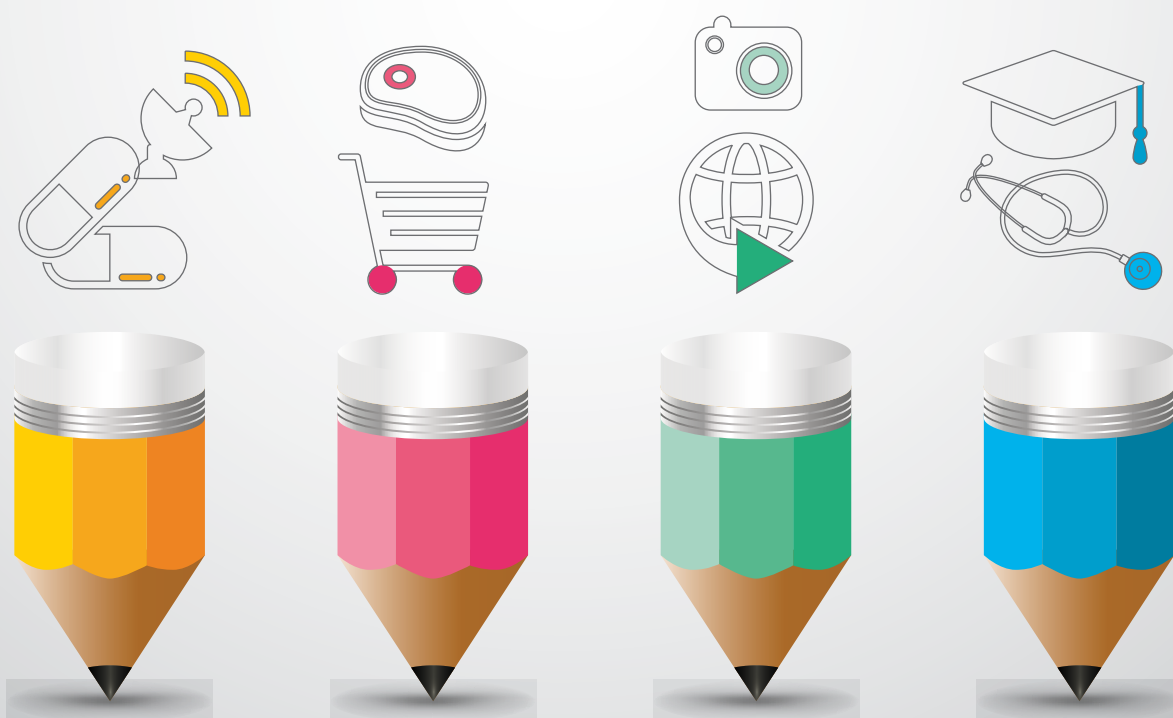




DEFINING

Growth



ANNUAL REPORT 2017



Cyan Limited is a public listed company which emerged in the year 2011 after the revocation of the insurance license of Central Insurance Company Limited, established in Pakistan on 23rd April, 1960.

The objective of Cyan is to invest in companies with high growth potential through a process of recognizing opportunities and implementing strategies so that they progress with sustained growth.

An entrepreneurial dream is made from desire and passion. We at Cyan cultivate and recognize that passion and invest in its desire. We believe that through our platform, we can nourish companies with potential to go beyond their objectives. Our precision based strategies are focused on the development of the sectors and organizations where we invest. With our ability, experience and leadership, we can not only identify potential success, but also develop that potential for the future betterment of the company and also help in building the economy of Pakistan.

As a company, Cyan operates on core values of corporate social responsibility. We express these values through local involvement in education, community, and philanthropic efforts. Our passion, endeavor and ability, gives us the niche to make an organization with high growth potential, into a quantifiable, measurable and a sustainable success model.



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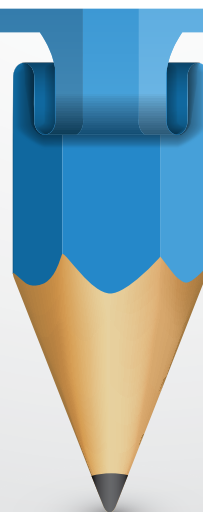
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16	Potential in Selected Sectors		



VISION & MISSION

TAKING
ENTREPRENEURSHIP
TO SCALE



COMPANY INFORMATION

Board of Directors

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

Board Audit Committee

Kamran Nishat (Chairman)
Shafiq Ahmed
Inam Ur Rahman

Board HR & Remuneration Committee

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

Board Investment Committee

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

CFO & Company Secretary

Faisal Nadeem

Head of Internal Audit

Ayman Anwer

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Nadeem (CFO & CS)
Muhammad Anas Karimi (Senior Manager Finance)
Ayman Anwer (Head of Internal Audit)
Naresh Kumar (Investment Associate)
Marvi Shaikh (Investment Analyst)

*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-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

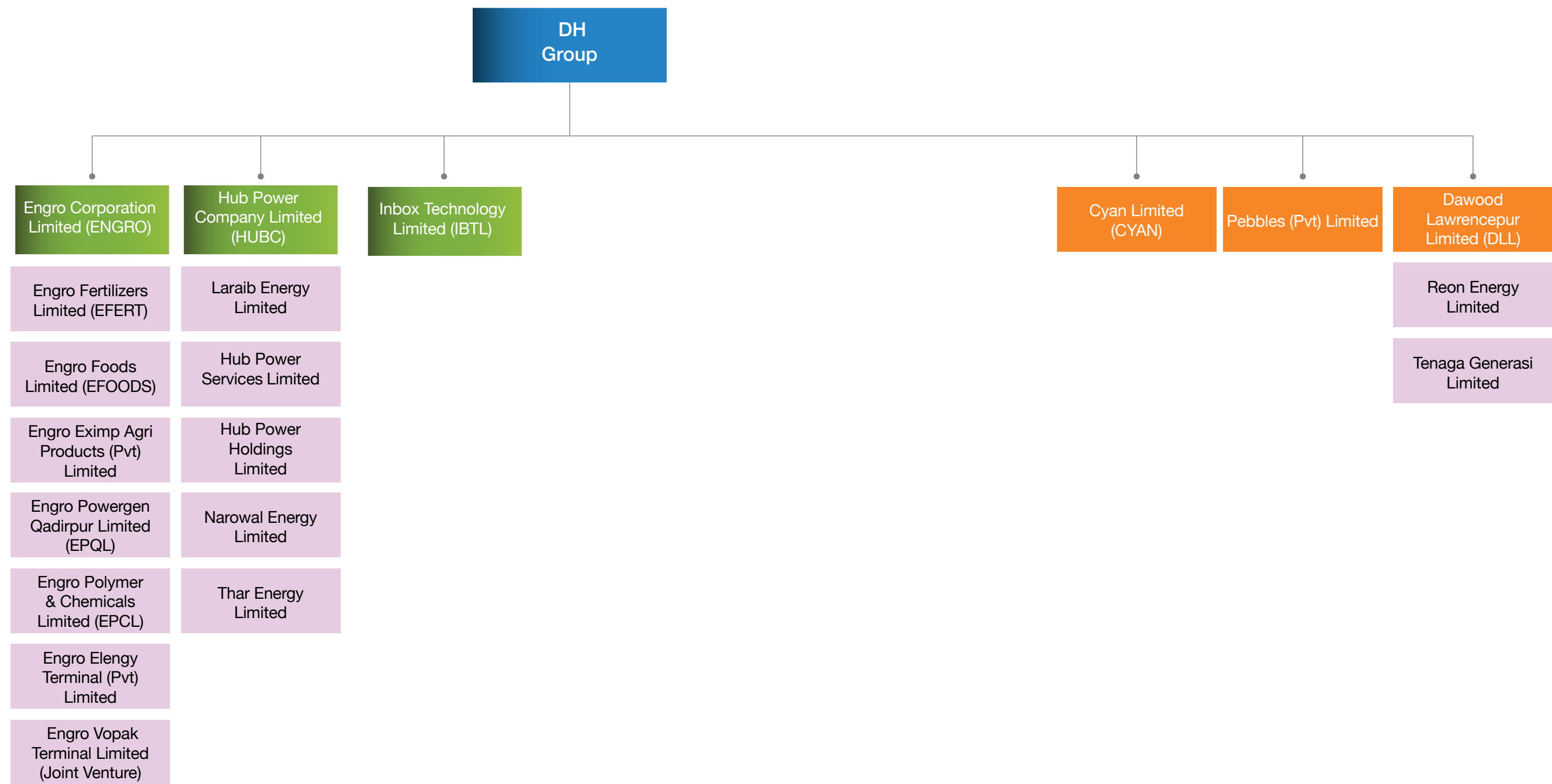
Bankers

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

Registered Office

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

GROUP STRUCTURE



GEOGRAPHICAL PRESENCE ONLY IN KARACHI



CORE VALUES



STRATEGIC OBJECTIVES

Overall strategic objectives, management’s objectives and strategies for meeting those objectives

At Cyan Limited, our aim is to solicit our strategic objectives in such a manner that our approach and endeavor to create a positive impact, remains intact.



CODE OF CONDUCT

FOR EMPLOYEES:

This code is developed and adopted with a view to develop and promote the highest standards of ethical behavior, professionalism, integrity and commitment amongst the employees of the company. It is adopted with the end view of promoting good corporate governance.

The company makes it mandatory for all its employees to perform their duties and responsibilities in accordance with this code.

The company is guided by the following principles in all activities for attainment of the organizational objectives:

1. ABIDANCE OF LAWS / RULES

- All employees shall conform to and abide by the company policies, applicable laws, regulations and directives which may from time to time be in force.
- The employees shall not take part in, subscribe in aid of, or assist in any way, any political movement that is in disinterest of Cyan.

2. INTEGRITY

- Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors and employees, and not engage in acts discreditable to Cyan and the profession. If they become aware of any irregularity that might affect the interests of Cyan, they shall inform the senior management immediately.
- Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions/reports.
- Avoid all such circumstance in which there is personal interest conflict, or may appear to be in conflict, with the interests of Cyan or its clients.
- Not use their employment status to seek personal gain from those doing business or seeking to do business with Cyan, nor accept such gain, gift, favor, entertainment or other benefits, if offered.

3. CONFIDENTIALITY

Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities/law. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefits of any individual(s). Inside information about Cyan’s clients/affairs shall not be used for their own gain, or for that of others either directly or indirectly.

4. PROFESSIONALISM

Serve Cyan honestly and faithfully and strictly serve Cyan’s affairs and the affairs of its constituents. Disclose and assign to Cyan all interest in any invention, improvement, discovery or work of authorship that they may make or conceive and which may arise out of their employment with Cyan. If their employment is terminated, all rights to property and information generated or obtained as part of their employment relationship will remain the exclusive property of Cyan.

5. BUSINESS/WORK ETHICS

- Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work.
- Ensure good attendance and punctuality and demonstrate a consistently good record in this area.
- Maintain a standard of personal hygiene and dress appropriately for attendance at work.
- As a personal responsibility, safeguard both the tangible and intangible assets of Cyan that are under their personal control and shall not use Cyan assets for their personal benefits except where permitted by Cyan.
- Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra office communication(s) or communication(s)

with individual(s) outside the office that may contain any statement or material that is offensive to others.

- f. Employees shall also not indulge in any of the following activities except with the prior permission of the competent authority:
- Borrow money from or in any way place themselves under pecuniary obligation to broker or money lender or any employee of Cyan or any firm or person having dealings with Cyan;
 - Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrip's for delivery in the case of sale. However, they can make a bona fide investment of their own funds in such stock, shares and securities in line with the employees trading policy;
 - Lend money in their private capacity to a constituent of Cyan or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities;
 - Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss;
 - Act as agent for an insurance company otherwise than as agent for on behalf of Cyan;
 - Be connected with the formation or management of a joint stock company;
 - Engage in any other commercial business or pursuit either on their own account or as agent for another or others;
 - Accept or seek any outside employment or office whether stipendiary or honorary; and
 - Undertake part time work for a private or public body or private person, or accept fee thereof.

FOR DIRECTORS:

The Code is developed and adopted with a view to focus the Board and each Director on areas of

ethical risk; provide guidance to directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

1. CONFLICT OF INTEREST

Directors including the Chairman must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the the Board of Directors. A "conflict of interest" can occur when:

- A director's personal interest is adverse to – or may appear to be adverse to – the interests of the Company as a whole;
- A director, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a director of the Company;

Some of the more common conflicts which directors should avoid are listed below:

- Relationship of Company with third-parties.** Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with Cyan. A director shall recuse him or herself from any Company Board decision involving another firm or Company with which the director is affiliated;
- Compensation from non-Company sources.** Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company;
- Gifts.** Directors may not offer, give or receive gifts from persons or entities who deal with Cyan in those cases where any such gift is being made in order to influence the directors' actions as members of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest; and
- Personal use of Company assets.** Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Board or as part of a compensation or expense reimbursement program available to all directors.

2. CORPORATE OPPORTUNITIES

Directors are prohibited from:

- Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or position as a director;
- Using the Company's property or information for personal gain; or
- Competing with the Company for business opportunities. However, if the Company is disinterested and the directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may then do so.

3. CONFIDENTIALITY

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS; FAIR DEALING.

Directors must comply, and oversee compliance by employees, officers and other directors,

with laws, rules and regulations applicable to the Company, including insider trading laws. Directors must deal fairly, and must oversee fair dealing by employees and officers, with the Company's customers, suppliers, competitors and employees.

5. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR.

Directors should promote ethical behavior and take steps to ensure the Company:

- Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; and
- Encourages employees to report violations of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel.

6. COMPLIANCE STANDARDS

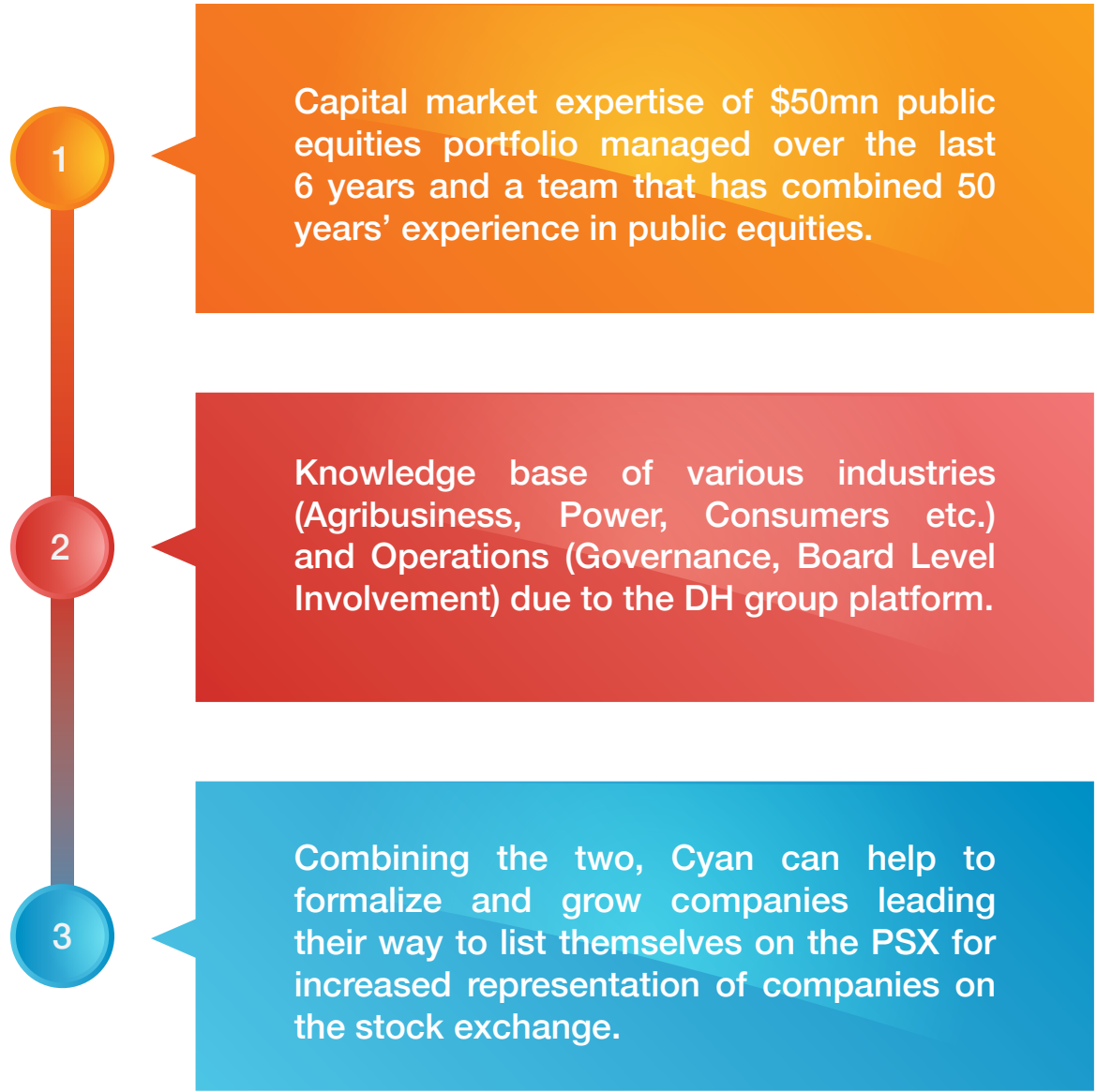
Directors should communicate any suspected violations of this Code promptly to the Chairman of the Audit Committee. Violations will be investigated by the Board or by persons designated by the Board, and appropriate action(s) will be taken in the event of any violations of the Code.

