</u>	<u>-</u>	<u>173,988</u>	<u>3,145</u>	<u>534,513</u>	<u>1,340,325</u>

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

Att

Chief Financial Officer

Chief Executive Officer

Director

CYAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Note	Half year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		116,362	(335,984)
Adjustment for non cash charges and other items:			
Depreciation on owned fixed asset		433	1,101
Depreciation on right-of-use asset		-	1,711
Amortisation		32	66
(Gain) / loss on sale of investments - net		(33,058)	15,687
(Gain) / loss on sale of property and equipment		-	6,314
Amortisation income on government securities	13	(1,427)	(1,140)
Financial charges		7,247	40,431
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	9.3.1 & 9.3.2	(33,292)	324,306
		(60,065)	388,476
		<u>56,297</u>	<u>52,492</u>
Operating income before working capital changes			
Increase in operating assets			
Trade and other receivables		(2,800)	(34,114)
Long term loan		-	-
Advances and short term prepayments		(78)	(115)
		<u>(2,878)</u>	<u>(34,229)</u>
Decrease in operating liabilities			
Trade and other payables		(585)	(55,159)
Deferred liability - gratuity		(32)	(20,689)
		<u>(617)</u>	<u>(75,848)</u>
Taxes paid		(35,992)	(154)
Financial charges paid		(19,616)	(26,269)
		<u>(2,806)</u>	<u>(84,008)</u>
Net cash used in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		814,295	533,942
Investment in securities		(566,768)	(135,305)
Capital expenditure incurred		-	(98)
Proceeds from sale of property and equipment		-	7,867
Net cash generated from investing activities		<u>247,527</u>	<u>406,406</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Rentals paid against lease liability		-	(2,151)
Dividend paid		(427)	(244,991)
Net cash used in financing activities		<u>(427)</u>	<u>(247,142)</u>
Net increase in cash and cash equivalents		<u>244,294</u>	<u>75,256</u>
Cash and cash equivalents at the beginning of the period		(239,877)	(660,162)
Cash and cash equivalents at the end of the period	10.1	<u><u>4,417</u></u>	<u><u>(584,906)</u></u>

The annexed notes from 1 to 19 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 HALF YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited ("the Company"), a Dawood 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 Limited. The registered office of the Company is situated at 9th 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 do 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, 2022.

These condensed interim financial statements are un-audited. However, a review has been performed by the statutory auditors in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

2.2 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.

2.3 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.

2.4 Changes in accounting standards, interpretations and pronouncements

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

There are certain new standards, interpretations and amendments to the existing accounting and reporting standards that have become applicable to the Company's accounting period beginning on January 1, 2023. These are considered either not to be relevant or do not have any significant impact on the Company's condensed interim financial statements and are therefore not detailed in these condensed interim financial statements.

2.4.2 Standards, interpretations and amendments to published approved accounting and reporting standards that are not yet effective:

There are certain new standards, amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's accounting period beginning after January 1, 2023. However, these standards, amendments and interpretations will not have any significant impact on the Company's financial reporting and therefore have not been disclosed in these condensed interim financial statements.

2.4.3 These condensed interim financial statements include the condensed interim statement of financial position as at June 30, 2023 and the condensed interim profit or loss and other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the half year then ended which have been subjected to a review but have not been audited. These condensed interim financial statements also include the condensed interim profit or loss and other comprehensive income for the quarter ended June 30, 2023 which are not subject to review.

2.4.4 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2022 has been extracted from the audited financial statements of the Company for the year ended December 31, 2022. The comparative condensed interim profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the half year ended June 30, 2022 have been extracted from the condensed interim financial statements of the Company for the half year then ended. The comparative condensed interim profit or loss and other comprehensive income for the quarter ended June 30, 2022 are also included in these condensed interim financial statements which were not subject to review.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2022.

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, 2022.