CYAN SEVEN



- Committed Management Team**
Company has a strong management team with demonstrated commitment to ethical values and a proven track record.
- Sizeable Market Share**
Company has a sizeable market share or a clearly defined road-map to achieve one.
- Scalable Business Model**
Company has a proven and scalable business model with an operational record of at least three years.
- Target Margin**
Company has an EBITDA of at least PKR 200 million and has remained positive for the past three years.
- Target Revenue**
Company has revenues of at least PKR 500 million or a tangible growth plan to achieve this target in the short term.
- Minimum Investment Size**
The Company is seeking to raise at least PKR 100 million.
- Exit Potential**
The ability of an exit for Cyan i.e. to sell its stake in 1-3 years via trade sale, IPO, share buy back/ redemption, etc.

CYAN EXPERTISE



ANIMAL PROTEIN

**CAGR: 10%
(Last 5 Years)**

Livestock makes up 11% of Pakistan's GDP and contributes 58% to the agriculture sector. It is nation's source of animal protein in the form of various types of meat. Per capita local consumption of meat stands at 19.55 Kg.

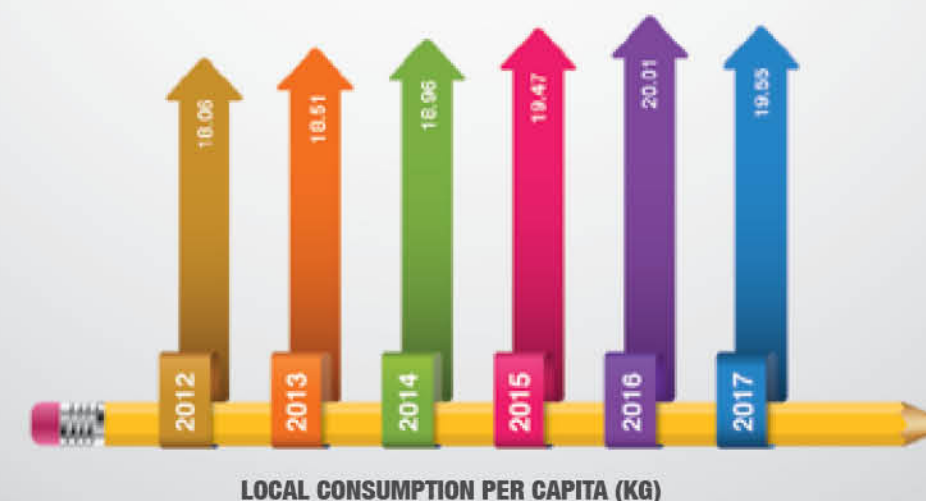
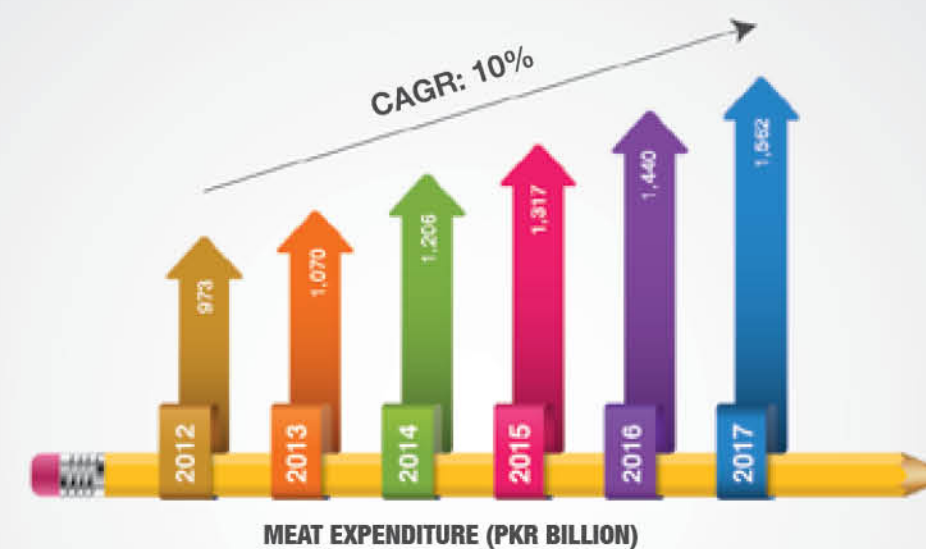


MARKET SIZE:

According to Cyan's estimate, the size of the meat industry in Pakistan is around PKR 1,562 billion (USD 15 billion). As per the Economic Survey of Pakistan, beef is the largest meat produced in Pakistan with a 51.3% share, followed by poultry with 31.4% share and mutton with 17.3% share.

DID YOU KNOW?

- Annual growth in livestock population since 2012 is 8% against the growth of 2.40% of human population.
- Eggs consumed per day per person in Pakistan are 0.23, which is higher than India's 0.18.



Source: Pakistan Economic Survey and State Bank of Pakistan

PHARMACEUTICAL

CAGR: 12%
(Last 5 Years)

The Pharmaceutical industry contributes 1% to Pakistan's GDP. The industry has been growing at a five year CAGR of 12% on the back of rising demand in the country led by the increasing population. Currently valued at USD 3.2 Billion, the industry shelters more than 700 pharmaceutical manufacturing units. Among the regional countries, Philippines has the highest spending per capita of USD 34, while Bangladesh has the lowest with spending per capita of USD 13.

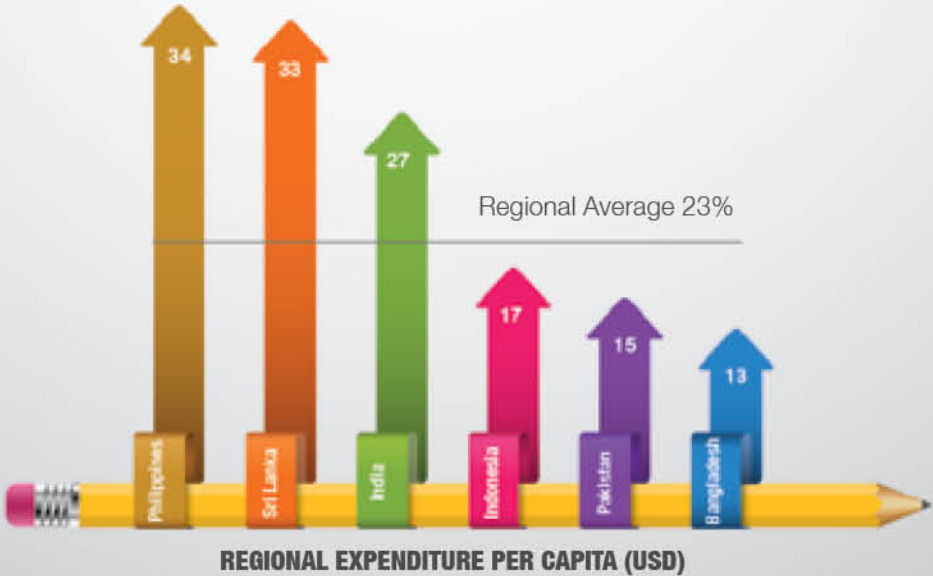
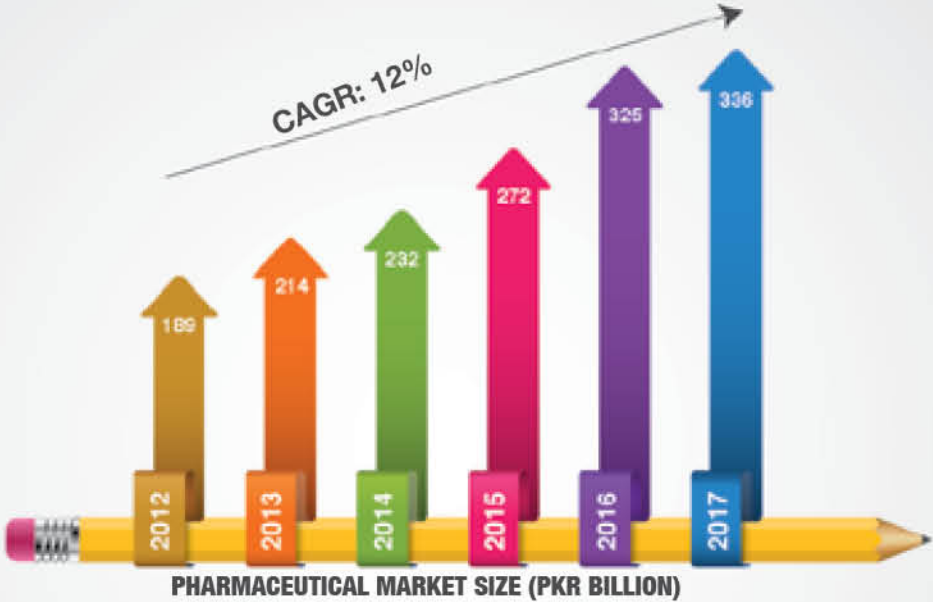


MARKET SIZE:

The pharmaceutical industry in Pakistan is valued at around PKR 336 billion (USD 3.2 billion). Pakistan's per capita pharmaceutical expenditure is USD 15, lower than the regional average of USD 23 per capita.

DID YOU KNOW?

- The top 50 firms in the industry hold 89% of the market share.
- Pakistan has zero laboratories for R&D which meet FDA or WHO standards.



Source: Pakistan Pharmaceutical Manufacturers' Association, Pakistan Economic Survey and State Bank of Pakistan

HEALTHCARE

Quality of healthcare is a fundamental metric to assess the developmental stage of a country. According to Pakistan Economic Survey (2016-17), total hospitals in Pakistan are 1,215 including both public and private sectors. Pakistan shelters 131,171 hospital beds, 195,896 registered doctors, and 99,288 nurses. Accordingly, population per doctor is 1,061, per hospital bed is 1,584 and per nurse is 2,094.



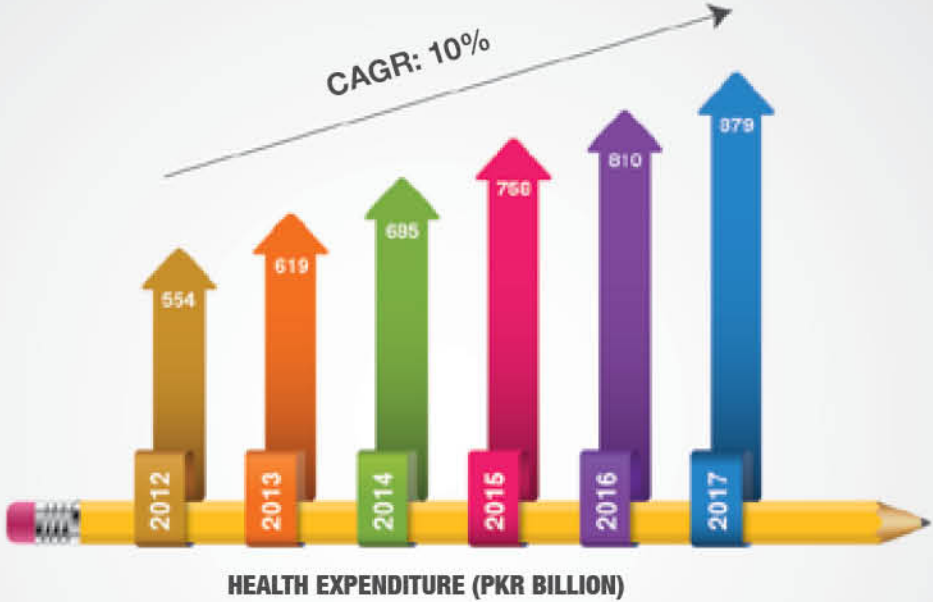
**CAGR: 10%
(Last 5 Years)**

MARKET SIZE:

The size of the healthcare service industry is cumulatively valued at PKR 879 billion (USD 8.4 billion) in FY17, constituting 3% of Pakistan's GDP. The demand for healthcare services in Pakistan has increased steadily due to rising income levels, high population growth, increase in lifestyle diseases such as diabetes and cardiac and increasing accessibility within rural areas.

DID YOU KNOW?

- Infant mortality rate in Pakistan is 54 per thousand births.
- In 2017, Pakistan has witnessed a staggering growth of 42% in people diagnosed with HIV/AIDs.



Source: Pakistan Pharmaceutical Manufacturers' Association, Pakistan Economic Survey and State Bank of Pakistan

EDUCATION

CAGR: 13%
(Last 5 Years)

According to the latest Pakistan Economic Survey, the literacy rate of the population (10 years and above) is 58% thus, clearly indicating lack of penetration of education in the country. Province wise, Punjab has the highest literacy rate of 62% followed by Sindh with 55%, K.P. at 53% and Baluchistan with 41%.

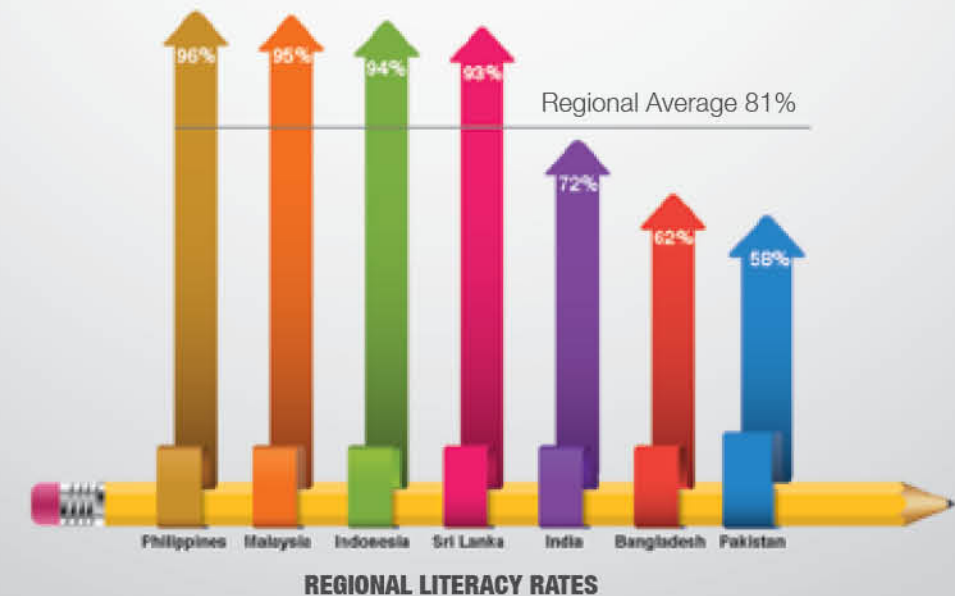
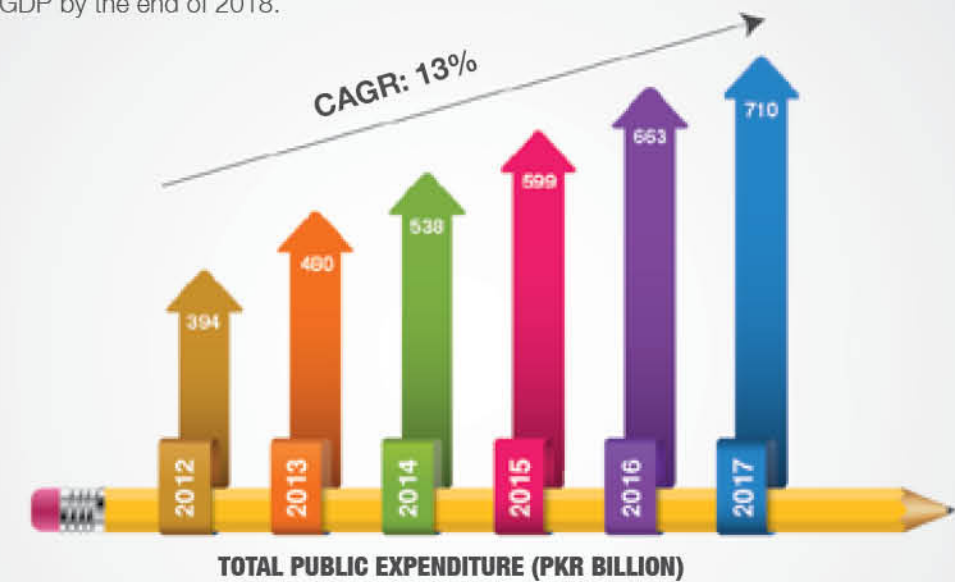


MARKET SIZE:

The education industry (public) in Pakistan is valued at PKR 710 billion (USD 6.8 billion), contributing 2.2% to Pakistan's GDP. However, in absolute terms, expenditure on education is growing at a CAGR of 13% since FY12. The sector is divided between public and private institutions, along with a number of non-government organizations running charitable education foundations. The Government of Pakistan is determined to enhance the resources available to education sector by ensuring proper and timely utilization of funds in order to achieve the target of Education sector to be 4% of GDP by the end of 2018.

DID YOU KNOW?

- Pakistan is home to 23 million children, who are out of school.
- Pakistan has the lowest literacy rate among its regional peers. (Philippines, Malaysia, Indonesia, Sri Lanka, India and Bangladesh)



Source: Pakistan Economic Survey, State Bank of Pakistan & UNESCO

LOGISTICS

CAGR: 8%
(Last 5 Years)

The size of Logistics industry is around 6.2% of Pakistan's GDP with a significant share of the sector outside the formal economy. The sector is marred with fragmentation, unorganized businesses, low margins and poor infrastructure. With the advent of CPEC and resulting upgradation of infrastructure, the sector is expected to grow at a very fast pace. Secondly, the sector might experience increased share of formal industry as a result of increasing infrastructure activity.

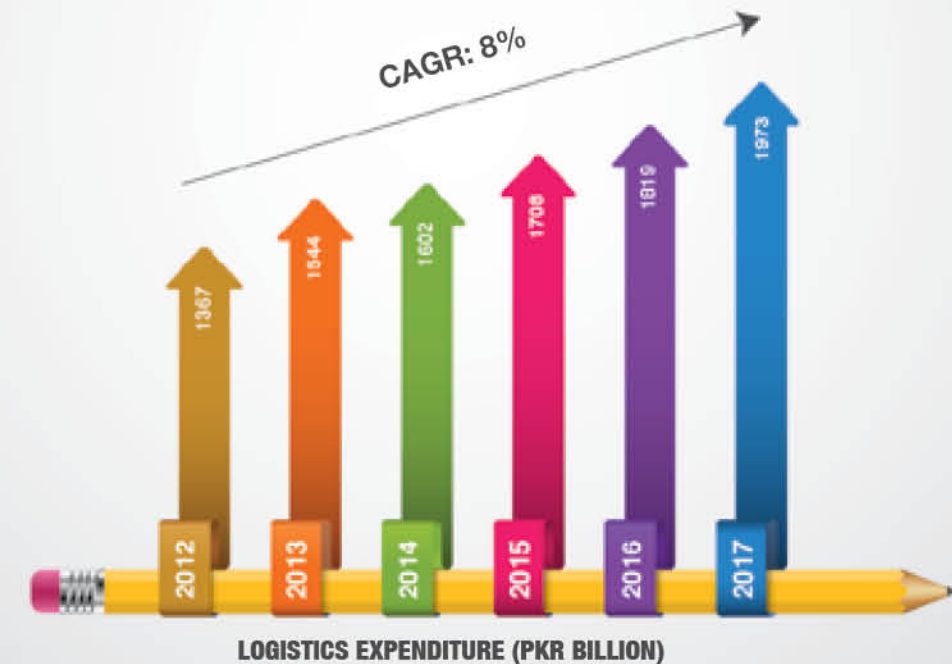


MARKET SIZE:

According to Cyan's estimates the market size of the industry is around PKR 1,973 billion (USD 19 billion). Road transport services comprise 77% of the total market followed by sea transportation comprising 19%, while air transport, rail transport and warehousing form the rest of the industry. The sector has overdependence on road transportation due to weak rail infrastructure, which if countered, could make the industry more profitable and efficient.

DID YOU KNOW?

- Majority of Pakistan's trucking fleet is of Bedford make; the company closed its operations in Pakistan in 1986.
- World Bank has ranked Pakistan at 68th Position in Global Logistics Ranking 2016, which is below China, India, Indonesia and Malaysia.



Source: Pakistan Economic Survey, State Bank of Pakistan and Karachi Port Trust

TECHNOLOGY

CAGR: 26%
(Last 5 Years)

Compared to other sectors, the Technology industry in Pakistan is growing at an unparalleled CAGR of 26% since FY12, which is evident from the fact that Pakistan currently has the 13th largest broadband user base in the world. The sector can be divided into two sub sectors: IT Solutions and E-Commerce. The former has witnessed significant spike in terms of remittances, while the latter has seen numerous startups in the past few years. With 3G, 4G and LTE technologies incorporated a little less than 4 years ago and more technology being adopted systematically by various industries, it is likely that this industry will be witnessing exponential growth in the years to come.

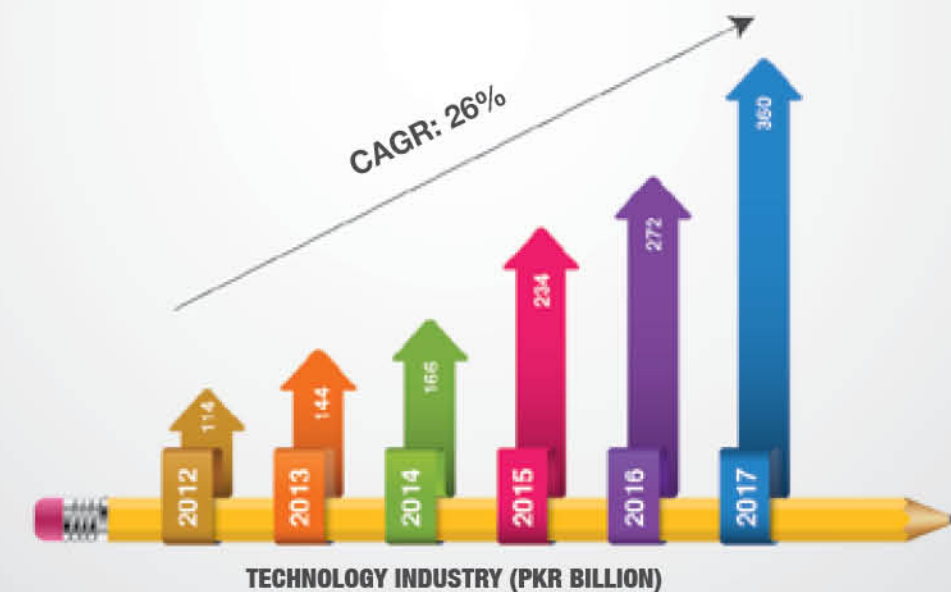


MARKET SIZE:

The total market size of IT Exports and E-Commerce is PKR 360 billion (USD 3.4 billion), forming 1.1% of the GDP, with major contribution coming from IT Exports which is estimated to be USD 2.8 billion. The domestic revenue of IT sector is estimated at USD 0.5 billion and it is expected to grow rapidly as major initiatives are being taken at the government level for digitization of public sector entities.

DID YOU KNOW?

- People within the age bracket of 25-34 are most inclined to use technology for shopping.
- Nigeria, Ghana and Bangladesh skipped the landline era as less than 1% of the households in those countries had landline connections. However, in Pakistan, an estimated 10% of the households still have landline services installed.



Source: State Bank of Pakistan, Pakistan Economic Survey, Kamyu (now known as Daraz) and Ministry of Information Technology

RETAIL

CAGR: 10%
(Last 5 Years)

Retail sector contributes 18.5% in GDP and is also the largest subsector of the services sector having a share of 31%. Retail sector grew by 11% in FY17 compared to 5% in FY16 signifying booming consumerism and services growth. A subsector of retail: e-commerce has also witnessed an uptick in the recent years due to numerous startups opening up as Pakistan continues its progression towards the digital age and takes a more optimistic approach towards the era of technology. This is supported by the fact that the broadband penetration has increased to 21% compared to 16% last year.



MARKET SIZE:

The retail sector is valued at PKR 5,895 billion (USD 56 billion). The fundamental growth in the sector is backed by the recent digitization of retail via e-commerce and opening up of new malls such as Lucky One, Packages and Emporium in the last two years, numerous food chains entering the market with older ones expanding nationally and hefty discounts being offered by leading clothing brands more frequently than ever. The major sectors include food and beverages, apparel, footwear, health and beauty, electronics and home furnishings.

DID YOU KNOW?

- According to Bloomberg, going forward Pakistan will be the world's fastest growing retail market with an expected growth rate of 8.2% p.a.



Source: Pakistan Economic Survey & State Bank of Pakistan

CAGR: 17%
(Last 5 Years)

MEDIA & ENTERTAINMENT

Increasing income levels of the Pakistani populace has led to an increase in urbanization, leading to a change in the demographic and economic patterns. An increase has been witnessed in the total number of households from 32 million to 35 million. The daily average TV viewership per person is 3.6 hours (a rise of 10% compared to FY 2015-16). Number of TV channels currently stand at 98 channels of which news channels comprise of 37%, entertainment channels 21%, regional channels 12% and remaining 30% is others category*.



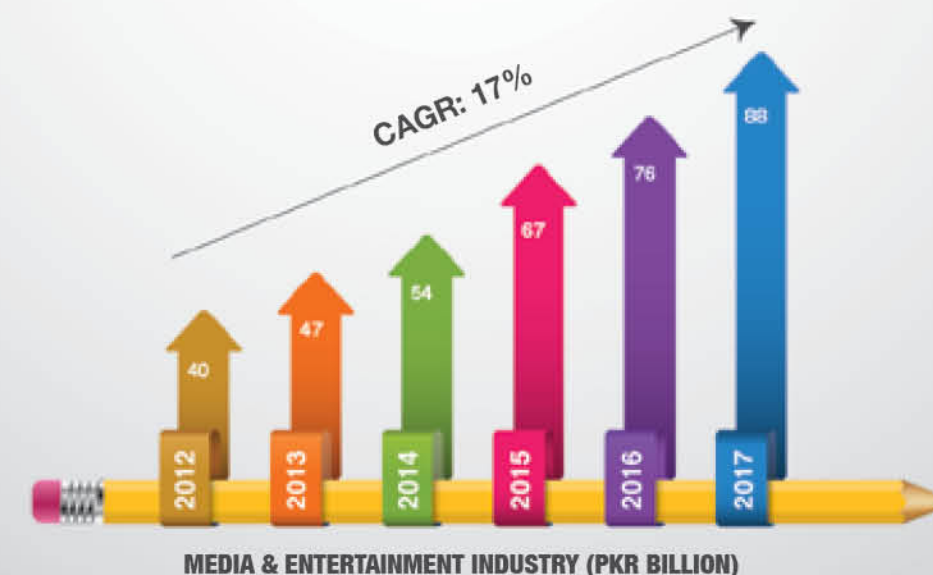
* Others category includes channels of Sports, Cooking, Religious, Education, Movies and Music

MARKET SIZE:

Advertising has been identified as the major source of revenue for Media and Entertainment, with FMCG companies comprising of 80% of the total advertising expenditure, which has been growing at a CAGR of 17% since FY12. The sectoral share of advertising spends is as follows: TV – 48%, Print – 23%, Radio – 3% and others – 26%.

DID YOU KNOW?

- Regardless of more airtime minutes for news, local entertainment still retains its high viewership ratings.
- Pakistan has a lower cable penetration of 35% in comparison to India's 60%.



Source: Aurora, Medialogic, State Bank of Pakistan

NOTICE OF THE FIFTY EIGHT (58TH) ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Eight (58th) Annual General Meeting (AGM) of Cyan Limited will be held at Karachi at 11:30 a.m. on Thursday the March 29, 2018 at TDF Business Hub to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the 57th Annual General Meeting of the Company held on April 28, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017 together with the Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the year ending December 31, 2018 and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if deemed fit, approve the amendment in the Memorandum of Association of the Company as mentioned in detail in the Statement under Section 134 of the Companies Act, 2017; and pass the following resolutions, with or without modifications, as Special Resolutions:

“RESOLVED that subject to the passing of the Special Resolutions by the shareholders, confirmation of the alteration of the Memorandum of Association by the SECP and clearance by the Pakistan Stock Exchange Limited, the alteration to the Memorandum of Association of the Company be and is hereby recommended;

FURTHER RESOLVED that subject to the passing of the Special Resolutions by the shareholders and clearance from Pakistan Stock Exchange Limited, for confirmation of alteration of Memorandum of Association in terms of Section 32 of the Companies Act, 2017, the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities for accomplishing alteration of the Company's Memorandum of Association.

FURTHER RESOLVED that a formal application be filed with the SECP under Sections 32 to 35 of the Companies Act, 2017, read with Rules 3 and 30 of the Companies (General Provisions and Forms)

Rules, 1985, along with all requisite documents, affidavits, statements, etc. for confirmation of alteration of Memorandum of Association for which purpose, the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities for accomplishing alteration of the Company's Memorandum of Association.”

5. To transact any other business with the permission of the Chair.

Attached to this notice of meeting being sent to the members is a statement under Section 134(3) of the Companies Act, 2017 setting forth all material facts concerning the resolution contained in item No.4 of the notice which will be considered for adoption at the Meeting.

By order of the Board

FAISAL NADEEM
Company Secretary

Karachi, March 08, 2018

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share transfer books of the Company will remain closed from Friday March 23, 2018 to Thursday March 29, 2018 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, by the close of business (5:00 p.m.) on Thursday March 22, 2018 will be treated in time for the purpose of attending and voting at the AGM.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to attend and vote at the meeting may appoint any other member as his/her proxy to attend and vote. A Corporation being a member may appoint any person, whether or not a member of the Company, as its Proxy. A Proxy, duly appointed, shall have such rights as respects speaking and voting at the Meeting as are available to a member.

In order to be effective, Proxy Forms, duly filled and

signed, must be received at the Registered Office of the Company, not less than forty-eight (48) hours before the Meeting. A blank Proxy Form is attached at the end of the report.

CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

CNIC NUMBER

As instructed by Securities & Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc./2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs/NTN Certificates along with the folio numbers to the Company's Share Registrar: M/s. Central Depository Company of Pakistan Limited., CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividend.

DIVIDEND MANDATE

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 (“Income tax Ordinance”)

The Government of Pakistan through Finance Act, 2017 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on amount of dividend paid to shareholders. These tax rates are as under:

- (a) For filers of income tax returns 15.00%
- (b) For non-filer of income tax returns 20.00%

Withholding tax on Dividend in case of Joint Account Holders

Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher side, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the Annual General Meeting date.

Folio/CDC A/c No.	Total No of Shares	Name of Principal Shareholder and CNIC	Share Holding	Name of Joint Shareholders and CNIC #	Share Holding
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Valid Tax Exemption Certificate for Exemption from Withholding Tax

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of commencement of Book closure otherwise tax will be deducted according to the applicable law.

Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar CDC House-99B, Block ‘B’, S.M.C.H.S., main Shahrah–e-Faisal, Karachi-74000 to collect / enquire about their unclaimed dividend, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend.

Consent for Video Conference Facility

Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company at least 10 days before holding the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of Cyan Limited, holder of _____ ordinary share (s) as per Register Folio/CDC Account No _____ hereby opt for video conference facility at _____.

Signature of members

Change of Address

Shareholders (Non-CDC) are requested to promptly notify the Company’s Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Company’s Registrar. All the shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their participants.

STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017

ITEM (4) OF THE AGENDA

To give effect to the above, clause III(5) of the Memorandum of Association of the company is proposed to be amended as follows:

Clause No.	Existing Text	Proposed Amended Text	Remarks
III(5)	To operate, conduct, accomplish and establish services for or relating to financial consultancy, technical consultancy, management services, capital growth, trading and investments in securities, including research programs, systems analysis, electronic data processing for industrial trading and commercial activities.	To operate, conduct, accomplish and establish services, <u>including research programs,</u> for or relating to financial consultancy, technical consultancy, management services, capital growth, trading and investments in securities, <u>and to provide advisory service in connection with the public issue of securities and to act as consultant to the issue of securities, either singly or jointly with one or more consultants to the issue, as per laws, rules and regulations as may be applicable from time to time and to obtain and maintain any license to provide such service and to undertake all other related and ancillary services as may be allowed to the company under any such license.</u>	To alter existing clause III (5) of the Memorandum of Association to add the business as Consultant to the Issue as required in terms of Public Offering (Regulated Securities Activities Licensing) Regulations, 2017.

DIRECTORS' REPORT

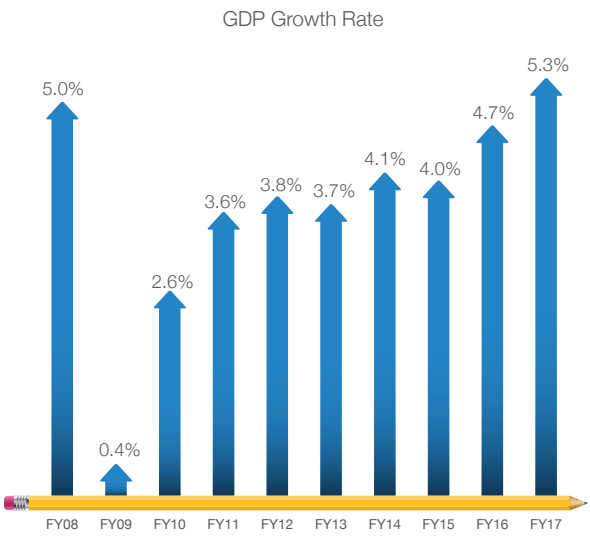
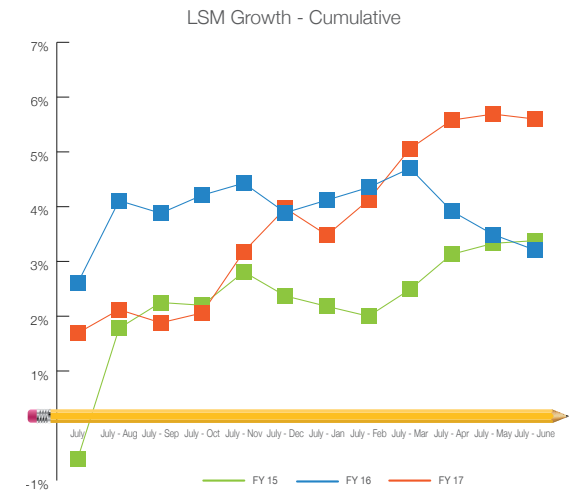
The Board of Directors is pleased to present the 58th Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2017.

Economy Review

Pakistan economic performance continued its upward trajectory in FY17, posting a decade high GDP growth of 5.3% and for the first time in history the economy has crossed USD 300 billion. This tremendous growth is primarily attributed to Service and Industrial sector growth of 5.9% and 5.0% respectively, whereas Agricultural sector growth was 3.5%.

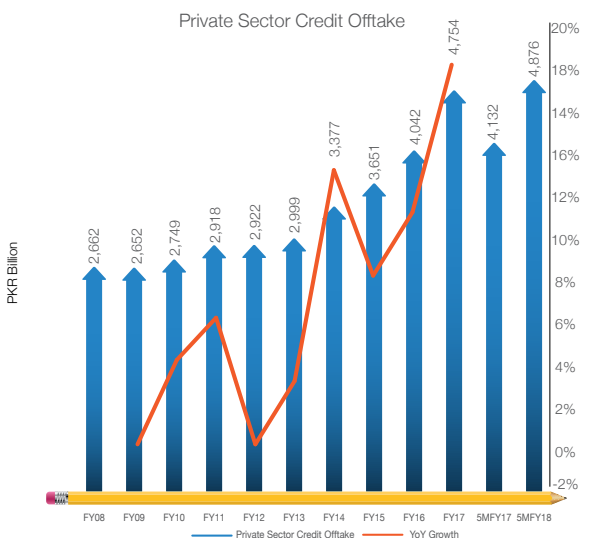
The Service sector emerged as the main driver of economic growth in FY17 by surpassing the targeted growth of 5.7% and the Agriculture sector rebounded to 3.5% growth as compared to muted growth last year, due to the increases in support price for production, credit to agriculture sector and better arrangements for the provision of inputs like seed and fertilizers.

Large Scale Manufacturing (LSM) on the other hand, registered a growth of 5.6% YoY in FY17 compared to 3.2% in FY16. This is the highest rate of increase recorded during the last four years, which reflects the revival of growth in large industries' production. The growth in FY17 is highly attributable to the highest growth rate of 20.5% in Iron and Steel industry, followed by electronics 17.0%, food & beverages and tobacco 11.5%, automobiles 11.2% and pharmaceuticals 9.2%. The LSM sector benefitted from the continued improvement in the supply of electricity and gas coupled with the expansion in credit to the private sector.

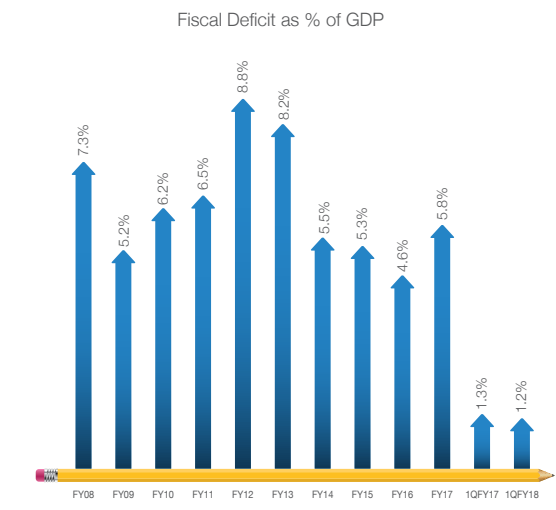
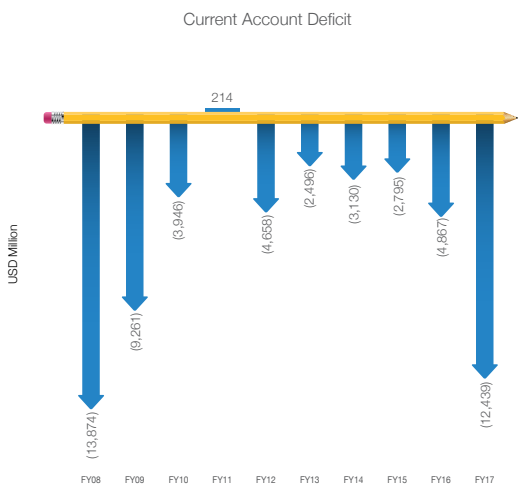


Inflation too, increase to 4.2% in FY17 compared to 2.9% in the preceding year. The uptick in inflation is due to the revival of international commodity prices, particularly oil as evident by 16% YoY increase in Brent Oil to USD 50.9/barrel and an increase in domestic demand on the back of rising economic activities. Moreover, SBP has set a target of 6% inflation for FY17-18 and currently average inflation is 3.75% compared to 3.88% in 1HFY17.

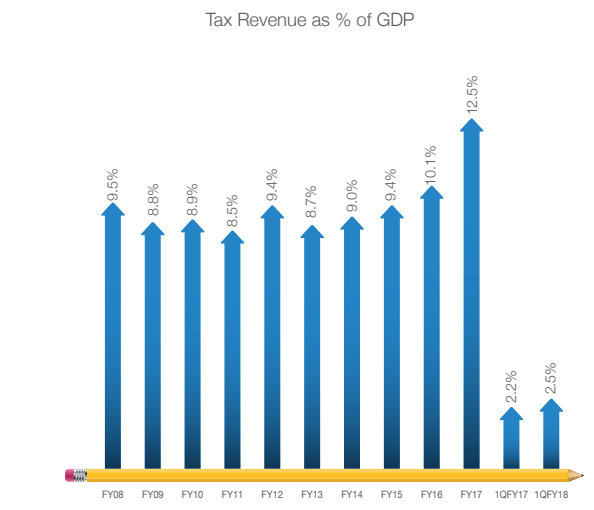
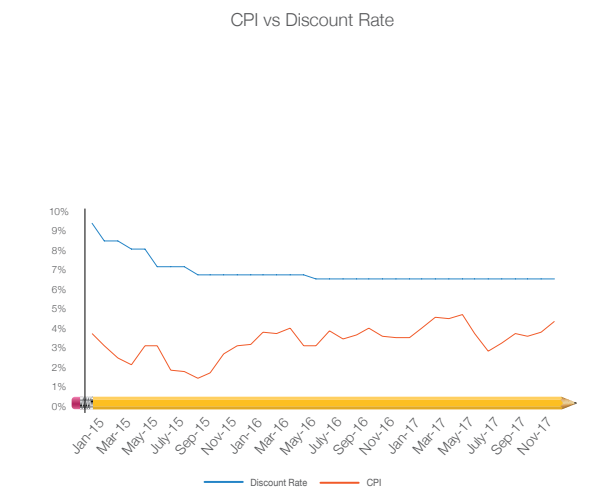
Multiyear low interest rates and improved law & order situation also translated into increases in private sector credit offtake by PKR 712 billion as compared to PKR 391 billion in FY16 (Up 82%YoY) during FY17. Similarly, total investment to GDP ratio increased to 15.8% in FY17 as compared to 15.2% in the preceding year. The total savings to GDP ratio slightly decreased to 13.1% in FY17 against 14.3% last year.



However, pressures on the external front and an expansionary fiscal policy remained in check. Current Account Deficit (CAD) widened to USD 12 billion in FY17 compared to USD 4.8 billion in FY16. This was due to escalating trade deficit on the back of rising imports both for CPEC and non-CPEC related energy and infrastructure projects. Encouragingly, the IMF program, albeit with some hitches, was completed in FY17 where the Government by and large managed to meet its performance criteria in each quarter resulting in timely disbursements of USD6.6 billion under the Extended Fund Facility (EFF) program. Moreover, FY18 also commenced with further escalating pressures on the current account as the deficit stands at USD 6.4 billion in 5MFY18, up by 0.9x against the same period last year. The month of December 2017 witnessed devaluation of PKR against USD by around 5%. However, given the likely evolution of the current account, further depreciation of PKR cannot be ruled out.



On the fiscal front, budget deficit increased significantly to 5.8% of GDP for FY17 against government's revised target deficit of 4.2% of GDP. This widening of the fiscal deficit was largely attributed to a notable increase in development expenditures, and below budget tax and non-tax revenues. FBR revenue witnessed YoY growth of 8% which is significantly less than targeted amount. FBR provisionally collected taxes worth PKR 753.4 billion (+2.1%YoY) during the 1QFY18. Keeping in view uncertainties in international commodity and financial markets and its subsequent impact on country's key macroeconomic indicators, SBP decided to leave policy rate unchanged at 5.75% in its September and November 2017 announcements.



In the largest-ever transaction, Pakistan raised USD 2.5 billion in November 2017 from global capital markets by issuing a five-year Sukuk and a 10-year Eurobond at relatively low rates. The primary purpose for the Eurobond and Sukuk issue was to shore up FX reserves. Total liquid foreign exchange reserves stood at USD 20.154 billion as on 29 December 2017.

Going ahead, 2018 is likely to address political concerns to a great extent as the general elections will give the new government a fresh tenure to restart the waning economic reforms program. Corporate earnings are expected to keep growth momentum and being in the election year significant public-sector expenditure are expected which will drive economic growth. GDP is projected at 6% for FY18 as real economic activity is expected to continue to benefit from accommodative macroeconomic policies, activities related to CPEC and consistently improving domestic energy supply and security situation.

After providing a stunning return of 45.7% last year and an average return of 21.82% in the past

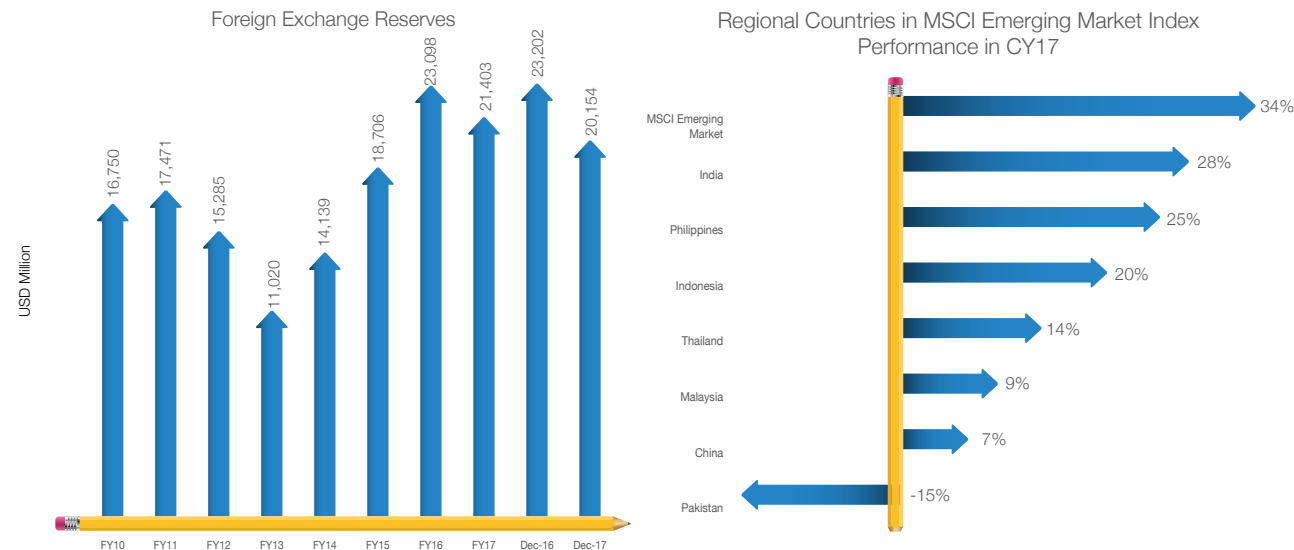
5 years, the KSE-100 Index dropped by 15.35% (20.2% in USD) in CY17 to close at 40,471 points. 2017 started with peak optimism for the investors, as MSCI upgraded PSX to the Emerging Markets Index after nine years of exclusion, projects under CPEC were being announced and macro situation was relatively stable. However, instead of inflow, PSX witnessed an outflow of USD 82 million on the day of reclassification. To make matters worse, the macro situation started to worsen, the budget disappointed and the MSCI upgrade turned out to be an anti-climax. Also, political turmoil due to the disqualification of then Prime Minister Nawaz Sharif and post disqualification related events along with concerns over economy, particularly on the external account continued to hurt investors' sentiments.

Consequently, the average daily volumes also suffered with average daily turnover declining to 236 million shares per day (declined 16% YoY); however, average traded value improved to USD 158 million per day (up 13% YoY).