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, 2022.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
6 PROPERTY AND EQUIPMENT		------(Rupees in '000)-----	
Property and equipment	6.1	<u>3,011</u>	<u>3,444</u>

6.1 Property and equipment

	June 30, 2023				
	Furniture and fixtures	Office equipment	Vehicles	Right-of-use asset	Total
	----- (Rupees in '000) -----				
At January 1, 2023					
Cost	130	4,899	5,361	-	10,390
Accumulated depreciation	(86)	(3,480)	(3,380)	-	(6,946)
Closing net book value	<u>44</u>	<u>1,419</u>	<u>1,981</u>	<u>-</u>	<u>3,444</u>
Additions during the year	-	-	-	-	-
Disposals during the year					
Cost	-	826	-	-	826
Accumulated depreciation	-	(826)	-	-	(826)
Depreciation charge for the year	(2)	(235)	(196)	-	(433)
Closing net book value	<u>42</u>	<u>1,184</u>	<u>1,785</u>	<u>-</u>	<u>3,011</u>
At June 30, 2023					
Cost	130	4,073	5,361	-	10,390
Accumulated depreciation	(88)	(2,889)	(3,576)	-	(7,379)
Closing net book value	<u>42</u>	<u>1,184</u>	<u>1,785</u>	<u>-</u>	<u>3,011</u>
Rate of depreciation	<u>10%</u>	<u>33% & 50%</u>	<u>20%</u>	<u>33%</u>	

ATB

December 31, 2022					
Furniture and fixtures	Office equipment	Vehicles	Right-of-use asset	Total	
(Rupees in '000)					
At January 1, 2022					
Cost	16,960	15,515	15,381	31,761	79,617
Accumulated depreciation	(10,158)	(10,663)	(7,768)	(882)	(29,471)
Opening net book value	6,802	4,852	7,613	30,879	50,146
Additions during the year	-	-	-	-	-
Disposals during the year / termination of right of use asset					
Cost	(16,830)	(10,616)	(10,020)	(31,761)	(69,227)
Accumulated depreciation	10,186	8,154	5,049	3,529	26,918
	(6,644)	(2,462)	(4,971)	(28,232)	(42,309)
Depreciation charge for the year	(114)	(971)	(661)	(2,647)	(4,393)
Closing net book value	44	1,419	1,981	-	3,444
At December 31, 2022					
Cost	130	4,899	5,361	-	10,390
Accumulated depreciation	(86)	(3,480)	(3,380)	-	(6,946)
Closing net book value	44	1,419	1,981	-	3,444
Rate of depreciation	10%	33% & 50%	20%	33%	

7	INTANGIBLE ASSETS	Note	(Un-audited)	(Audited)
			June 30, 2023	December 31, 2022
----- (Rupees in '000) -----				
	Opening book value		106	114
	Additions during the period / year		-	99
	Less: Amortisation for the period / year		(32)	(107)
			74	106
The details of additions during the period / year are as follows:				
	Additions - cost			
	Software license		-	99

8 LONG TERM INVESTMENT

Investments carried at fair value through other comprehensive income	8.1	661,780	622,671
Investments carried at amortised cost	8.2	42,305	-
		704,085	622,671

8.1 Quoted Shares - Related Parties

Name of investee company	Note	Number of Shares		Cost	Market value	
		30-Jun-23	31-Dec-22		30-Jun-23	31-Dec-22
----- Rupees '000' -----						
Inv. Banks/Inv. Cos/ Securities Cos.						
Dawood Lawrencepur Limited		2,965,095	2,965,095	222,111	661,780	622,671
Equity held: 5% (2022: 5%)				222,111	661,780	622,671
Less : Provision for impairment				(130,018)		
Carrying value				92,093		
Market value as at June 30, 2023				661,780		
Unrealised gain on quoted shares				569,687		