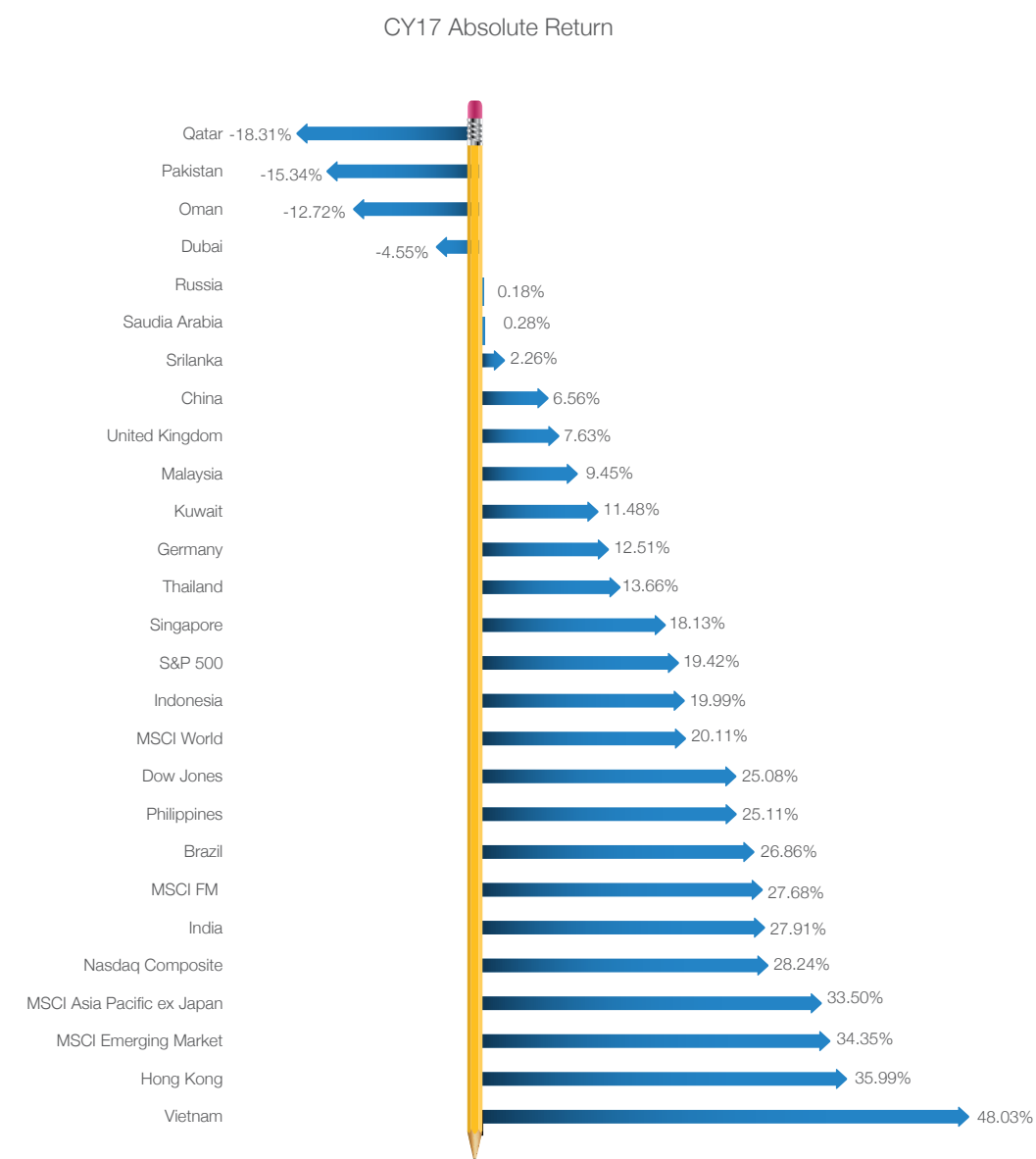


Foreign participation was expected to increase in 2017 on inclusion of Pakistan in the MSCI EM index but it saw another round of foreign selling that has now stretched over 3 years. This year's outflow is the highest ever as foreign investors pulled out USD 487 million worth of investments from PSX. Dissection of FIPI on a sector-wise basis revealed major selling was witnessed in Cements (USD 169 million), Other Sectors (USD 116 million), Commercial Banks (USD 101 million) and Power Generation & Distribution (USD 51 million).

We understand that political noise is expected to remain escalated with general elections due in 2018. However, the democratic process will be continued and elections will take place on time. The forward P/E multiple of KSE-100 index is 9.6x, representing a significant discount to the regional markets which are trading at average P/E multiple of 13.8x. Entry into a new IMF program and looming PKR devaluation will restore the confidence of foreign fund managers who are yet to take a meaningful position in PSX post entry in Emerging Market Index. Thus, KSE-100 index is expected to post double digit return in 2018.



Worldwide Indices Performance in CY17



Sector Reviews

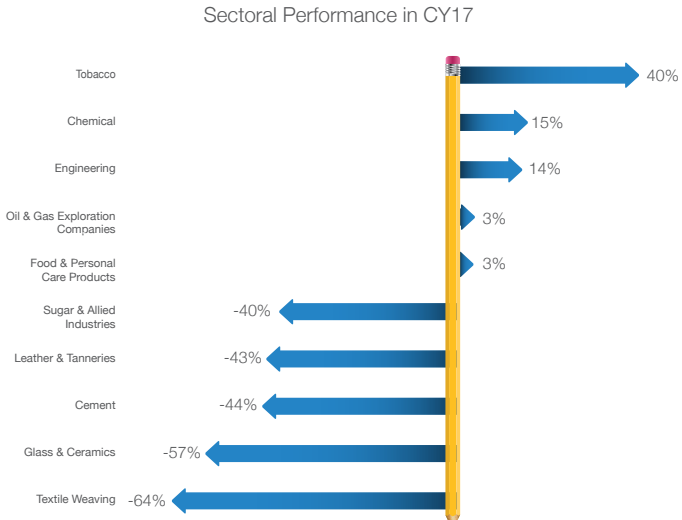
In 2017, Tobacco, Chemical, Engineering, Oil & Gas Exploration and Food & Personal Care Products sectors outperformed the KSE-100 index. However, the worst performing sectors were Textile Weaving, Glass & Ceramics, Cement, Leather & Tanner and Sugar & Allied products.

Sectors which weigh down the index most in terms of weight were Cements, Banks, Power and Pharmaceuticals; whereas, Oil & Gas Exploration and Engineering sectors contributed positively to the KSE-100 index.

Despite record volumetric sales, Cement sector declined the most owing to rise in international coal prices, fear of margin contraction and drop in cement prices in some parts of the country. Power sector remained under pressure after the abrupt decision of government to cease FO based generation and lower multiyear tariff for K-Electric Limited. Underperformance of Pharma sector was attributable to concerns over margins on account of possible PKR devaluation.

Hefty foreign selling in index heavy-weight (Habib Bank Limited) on account of failure to comply with regulations in its New York branch and resultant penalty of USD 225 million dampened the investors' sentiments and the overall Banking Sector had borne the brunt.

Higher international oil prices (up by 30% YoY) on account of OPEC and non-OPEC producers' agreement to extend oil output cut and disruptions in major oil producing countries along with looming PKR devaluation resulted in strong performance of Oil & Gas Exploration sector. Capacity additions, improved earnings on account of enhanced margins and imposition of anti-dumping duties helped engineering sector to outperform the index



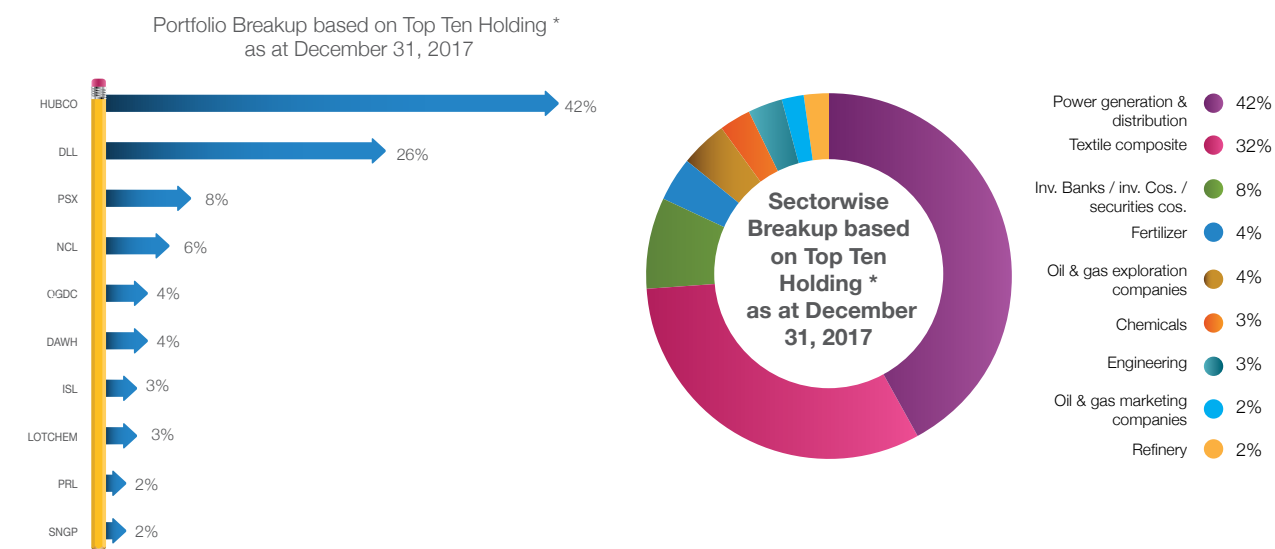
Company Performance

During the year the company maintained its exposure towards public equities at 98% (average), whereas 2% was vested towards mutual funds and Government Securities. The equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves and inflation in single digits. The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in textile composite, power generation & distribution, Banks, oil and gas marketing companies and Engineering. Dividends from our equity portfolio decreased by 26% to Rs.147 million for the year 2017 as opposed to Rs.199 million earned last year. The reduction in dividend income is mainly due to lower dividend declaration from HUBCO and DAWH. The company also earned realized capital gains of Rs.85 million (2016: Rs.259 million) and unrealized loss of Rs.677 million as opposed to Rs.364 million unrealized gain in the corresponding period last year.

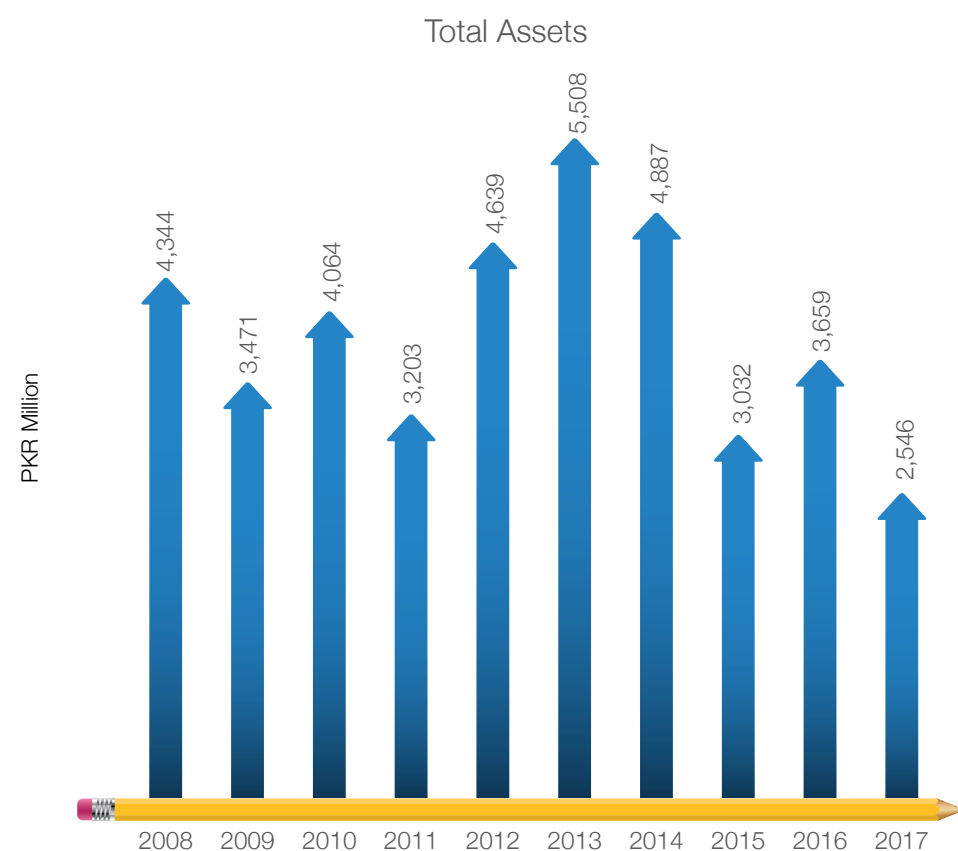
During 2017 loss after tax stood at Rs.538 million as compared to profit of Rs.711 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2017 and 2016 is as under:

Rs. in Million			
Particular	2017	2016	Change
Return on investments	150	202	(26%)
(Loss) / Gain on sale of investments - net	85	259	(67%)
Other income	17	35	(51%)
	252	496	(49%)
Unrealized (diminution) / appreciation	(677)	364	(286%)
	(425)	860	(149%)
Operating & administrative expenses	(96)	(113)	15%
Financial charges	(15)	(13)	(15%)
(Loss) / profit before tax	(536)	734	(173%)
Taxation	(2)	(23)	91%
(Loss) / profit after tax	(538)	711	(176%)
(Loss) / earnings per share – Rupees	(9.17)	12.13	(176%)



*Top Ten Holdings represent 93% of Total Equity Portfolio



(Loss) / Earnings per Share

During the year the company posted loss per share of Rs.9.17 compared to earnings per share of Rs.12.13 in 2016.

Appropriation and Dividend

The Company's loss after tax for the year ended December 31, 2017 stood at Rs.538 million compared to profit after tax of Rs.711 million last year. Due to loss the Company has not declared any dividend.

Objectives and Corporate Strategy

Company's sound and satisfactory performance for last five years is backed by achievement of our corporate objectives. We are committed to mounting good asset quality portfolio and continuously build the Company at sound footing with diversified pool of income stream. We are perusing consultant to the issue & corporate finance advisory business for adding new stream of income. The key elements of our corporate strategy have been to effectively employ available resources and maximize profitability while managing and mitigating related risks.

Liquidity, Cash Flows and financing arrangement

The Company has an effective cash management system, powered by a team of dedicated and competent employees, preparing forecasts and regularly monitoring Company's cash needs. Inflows and outflows of cash and other liquid assets, including investments, are managed on net adjusted return basis. The Company has running finance facility of Rs. 3,000 million which has been partially utilized during the year and will be used as and when any investment opportunity arises.

Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs.586.28 million. Shareholders' fund at the year-end totaled Rs. 2,270 million. The liquidity position of the Company remains strong with a year-end current ratio of 9.

Risk management & Strategy for Mitigating Risks

Company also manages a portfolio of short term investments, made after thorough financial evaluation. The credit risk in short term investments is minimized through diversification in investments among Government Securities and highly rated money market mutual funds. Short term investments include public equities having good financial health and highly rated money market mutual funds.

Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, Investments in mutual funds and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. For investment in mutual funds, management keeps surplus funds in high rated mutual funds. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. Further, risk of investment in mutual funds is also minimal as Company is exposed to high rated money market funds for liquidity management.

Market risk

Market risk is the risk of change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. However, the Company is exposed to interest rate risk and equity price risk.

The Company is exposed to market risk with respect to its investments, long term loans, short term deposits and bank balances. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the equity market. The market risks associated with the Company's business activities are interest rate risk and price risk. The Company is not exposed to material currency risk.

Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has a substantial exposure towards money market mutual funds therefore it is exposed to interest rate risk, however the same is mitigated via investing in these funds with less than 90 days duration.

Equity price risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as available for sale and at fair value through profit or loss. To manage its price risk arising from investments

in equity securities, the Company diversifies its portfolio within the eligible stocks.

Foreign currency risk

The Company is not materially exposed to risk from foreign currency exchange rate fluctuations.

Relationships with Stakeholders

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, creditors, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also aware of its legal and constructive obligations towards its stakeholders where it operates and takes proper actions to timely respond to their expectations after taking into account a realistic view of their interests associated with the Company. A detailed overview is made at all shareholders meeting for keeping them abreast with the overall performance of the Company.

Information Technology

We strongly believe that role of IT is very important for progress of any business. In order to achieve better market infrastructure and implementations of sound techniques for controls of risks, the role of IT is very important. The company implemented certain key applications, i.e. human resource management, enterprise general ledger and fixed assets module. Due to implementation of above modules, the operational capabilities of relevant department of the Company improved and these developments supported the improvement of internal controls and effective management information system.

Human Resources Development, Training & Succession Planning

The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods and benchmark surveys to further strengthen organization structure and effectiveness.

Staff training is carried out on a continuous basis throughout the year, based on the employee training need particularly in the area of knowledge enhancement and skills. Training and human resources development always remains very important for the Company. The Company HR Manual is designed in such a way that always gives proper reward, sense of encouragement and motivation amongst the staff members.

The Company not only attracts the best talent in the company but also grooms and develops their abilities for future leadership roles. The Company believes in empowering employees by providing them with challenging opportunities to enhance their potential and develop their abilities. Clear roles and job descriptions are defined, based on which, succession plan is prepared for sensitive and critical positions in the Company.

Internal Control

The internal control framework has been effectively implemented through an in-housed Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company. The Internal Audit function has carried out its duties under the charter defined by the audit Committee. The Audit Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

Corporate Social Responsibility (CSR)

Sustainable and responsible development is not only binding by local laws on corporate entities, but it is more about moral obligation which needs to be followed and practiced with the best spirit. Cyan strongly believes that improving its environmental and social performance is inevitable for its financial success. The Company always emphasizes on culture of excellence, good governance, transparency, integrity and accountability. We continued with our CSR program with focus on:

- Education
- Health Sector
- Community Building
 - Children Welfare
 - Heritage Preservation
 - Relief Activities

Energy Conservation

The Company's energy conservation measures include usage of energy savers all around the Company areas and shutting down auxiliaries and equipment's wherever possible.

Occupational Health, Safety & Environment Protection

We are committed to achieve excellence in health, safety and environment across our business. Cyan maintains a safe working environment and takes responsibility for the health and wellbeing of its staff and stakeholders. All new employees are required to go through a compulsory medical checkup at the time of appointment.

Community investment & welfare schemes

Support of community development continued to be a significant element of Cyan's CSR policy. The Company is committed to work with community in a way that delivers positive and lasting change for people in need.

Corporate Relations

Corporate relations promote efficiency, productivity and decent work. Indeed, a participative and mutually respecting relations, advance cooperation, enhance productivity and promote trust thereby reducing dislike and exploitation.

Employment of special persons

Being a caring employer, Cyan takes special interest in creating employment opportunities for special persons.

Business Ethics and Anti-Corruption Measures

It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. Unethical practices of any sort are not to find their way into our business. All employees must act at all times in the interest of Company's shareholders and no employee shall ever commit an illegal or an unethical act, or instruct and encourage another employee to do so.

The Company has communicated the Code of Conduct to all its directors and employees and has also placed it on its website.

Contribution to National Exchequer

Cyan made a sizeable contribution of Rs.37.67 million to the National Exchequer by way of taxes, during the year 2017.

Credit Rating

On December 27, 2017 JCR-VIS Credit Rating Company Limited has reaffirmed the entity ratings of 'A/A-1' (A /A-One) to Cyan Limited (CL). Outlook on ratings is 'Stable'.

Related Party Transactions

During the year all transactions made with associated companies/related parties were duly recommended by Board's Audit Committee and approved by the Board of Directors of the Company. All transactions with related parties are on arm's length basis.

Board of Directors

The Board comprises of Seven Directors.

Changes in the Board

Two casual vacancies occurred due to resignation of Mr. Ghias Uddin Khan and Mr. Shahzada Dawood on the Board before Board of Directors election held on April 28, 2017, The Board would like to place on record its appreciation for the dedication, commitment and valuable contribution made by them as members of the Board.

The Board also welcomes Mr. Inam Ur Rahman and Mr. Faisal Nadeem who joined as members in place of the outgoing Directors.

Conflict of Interest among BOD Members

Any conflict of interest is managed as per provisions of the Acts, Ordinance and rules and regulations of SECP and Pakistan Stock Exchange.

CEO Performance Review

Appointment of the Chief Executive Officer (CEO) is made by the Board of Directors for tenure of three years. During the year, the Board of Directors of Cyan Limited at their meeting held on August 21, 2017 has re-appointed Mr. Sulaiman S. Mehdi as the Chief Executive Officer of the company for a term of three years with effect from August 26, 2017.

Each year, the Board reviews performance of the CEO against pre-determined operational and strategic goals. The Board adopts the monitoring role, giving full authority to the CEO to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction.

Directors Training Programme

All seven directors have a minimum of fourteen years of education. All the directors have obtained certification under the directors’ training program stipulated in the Code of Corporate Governance as contained in the PSX Rule Book.

Safeguarding of Company Records

Due to increasing dependence on IT for recording and reporting of financial transactions, due attention has been given to IT enabled tools for security of financial records. We archived financial and supporting record using Cloud services enabling timely and convenient retrieval of relevant documents. For ensuring safety of documentation, the Company has hired services of Data Recall, an organization responsible for maintaining documents in a sealed box at the state of the art designed facility. At the location, each box and cabinet are bar coded providing efficient and effective traceability.

Board Meetings

During the year under review, five (5) meetings of the Board of Directors were held, which were all presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings required by the Code of Corporate Governance as contained under the PSX Rule Book. Attendance by each director was as follows:

	No. of meetings held	No. of meetings attended
Hassan Reza-ur Rahim (Chairman)	5	4
Kulsum Dawood (Director)	5	3
Sulaiman S. Mehdi (CEO/Director)	5	5
Kamran Nishat (Director)	5	4
Shafiq Ahmed (Director)	5	4
Shahzada Dawood (Director)*	1	1
Inam Ur Rahman (Director)**	4	4
Ghias Uddin Khan (Director)**	1	-
Faisal Nadeem (Director)*	4	4

* Faisal Nadeem appointed as Director on the Board of Cyan Limited on April 12, 2017 in place of Shahzada Dawood.

** Inam Ur Rahman appointed as Director on the Board of Cyan Limited on March 29, 2017 in place of Ghias Uddin Khan.

Board Audit Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	6	6
Ghias Uddin Khan (Member)*	2	-
Hasan Reza-ur Rahim (Member)**	3	2
Inam Ur Rahman (Member)	4	4
Shafiq Ahmed (Member)	6	6

* Resigned effective March 29, 2017.

** Elected Chairman on April 30, 2017.

Board Investment Committee Meetings

	No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim (Chairman)	1	1
Inam Ur Rahman (Member)	1	1
Shafiq Ahmed (Member)	1	1

Board HR & Remuneration Committee Meetings

	No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim (Chairman/Member)	4	4
Ghias Uddin Khan (Member/Chairman)*	1	-
Inam Ur Rahman (Member)	3	3
Kamran Nishat (Member)	4	4

* Resigned effective March 29, 2017.

Code of Conduct

The board of directors adopted the Code of Conduct for Directors and for employees and the same has been circulated to board members and employees in terms of requirement of the code of corporate governance. The code of conduct is also placed at the company’s website.

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company, present fairly its State of Affairs, the Results of its Operations, Cash Flows and Statement of Changes in Equity.
- b) The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.
- c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. All changes, wherever made during the year have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.

- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.
- g) The Company has followed the best practices of the Corporate Governance as laid down in the PSX Rule Book and there has been no material departure there from.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and described in the financial statements.
- i) The value of investments of the Provident Fund as maintained by the Company on the basis of audited accounts as on June 30, 2017 is Rs.23.07 million.
- j) There was no trading of shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses and minor children during the year.
- K) All of the company directors are Certified Directors under Directors’ Training Program from approved institutes as prescribed by SECP.

Ownership

As at December 31, 2017, there were 1,830 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2017, along with the necessary information is available at the end of this report.

Auditors

The present auditors M/s. A.F. Fergusons & Co. (Chartered Accountants) being eligible, has provided their consent for appointment at the 58th annual general meeting. The Audit Committee has recommended the appointment of M/s. A.F. Ferguson & Co. as Statutory Auditors of the company for the year ending December 31, 2018. The Board has endorsed this recommendation.

Key operating and financial data

A Statement summarizing the key financial and operating data for the last nine years along with the current year is included in the report.

Forward Looking Information

Pakistan’s economy is on track with CPEC turning from a dream to reality, Pakistan has attained serious attention from the world at large. There is optimism within the business community and overall improved economic activity. The Company is actively undertaking portfolio management business and corporate finance advisory business and the outlook is positive. The management team under its CEO is fully committed to deliver a superior risk adjusted return to the shareholders.

Acknowledgement

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their unswerving commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan and the management of the Pakistan Stock Exchange for their continued support and cooperation.

On behalf of the Board

Hasan Reza Ur Rahim
Chairman

Sulaiman S. Mehdi
CEO

Karachi: February 19, 2018

CEO'S MESSAGE

After five consecutive years of positive returns, the benchmark KSE-100 Index plunged by 15.35% (20% in USD terms) in CY17 to close at 40,471 points. This is the worst year for equities since 2008 market crash, after making high of 52,874 points. .

Political uncertainty which kept growing during the year owing to ‘Panama leaks’ and the eventual disqualification of ex-PM, Nawaz Sharif, worrying economic indicators, widening current account deficit and possible depreciation of PKR against USD had played a dominant role in the market’s fall in 2017.

Foreign participation was expected to increase in 2017 on inclusion of Pakistan in the MSCI EM Index but it saw another round of foreign selling that has now stretched over 3 years. Among last three years, this year’s outflow is the highest as foreign investors pulled out USD 487 million worth of investments from PSX amid concerns over PKR devaluation.

Cement Sector topped the list of worst performers, followed by Power and Pharmaceuticals. Despite record volumetric sales, Cement sector declined the most owing to rise in international coal prices and drop in cements’ prices in some parts of the country. Power sector remained under pressure after the abrupt decision of government to cease FO based generation and lower multiyear tariff for K-Electric Limited. Underperformance of Pharma sector was attributable to concerns over margins on account of possible PKR depreciation.

Accordingly, the portfolio of your Company decreased by 21.56% during the year, against KSE-100 Index decline of 15.35%. The underperformance was primarily due to below market performance of HUBCO having a higher allocation of 37% in the total portfolio. Average exposure to equities during the year remained at 98%, whereas 2% was invested in mutual funds and Government Securities. The equity portfolio was aligned towards high growth investments and to this effect investments were made in textile composite, Steel, Chemical and Oil & Gas exploration and Marketing companies.

Achieving Milestones

Six years ago, the market capitalization of the Company was Rs.1.95 billion. During this period; the Company managed to pay a total dividend of Rs.5.30 billion providing the shareholders with total return of 272%. The benchmark KSE-100 Index provided a return of 257% during the same period reflecting Cyan’s outperformance of 15%. This translates into a 5-year Compounded Annual Growth Rate (CAGR) of 24%.

Engaging New opportunities

We are also aggressively looking to explore corporate advisory services for adding new stream of revenue.

Economic Outlook

Economic growth trajectory will keep up its upward momentum as the investments in power and infrastructure projects in the light of CPEC and private sector expansions would not be impacted by the recent political developments. We believe that industrial activity to further pick-up as more and more electricity is added to the national grid. Increased spending by the government to complete development projects before the upcoming general elections and rising business activity in associated industries will be witnessed in this year.

With real economic activity gaining further traction, the import demand, both for machinery and raw materials as well as consumer goods, is expected to remain strong during 2018 and may put pressure on external accounts.

Going ahead, abundant domestic liquidity, lower returns on other asset classes, improving macroeconomic indicators and attractive valuations will continue to attract investors towards stock market. We prefer sectors which will benefit from PKR devaluation and companies having ability to pass on the impact of PKR devaluation and have direct exposure to infrastructure i.e. CPEC projects.

Acknowledgments

I would like to take this opportunity to thank all our Shareholders and the Board of Directors for their immense support. The Company’s accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliment. I am confident that the team will continue to grow and constantly deliver on expectations of all stakeholders.

Sulaiman S. Mehdi

Chief Executive Officer

Karachi: February 19, 2018

CHAIRMAN'S REVIEW

I am pleased to present to you the Annual Report of Cyan Limited for the year ended December 31, 2017.

In 2017, real GDP growth of 5.3% was the highest during the last ten years. This growth was led by a rebound in agriculture and a broad-based increase in value addition by the services sector. Favorable macroeconomic policies continued to support expansion in the economy and the impetus to economic activity was primarily from an accommodative monetary policy. Consequently, private sector credit grew, farm incomes recovered, development spending increased and infrastructure and energy projects under China Pakistan Economic Corridor (CPEC) continued at a fast pace.

The stock market is usually the barometer for the Country’s economy, however, 2017 marked a watershed year where the Pakistan Stock Exchange (“PSX”) yielded negative returns for the first time in five years. Despite strong macro- economic performance, the benchmark KSE-100 Index declined by 15.35%, shedding approximately USD 21 billion in market capitalization from its all-time high, to USD 73.5 billion. During the first five months of 2017, the KSE-100 index posted a positive return of 5.8% due to the anticipated increase in foreign portfolio flows expected from the formal inclusion of PSX in MSCI’s Emerging Markets Index. However, between May and December 2017, there was a 20% downturn in the KSE-100 due to unprecedented outflow of foreign portfolio investment of USD 487 million (highest ever). The volatility in the Market was caused by domestic political upheaval, unabated selling by foreign portfolio investors who were expecting currency devaluation and lukewarm corporate earnings growth.

Going forward, the Government’s push towards energy reforms, CPEC and improvement in law and order situation will bode well for economic prosperity of the country. However, rising imports, falling reserves and deteriorating current account deficit are some of the immediate concerns that the current government needs to address.

During the year, the Board of Directors of Cyan Limited performed its duties diligently and in conformity with the Companies Act 2017 (previously Companies Ordinance 1984) and the Code of Corporate Governance contained in the Rule Book of the PSX, where the Company is listed.

It upheld the best interests for the shareholders and provided adequate advice and oversight to management. The key areas that were focused upon and assessed included, but were not limited to, the strategic process, key business drivers & performing milestones, impact of global & domestic economic environments, operational & reputational risks affecting business, Board dynamics, managerial capability and information flows. All significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision-making process, which led to a harmonious partnership with management.

I would like to conclude by extending my gratitude and thanks to the Directors, for their energy, knowledge, advice and earnest contributions towards the advancement of Cyan Limited. I am also thankful to you, the Shareholders for placing your trust in the Board and management’s ability to deliver results. Furthermore, the Board also thanks the entire management team for its selfless contributions as we look forward to future successes in the Company’s endeavors.

Hasan Reza Ur Rahim

Chairman

Karachi: February 19, 2018

CORPORATE SOCIAL RESPONSIBILITY

At Cyan, we consider it our social responsibility to build a more enlightened and empowered society in Pakistan that can contribute towards the progress and growth of the country as a whole. Whilst we continue to make efforts to grow our business, we also recognize that our success in the long-term is defined by our ability to add value to all our stakeholders, which includes those involved in our business operations, as well as those who are part of the larger community in which we co-exist.



Since inception, Cyan's Corporate Social Responsibility (CSR) efforts in Pakistan have been multi-pronged and have included a drive to protect our natural environment and to ensure that our businesses operate in an ethical, sound and responsible manner.

Over the past years we have continued supporting our beliefs by contributing with the renowned institutions who strive to generate maximum social value to build a better, more sustainable realm for all. They include;

- The Dawood Foundation
- The Citizen Foundation (TCF)
- Marie Adelaide Leprosy Centre (MALC)
- Fatimid Foundation
- Indus Hospital
- SIUT
- Patients Aid Foundation
- Make A Wish Foundation
- Education Trust Nasra School
- HANDS
- Layton Rahmatulla Benevolent Trust (LRBT)
- Patients Behbood Society

Cyan considers the following factors while shortlisting the project:

- Associating to a cause which is in-line with the identified sectors
- Credibility and repute of the charity organization seeking assistance

The focus of our endeavors includes following areas;

- Education
- Health Sector
- Community Building
 - Children Welfare
 - Sports Development
 - Relief Activities
 - Women Empowerment
 - Heritage Preservation

EDUCATION



During the past few years, Pakistan's adult literacy rate has declined from 60% to 58%, clearly indicating decreasing penetration in the country. Education is a state responsibility as per the constitution; however, quality education remains accessible to only a few with the Net Primary Enrolment Ratio static at 57% since past five years. 65% of all primary school children do not end up studying further than 5th grade. 30% of the adult population has not received even a single year of schooling. And to accommodate new population, Pakistan needs ~3.3 schools per hour for the next 5 years.

At Cyan, we certainly believe that the way to uplift Pakistan is by investing in the education of our future generations.



HEALTH SECTOR

The accessibility and quality of healthcare is a common metric to assess the developmental stage of a country. According to estimates provided by the Pakistan Bureau of Statistics, there are 1,283 hospitals, 5,438 labs & diagnostic centers, 196,000 clinics and over 7,300 pharmacies. However, the quality of healthcare infrastructure ranks low amongst peer countries. There are 2,000 people per hospital bed in Pakistan. On average, only 3,500 beds are added while ~4 million people are added to population each year. There are twice the numbers of doctors in the country than nurses.

Cyan is cognizant of the fact that healthcare system should exist as a fundamental element that assures life and high standards of living, and it should be available to everyone.

COMMUNITY BUILDING



Cyan also encourages and participates in efforts to build and sustain the culture and community of Pakistani society. Our endeavors are aimed at sustaining values of society by preserving the richly diversified culture and heritage of Pakistan.

Women Empowerment

Women empowerment is the appropriation of the feminist philosophy, allowing for the full participation of women in all economic and social sectors of society. Despite all the progress, there are still some countries that are experiencing cultural lag; unfortunately, Pakistan is one of them. According to the statistics, the female population in Pakistan is estimated as 49.2% whereas women participation in labor force is only 28%. Furthermore, violence against women and girls remains routine. According to the Human Rights Watch Report 2017, an estimated of 1,000 honor killings take place every year. The Human Rights Commission of Pakistan reports a total of 2,246 cases of domestic violence against women, and 6,179 cases of sexual violence, dating from 2004-2017.