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
8.2 Investments carried at amortised cost			
Pakistan Investment Bonds	8.2.1	42,305	-
		<u>42,305</u>	<u>-</u>
8.2.1	This is a three year fixed rate Pakistan Investment Bond 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 Bond has a face value of Rs. 50 million and market value of Rs. 41.99 million as at June 30, 2023. This will be released once the outstanding claims and balances relating to insurance business are settled. This carries a profit yield at 19.25% per annum payable at six months interval. This PIB is maturing on August 04, 2025.		
	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
9 SHORT TERM INVESTMENTS			
Investments carried at amortised cost	9.1	52,925	51,625
Investments carried at fair value through other comprehensive income	9.2	-	-
Investments carried at fair value through profit or loss	9.3	571,841	795,195
		<u>624,766</u>	<u>846,820</u>
9.1 Investments carried at amortised cost			
Deposits maturing within one month	9.1.1	3,000	3,000
Pakistan Investment Bonds	9.1.2	49,925	48,625
		<u>52,925</u>	<u>51,625</u>
9.1.1	These 'Term Deposit Receipts' carry mark-up at 19.5% per annum (December 31, 2022: 13.75% per annum) and are due to mature on July 26, 2023 (December 31, 2022: January 07, 2023). These have been pledged against guarantees issued on behalf of the Company in favour of Nazir of Sindh High Court.		
9.1.2	These are five year fixed rate 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.49.750 million as at June 30, 2023 (December 31, 2022 : Rs 47.79 million).These carry a profit yield at 13.71% and 13.49% per annum (December 31, 2022: Rs. 13.71% and 13.49% per annum) payable at six months interval. These PIB's are maturing on July 12, 2023 .		
9.2	These represent un-quoted shares of Bankers Equity Limited (no. of shares: 13,465) and un-quoted debentures of Hyson Sugar Mills (no. of bonds: 120) having cost of Rs 117,000 and Rs 60,000 respectively. These investments have been fully provided in these condensed interim financial statements.		
	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
9.3 Investments carried at fair value through profit or loss			
Quoted shares	9.3.1	565,542	792,900
Units of mutual funds	9.3.2	6,299	2,295
		<u>571,841</u>	<u>795,195</u>

9.3.1 Quoted shares

Name of investee company	Note	Number of shares		Carrying value	Market value	
		June 30, 2023	December 31, 2022	June 30, 2023	June 30, 2023	December 31, 2022
		(Rupees in '000)				
Cement						
Cherat Cement Company Limited		-	35,000	-	-	3,567
Maple Leaf Cement		675,000	-	19,096	19,123	-
Refinery						
National Refinery Limited		-	25,000	-	-	4,401
Commercial banks						
Habib Bank Limited		-	1,115,153	-	-	71,069
MCB Bank Limited		1,000,000	1,250,000	116,160	114,470	145,200
United Bank Limited	9.3.1.1	2,500,000	3,994,773	251,875	293,850	402,473
Meezan Bank Limited		100,000	-	8,769	8,637	-
Chemical						
Nimir Resins Limited		-	1,000,500	-	-	14,377
Oil and Gas Marketing						
Pakistan State Oil Company Limited		50,000	30,000	5,731	5,551	4,320
Technology and communication						
Avanceon Limited		172,500	150,000	9,905	7,597	9,905
Systems Limited		250,000	-	105,022	100,833	-
Power Generation & Distribution						
Hub Power Company Limited.		-	100,000	-	-	6,308
Food and Personal Care Products						
Unity Foods Limited		-	9,297,418	-	-	131,280
The Organic Meat Company Limited		745,000	-	15,699	15,481	-
				<u>532,257</u>	<u>565,542</u>	<u>792,900</u>
Unrealised gain on quoted shares				<u>33,285</u>		

9.3.1.1 0.3 million shares (December 31, 2022: 0.25 million) of United Bank Limited having market value of Rs. 35.26 million (December 31, 2022: 29.040 million) as at June 30, 2023 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 Units of Mutual funds