The company recognizes women empowerment as one of the building blocks of any nation and considers it as a priority area for its CSR activities.

Children Welfare

The child should be fully prepared to live an individual life in society, in the spirit of peace, dignity, tolerance, freedom, equality and solidarity. Unfortunately in Pakistan, lack of education, child labor and healthcare have always been the obstacles for children development and their well-being. According to an estimate of Child Rights Movement (CRM) National Secretariat, 12.5 million children in Pakistan victimized in forced labor. According to International Labor Organization (ILO), poverty is the primary and major reason behind the menace of child labor. Coupled with lack of education it worsens the impacts; Pakistan has the second-largest population of out-of-school children in the world. According to Pakistan Education Statistics launched by the National Education Management Information System (NEMIS) only 30% children remain enrolled from class 1 till 10th.

We realize that the demand for children welfare is already high and it needs accelerated programs and initiatives for faster and more meaningful change.

Sports Development

Over the years, almost all sports have experienced a sharp slump in our country. There are thousand different reasons why Pakistan is falling from being a powerhouse in sports like hockey and squash to the point of becoming an also-ran in these games. In various countries around the world, one can observe the unlimited recreational facilities provided by the government to ensure the youth's health, and safety. In Pakistan, on the other hand, we have a significant lack of recreational facilities and this contributes as the major cause of this fall.

We are certain that this is expedient that the government should take effective measures in promoting sports activities at school and colleges level and such sports clubs should be formed that go a long way in spotting talent and highlighting them at the international level. Thus, corporate officialdoms should extend their support for such maneuver.

Relief Activities

Pakistan had unfortunately witnessed multiple natural disasters over the past years. It includes, worst of floods and earthquakes causing immense damage to life and property and leaving millions homeless and heavy monsoon rains affecting millions in many districts. Beyond the immediate physical damage and loss of life, these catastrophes have also caused potential damage to disaster survivors and communities for the decades to come. Government relief can be an effective bulwark against some of this long-term damage.

We take pride that Cyan has proactively contributed in the humanitarian response and relief efforts and supported such initiatives as part of its civic duty.

Heritage Preservation

Culture is the art and custom that characterize a particular society or nation and so it contributes as an essential pillar of corporate social responsibility and efforts to safeguard and highlight the ethos of Pakistan for future generations should be a continuous bustle trend.

At Cyan we believe in reviving our culture and traditions to empower our heritage and boost our national values. Our endeavors are aimed at sustaining values of society by preserving the richly diversified culture and heritage of Pakistan.

We recognize that our social, economic and environmental responsibilities to these stakeholders are integral to business. We aim to demonstrate these responsibilities through our actions and our corporate policies. We take seriously all feedback, complaints and compliments that we receive from our stakeholders and, where possible maintain open dialogue to ensure that we fulfill the defined summonses.

Cyan will, where reasonable, make the necessary resources available to realize our corporate responsibilities associated with the continued well-being of our employees; from whom we build our reputation, the communities we operate in; that are the focus of our endeavors and the larger society in general, for present and future generations so that we are able to thrive and sustain a society of which we are a vital cog.

CALENDAR OF NOTABLE EVENTS

February
2017

Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2016.

April
2017

Cyan Board of Directors meeting was held to approve the first quarter accounts for the period ended March 31, 2017.

57th Annual General Meeting of the shareholders of the Company and Election of Directors was held on April 28, 2017.

Cyan Board of Directors meeting was held to constitute the Board Committees.

August
2017

Cyan Board of Directors meeting was held to approve the unaudited financial statements for the half year ended June 30, 2017.

October
2017

Cyan Board of Directors meeting was held to approve the third quarter accounts for the nine months and quarter ended September 30, 2017

RISK AND OPPORTUNITY REPORT

SWOT ANALYSIS

The Company's business activities are subject to significant risk factors that could affect Company's operations, earnings, cash flows and other financial performance. Cyan management strives to manage risks in an organized manner in order to conduct business in a well-controlled environment.

STRENGTHS

- **Successful track record of managing public equities portfolio**

We aim to generate consistent alpha by constructing a portfolio based on proprietary fundamental and quantitative research. The portfolio combines our style exposures with unrecognized value identified through both top-down and bottom-up approaches by maintaining strict risk control measures.

- **Group foot print in multiple sectors**

The Dawood Hercules (DH) Group is one of the largest Pakistani conglomerates having presence in various sectors of the economy comprising Fertilizers, Real Estate, Food, Power Generation, Technology, Financial Services and Petrochemicals. This diversity allows the Group to develop human and intellectual capital across multiple industries and helps Cyan in various business engagements.

- **Team with diversified skill sets**

Our greatest asset is the team we have assembled at Cyan. We believe that diversity of ideas and experiences contribute to the development of the company. Our team has a thorough understanding of myriad industries and high-growth companies operating in private space. Our team is fully resourced and capable of meeting the demands required by the changing financial landscape.

- **Successful history of PIPE deals**

Private Investments in Public Equity (PIPE) deals have become an important source of financing for many public companies. These are appealing for public companies because they usually face fewer hurdles than stock offerings. Cyan in tandem with the Group has executed a couple of PIPE deals which has resulted in considerable value for the shareholders.

- **Good understanding of high potential sectors:**

Footprint of DH group in food, energy and infrastructure sectors enables us to have profound knowledge of potential sectors such as Retail, Food, Health, Education, Logistics and Pharma. Besides, our team has extensive experience and brings a combination of deep industry knowledge and expert perspectives from other industries to offer our shareholders sustainable return.

WEAKNESSES

- **Quality Human Resource**

Cyan seeks candidates who are not only qualified and possess technical abilities, but also competent to meet given deadlines. Keeping pace with rapid changes in technology is a cause of concern amongst talent management. Despite better hiring practices and training programmes, finding and retaining high-caliber talent is difficult and hinders Cyan from realizing its full potential.

- **Small Capital**

Cyan operates with a small capital which impedes its capacity to undertake stake in large entities in private space. Additionally, as a small investor, it's difficult to build diversified portfolio and spread capital across various industries.

OPPORTUNITIES

- **Using network to identify new investment opportunities**

DH Group has established various business concerns in fertilizer, real estate, IT and power generation sectors and has proved its business standing by virtue of its outstanding achievements. Capitalizing on the wide network of group, Cyan can explore and tap huge investment potential.

- **Targeting new high potential growth sectors**

It is widely acknowledged that Pakistan has immense economic potential. It has an abundance of natural resources. Nature has blessed the country with many types of fossil fuels and minerals which can put the country on a path to prosperity. We strongly believe that there are many industries which have not yet been evaluated to its full potential and can be targeted to achieve spectacular returns.

- **Turnaround Companies**

To succeed and maintain that success every business needs a combination of several factors. But not each one of it is able to that due to lack of funds, ineffective teams or inefficient products and services. Cyan's team is dedicated to working with companies experiencing financial and structural challenges and has the expertise to bringing these companies' performance on track.

THREATS

- **Key Team members being poached**

Like every business, employee turnover is one of the most profound risks our business faces and can cut across every major area of exposure. It is possible that our top talent may be at a risk of being enticed away by a competitor. A succession plan which includes training existing staff and planning other risk-management activities help us to cope with this threat.

CORPORATE GOVERNANCE SHAREHOLDERS' INFORMATION

Registered Office

Cyan Limited
4th Floor, Dawood Centre,
M. T. Khan Road,
Karachi.
Tel # (92-21) 35634290-3
Fax # (92-21) 35680218
Email: info@cyanlimited.com
Web site: www.cyanlimited.com

Share Registrar Office

Central Depository Company of Pakistan
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@cdcpak.com
Website: www.cdcpakistan.com

Listing on Stock Exchanges

Cyan shares are listed on Pakistan Stock Exchange (PSX).

Listing Fees

The annual listing fee for the financial year 2017-2018 has been paid to the stock exchange within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of Cyan at PSX is CYAN.

Investor Service Centre

CYAN share department is operated by Central Depository Company of Pakistan, Registrar Services. It also functions as an Investor Service Centre and is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registrar function. The team is headed by Mr. Abdul Samad at the Registrar Office and Company Secretary at Cyan Registered Office.

Cyan share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Person:

Cyan Limited
Mr. Ahsan Iqbal
Tel# (92-21) 35634290-3
Email: ahsan.iqbal@cyanlimited.com

Contact Person:

Registrar Office
Mr. Mohsin Rajab Ali
Tel # (92-21) 111-111-500
Email: mohsin_rajabali@cdcpak.com

Services Standards

Cyan has always endeavored to provide investors with prompt services. Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services related to transfer of shares and other securities are rendered within the specified time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

Withholding of Tax on Dividend:

The Government of Pakistan through Finance Act, 2017 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on amount of dividend paid to shareholders. These tax rates are as under:

(a) For filers of income tax returns:	15%
(b) For non-filer of income tax returns:	20%

General Meetings & Voting Rights

Pursuant to section 132 of The Companies Act, 2017, Cyan holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of “One Member-One Vote”. If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

The website of the Company has been maintained in accordance with directives of SECP vide various SROs. Updated information regarding the Company can be accessed at Cyan web site, www.cyanlimited.com. The web site contains the latest financial results of the Company.

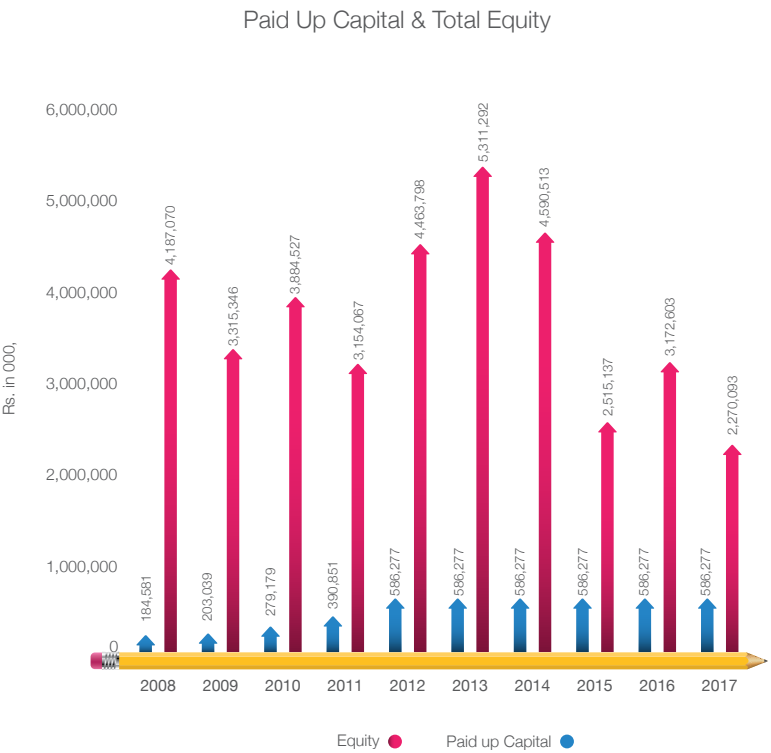
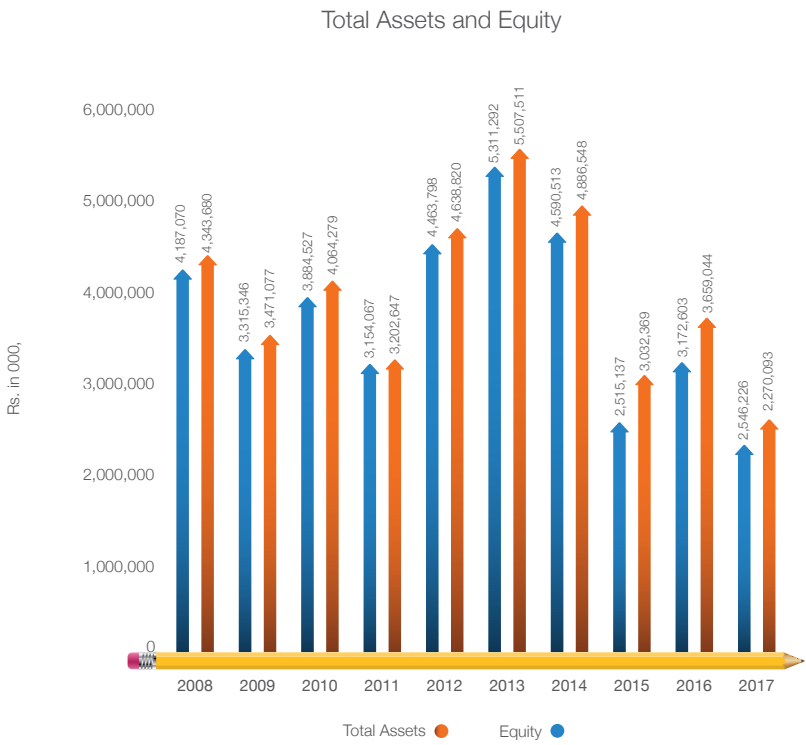
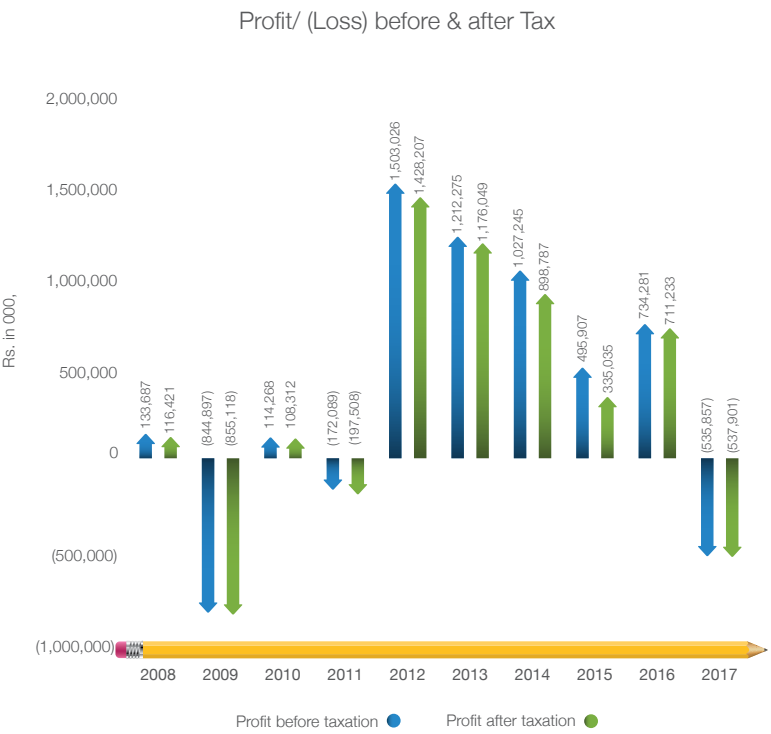
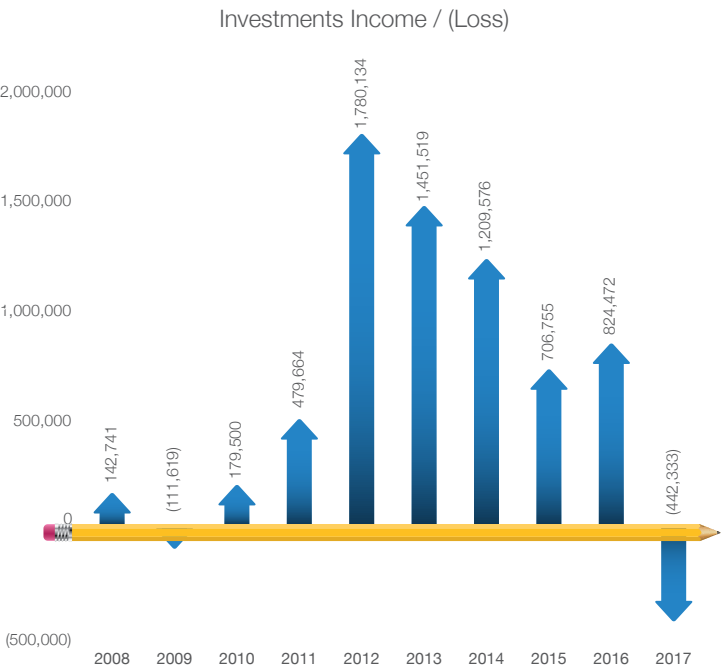
CRITICAL PERFORMANCE INDICATOR