Name of Fund	Note	Number of units		Carrying value	Market value	
		June 30, 2023	December 31, 2022	June 30, 2023	June 30, 2023	December 31, 2022
		(Rupees in '000')				
NBP Government Securities Liquid Fund	9.2.2.1	223,871	223,871	2,292	2,297	2,295
MCB Cash Management Optimizer		39,378	-	4,000	4,002	-
				<u>6,292</u>	<u>6,299</u>	<u>2,295</u>
Market value as at June 30, 2023				<u>6,299</u>		
Unrealised gain on units of mutual fund				<u>7</u>		

9.2.2.1 223,871 units (December 31, 2022: 223,871 units) of NBP Government Liquid Fund having a market value of Rs. 2.297 million (December 31, 2022: Rs. 2.295 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

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		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----- (Rupees in '000) -----	
10	CASH AND BANK BALANCES		
	Cash in hand	15	-
	Cash at bank	1,402	428
		<u>1,417</u>	<u>428</u>
		(Un-audited)	(Audited)
		June 30,	June 30,
		2023	2022
		----- (Rupees in '000) -----	
10.1	Cash and cash equivalents		
	Cash and cash equivalents for the purpose of cash flow comprise of the following:		
	Cash and bank balances	1,417	72
	Term deposit receipts	9.1 3,000	3,000
	Short term borrowings	11 -	(587,978)
		<u>4,417</u>	<u>(584,906)</u>
		(Un-audited)	(Audited)
		June 30,	December 31,
		2023	2022
		----- (Rupees in '000) -----	
11	SHORT TERM BORROWINGS		
	Short term running finance	-	243,305
	Markup accrued on running finance facilities	-	12,369
		<u>-</u>	<u>255,674</u>
11.1	The Company has running finance facility of Rs.1,000 million (December 31, 2022: Rs. 1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 1 month KIBOR plus 0.50% per annum (December 31, 2022: 1 month KIBOR + 0.5% per annum) and will expire on July 31, 2023. The Company has Rs nil outstanding as at June 30, 2023 (December 31, 2022: Rs nil) against the running finance facility.		
11.2	The Company has running finance facility of Rs. 500 million (December 31, 2022: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.3% per annum (December 31, 2022: 3 months KIBOR plus 1% per annum) and will expire on September 30, 2026. The Company has Rs nil outstanding as at June 30, 2023 (December 31, 2022: Rs 167.709 million) against the running finance facility.		
11.4	The Company has running finance facility of Rs.300 million (December 31, 2022: Rs. 300 million) under mark-up arrangement with Habib Metropolitan Bank Limited. The facility carries mark up at 3 months KIBOR plus 0.50% per annum (December 31, 2022: 3 month KIBOR plus 0.5% per annum) and will expire on August 31, 2023. The Company has Rs nil outstanding as at June 30, 2023 (December 31, 2022: Rs. 75.596 million) against the running finance facility.		
		(Un-audited)	(Audited)
		June 30,	December 31,
		2023	2022
		----- (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>
12.1	The status of taxation related contingencies as disclosed in note 23.1 to the annual financial statements of the Company for the year ended December 31, 2022 has remained unchanged.		
		(Un-audited)	(Audited)
		June 30,	June 30,
		2023	2022
		----- (Rupees in '000) -----	
13	RETURN ON INVESTMENTS		
	Amortisation on government securities	1,427	1,140
	Interest income on government securities	2,205	1,998
	Dividend income	68,820	74,660
	Profit on term deposits receipt	240	263
		<u>72,692</u>	<u>78,061</u>

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		(Un-audited)	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
14	TAXATION		
	- Current year	10,379	11,499
	- Prior year	(6,098)	-
	- Deferred	7,209	(46,112)
		<u>11,490</u>	<u>(34,613)</u>
15	EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
	Profit / (loss) for the period after taxation	<u>104,872</u>	<u>(301,371)</u>
		(Number of shares)	
	Weighted average number of ordinary shares outstanding as at the period end	<u>61,559,108</u>	<u>61,559,108</u>
		----- (Rupees) -----	
	Earnings / (loss) per share	<u>1.70</u>	<u>(4.90)</u>

16 **TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise companies with common directors, group companies, associated companies, defined contribution plan, defined benefit plan directors and key management personnel and their close family members. 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:

Name Of Related Party	Relationship with the Company	Percentage of shareholding in the company	Common Directorship
Dawood Corporation (Pvt.) Ltd	Parent Company	64.70%	N/A
Hajjani Hanifabal Memorial Society	Associated Company	0.00%	Common Directorship
The Dawood Foundation	Associated Company	0.88%	Common Directorship
Abdul Samad Dawood	Chairman	0.16%	N/A
Sabrina Dawood	Non Executive Director	3.03%	N/A
Muhammed Amin	Independent Director	0.00%	N/A
Isfandiyar Shaheen	Independent Director	0.00%	N/A
Zamin Zaidi	Non Executive Director	0.00%	N/A
Sikander Hazir	Non Executive Director	0.00%	N/A
Nasir Altaf	Non Executive Director	0.00%	N/A
Mohammad Shamoan Chaudry	Chief Executive Officer (CEO)	0.00%	N/A

16.1 Transactions	Quarter ended June 30		Half year ended June 30	
	2023	2022	2023	2022
Un-audited				
----- (Rupees in '000) -----				
Parent company				
Dividend paid	-	-	-	159,316
Sale proceeds on disposal of assets having carrying value of Rs. 0.635 million	-	-	-	635
Associated companies				
Rendering of service	-	4,000	-	6,000
Purchase of service	2,080	460	3,756	3,453
Dividend paid	-	-	-	5,587

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Transactions	Quarter ended June 30		Half year ended June 30	
	2023	2022	2023	2022
	Un-audited ----- (Rupees in '000) -----			
Other related parties				
Dividend paid to sponsors	-	-	-	36,439
Provision relating to staff retirement gratuity scheme	67	163	134	2,389
Contribution to staff provident fund	143	257	246	1,029
Key management personnel				
Director fee	350	350	650	1,000
Sale proceeds on disposal of assets having carrying value of Rs. Nil million*	-	-	-	-
Remuneration	2,415	3,356	4,666	12,479
Dividend paid	-	-	-	7,493

*The disposals of office equipment having Rs nil book value and cost of Rs 825,959 have been made to ex-directors of the Company during the period.

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
16.2 Balances outstanding	----- (Rupees in '000) -----	
Receivable from related party	424	164
Payable to related party	973	695

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 International Financial Reporting Standard 13, 'Fair Value Measurement', 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Investments carried at fair value are categorised as follows:

	----- (Un-audited) -----			
	As at June 30, 2023			
	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	565,542	-	-	565,542
- Mutual fund units	-	6,299	-	6,299
	<u>565,542</u>	<u>6,299</u>	<u>-</u>	<u>571,841</u>
Investment in securities - financial assets at fair value through other comprehensive income				
- Quoted shares	661,780	-	-	661,780

Atb

------(Audited)-----			
-----As at December 31, 2022-----			
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	792,900	-	-	792,900
- Mutual fund units	-	2,295	-	2,295
	<u>792,900</u>	<u>2,295</u>	<u>-</u>	<u>795,195</u>

Investment in securities - financial assets at
fair value through other comprehensive income

- Quoted shares	<u>622,671</u>	<u>-</u>	<u>-</u>	<u>622,671</u>
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18 GENERAL**18.1 Corresponding figures**

There were no significant re-classifications during the period.

18.3 Subsequent events

The Board of Directors in its meeting held on August 23, 2023 have proposed an interim cash dividend in respect of the period ended June 30, 2023 of Rs. Nil per share (Nil%) (June 30, 2022: Rs. Nil). These condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

19 AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 23, 2023 by the Board of Directors of the Company.

ASST

Chief Financial Officer

Chief Executive Officer

Director

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