KEY FINANCIAL HIGHLIGHTS

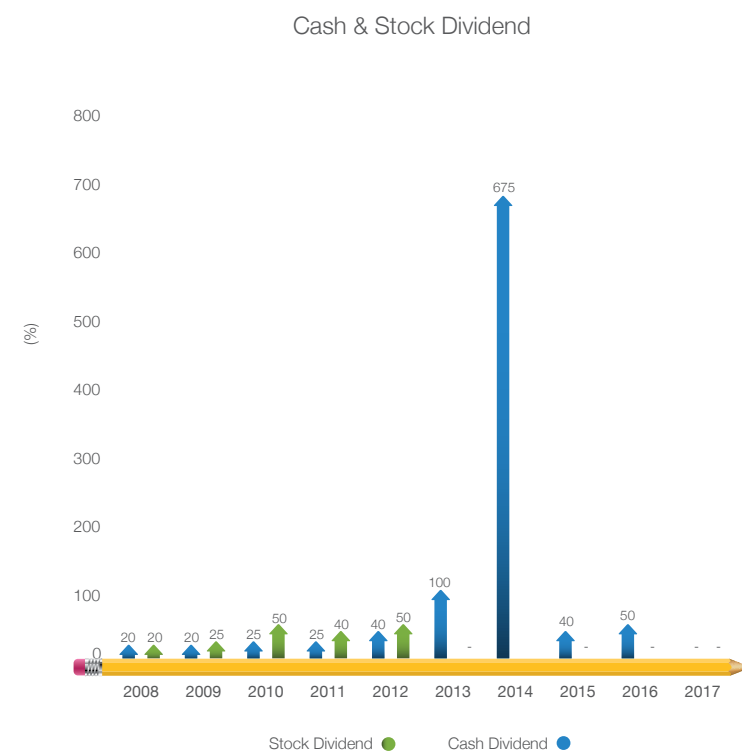
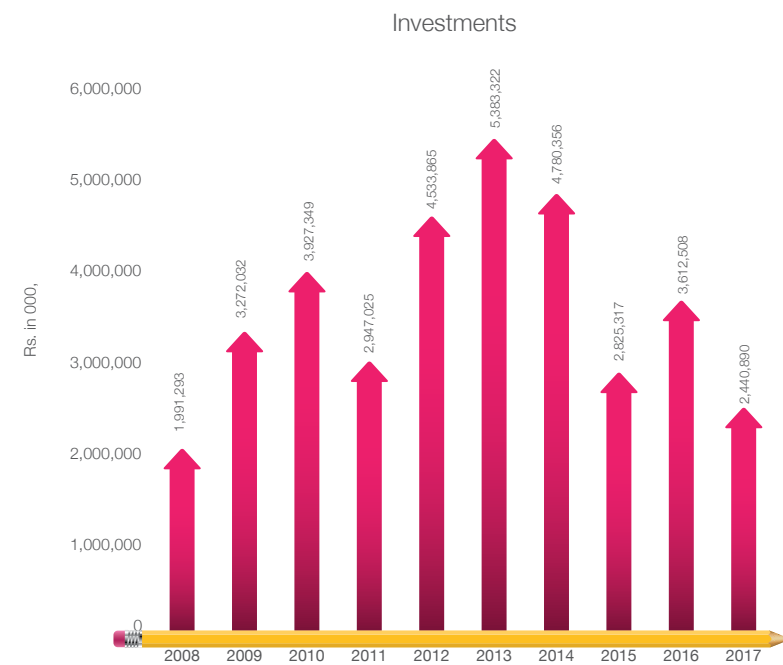
Ten Years at a Glance

Particulars	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
	Rupees in ‘000				Rupees in ‘000						
Earnings											
Investments income / (loss)	142,741	(111,619)	179,500	479,664		1,780,134	1,451,519	1,209,576	706,755	824,472	(442,333)
Profit / (loss) before taxation	133,687	(844,897)	114,268	(172,089)		1,503,026	1,212,275	1,027,245	495,907	734,281	(535,857)
Profit / (loss) after taxation	116,421	(855,118)	108,312	(197,508)		1,428,207	1,176,049	898,787	335,035	711,233	(537,901)
Pay Out Information %											
Cash dividend	20	20	25	25		40	100	675	40	50	-
Stock dividend	20	25	50	40		50	-	-	-	-	-
Balance Sheet											
Paid up capital	184,581	203,039	279,179	390,851		586,277	586,277	586,277	586,277	586,277	586,277
Equity	4,187,070	3,315,346	3,884,527	3,154,067		4,463,798	5,311,292	4,590,513	2,515,137	3,172,603	2,270,093
Investments	1,991,293	3,272,032	3,927,349	2,947,025		4,533,865	5,383,322	4,780,356	2,825,317	3,612,508	2,440,890
Cash & cash equivalents	64,773	65,136	10,296	19,230		13,494	17,835	21,844	159,891	906	5,269
Fixed assets	3,187	2,558	1,944	1,590		26,194	22,814	18,752	15,623	14,017	15,088
Total assets	4,343,680	3,471,077	4,064,279	3,202,647		4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226
Operating Performance											
Earning / (Loss) per share (Rupees)	5.73	(30.63)	2.77	(3.37)		24.36	20.06	15.33	5.71	12.13	(9.17)
Break up value per share (Rupees)	227.13	163.29	139.14	80.7		76	91.00	78.30	42.90	54.11	38.72
Absolute return on investments %	3.11	(3.43)	4.57	(3.00)		58.89	32.14	18.15	9.43	25.00	(23.70)
Return on investments %	2.80	(22.80)	3.01	(5.61)		37.49	24.10	22.47	14.78	29.18	(18.12)

KEY FINANCIAL HIGHLIGHTS



KEY FINANCIAL HIGHLIGHTS



RATIOS

Ratios	Unit	2012	2013	2014	2015	2016	2017
Profitability							
Profit before tax ratio	%	87	83	84	70	85	126
Gross yield on earning assets	%	38	27	25	24	24	(17)
Cost / income ratio	%	13	17	16	30	15	(26)
Return on equity	%	32	22	20	13	22	(24)
Return on capital employed	%	37	24	18	9.43	25	(20)
Liquidity Ratios							
Current ratio	Times	30	34	18	6	8	9
Investment / Market Ratios							
Earnings / (loss) per share - Basic	Rs.	24.36	20.06	15.33	5.71	12.13	(9.17)
Price earnings ratio	Times	2.18	3.84	5.60	15.60	6.35	(3.66)
Price to book ratio	Times	0.70	0.85	1.10	1.72	1.24	0.77
Dividend yield ratio	%	8	13	79	4	6.49	-
Dividend payout ratio	Times	0.16	0.50	4.40	0.70	0.41	-
Dividend cover ratio	%	37	50	440	70	41	-
Market Value per share							
• At the end of the year	Rs.	53	77	85.92	89.10	77.08	33.56
• High during the year	Rs.	91	85	138.50	150.50	94.90	91.70
• Low during the year	Rs.	48	47	71.79	65.17	62.50	31.50
Capital Structure Ratios							
Earning assets to total assets ratio	Times	0.98	0.98	0.99	0.99	0.99	0.96
Net assets per share	Times	76	91	78.30	42.90	54.11	38.72

COMMENTS ON RATIOS

Comments on six years Earning Asset Ratios

Above 95% of the assets of the Company contributed towards the earnings of the Company during the preceding five years indicating the efficient use of assets.

Comments on six years Profitability Ratios

The Company started active portfolio management after the revocation of insurance license in 2011 which can be seen from the volatility in profitability of the Company. The negative ratios in 2017 is attributed to negative performance of the KSE-100 Index which saw its worst annual returns since 2008 on account of political uncertainty, unabated foreign outflow and weak economic fundamentals.

Comments on six years Balance Sheet Analysis

Total assets and equity decreased by 30% and 28% in CY17 respectively over the previous year as more than 95% of the assets remain invested in equity markets. The market depicted negative performance in CY17.

Comments on six years Liquidity Ratios

The Company has retained its current ratio to more than 1.0x throughout the previous five years demonstrating sufficient capacity to pay its short term obligations. Further, all investments are categorized as short term investment with an objective to use these funds for the private investments as and when required.

Comments on six years Profit and Loss Analysis

The factors contributing to the earnings of the Company are dependent on the performance of equity market. Consequently, variation in the net income can be witnessed from CY12 to CY17 between a loss Rs. 538 million to a profit of Rs. 711 million

Apart from that, dividends and capital appreciation (realized and unrealized capital gains) in value of the overall portfolio including the strategic investments are the main contributors for revenues and hence profitability.

SHARE PRICE SENSITIVITY ANALYSIS

Cyan Share Price on the PSX

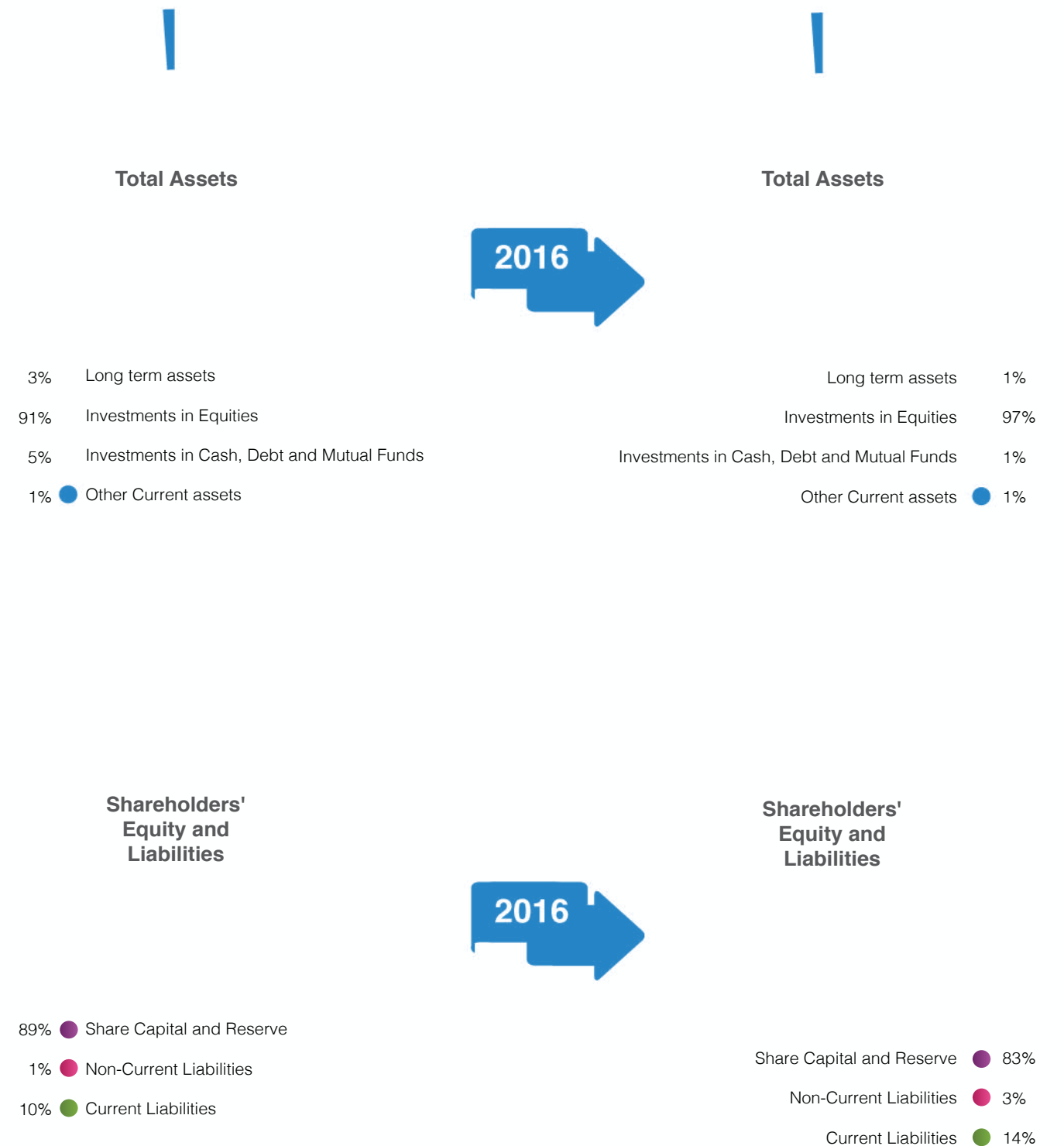
MONTH	HIGHEST	LOWEST	VOLUME
JAN-17	91.7	76	2,258,500
FEB-17	85.3	66.53	1,181,500
MAR-17	71	65.73	410,000
APR-17	73.49	64	368,500
MAY-17	74.17	67	501,500
JUNE-17	68.8	56.22	305,000
JUL-17	63.5	56.1	216,000
AUG-17	64.79	44.25	452,500
SEP-17	46.4	41	139,000
OCT-17	44	33.8	325,500
NOV-17	40.22	36	169,500
DEC-17	39.9	31.5	179,500

STATEMENT OF VALUE ADDITION

Value added	2017 Rs. 000	%	2016 Rs. 000	%
Return on investments	149,603		201,844	
Capital gain	85,493		258,629	
Unrealized (loss) / gain - Net	(677,429)		363,999	
Other income	17,525		35,882	
Gross Revenue	(424,808)		860,354	
Less: Administrative expenses	61,835		65,698	
	(486,643)	100	794,656	100
Value Allocated				
To Employees				
Salaries, allowances and other benefits	46,505	-10%	57,697	7%
To Shareholders				
Cash Dividend	146,569	-30%	381,080	48%
Bonus	-		-	
To Government				
Company Taxation	2,044	-1%	23,048	3%
To Society				
Workers' Welfare Fund	-	-	-	-
To expansion				
Depreciation and amortization	2,709	-1%	2,678	-
To growth				
As Reserve and Retained earning	(684,470)	142%	330,153	42%
	(486,643)	100%	794,656	100%

KEY OPERATING HIGHLIGHTS

BALANCE SHEET COMPOSITION



KEY FIGURES & HIGHLIGHTS



Total Revenue	(Rs. in million)		
	2017 (424.81)	2016 860.35	2015 714.04

Return on Equity	(Percentage %)		
	2017 (23.70)	2016 22.42	2015 13.00

HORIZONTAL ANALYSIS

Balance Sheet

Particulars	2012	2013	2014	2015	2016	2017	13 Over 12	14 Over 13	15 Over 14	16 Over 15	17 Over 16
	Rupees in '000			Rupees in '000			Percentage Change				
Cash and bank deposits	13,494	17,835	21,844	159,891	906	5,269	32.17%	22.48%	631.97%	-99.43%	481.57%
Loan to employee	7,492	6,960	16,020	14,060	12,315	10,463	-7.10%	130.17%	-12.25%	-12.41%	-15.04%
Investments	4,533,865	5,383,322	4,780,356	2,825,317	3,612,508	2,440,890	18.74%	-11.20%	-40.90%	27.86%	-32.43%
Deferred tax	-	-	-	-	-	52,235	-	-	-	-	100.00%
Premiums due but unpaid	13	-	-	-	-	-	-100.00%	-	-	-	-
Amounts due from other insurers / reinsurers	28,780	18,144	2,464	2,464	2,464	2,464	-36.96%	-86.42%	-	-	-
Accrued investment income	1,471	400	-	-	-	3,875	-72.81%	-100.00%	-	-	100.00%
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406	5,406	5,406	5,406	-	-	-	-	-
Advances, prepayments deposit & sundry receivables	22,105	52,630	41,706	9,608	11,428	10,536	138.09%	-20.76%	-76.96%	18.94%	-7.81%
Fixed assets	26,194	22,814	18,752	15,623	14,017	15,088	-12.90%	-17.80%	-16.69%	-10.28%	7.64%
Total Assets	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	18.73%	-11.27%	-37.94%	20.67%	-30.41%
Issued, subscribed and paid up share capital	586,277	586,277	586,277	586,277	586,277	586,277	-	-	-	-	-
Unappropriated profit	3,688,477	4,395,503	3,535,458	1,378,815	1,708,968	1,024,498	19.17%	-19.57%	-61.00%	23.94%	-40.05%
Reserves	133,088	133,088	133,088	133,088	133,088	133,088	-	-	-	-	-
Remeasurement of post employees benefits	(610)	(1,726)	(3,697)	(3,480)	(2,611)	(2,142)	182.95%	114.19%	5.87%	-24.97%	-17.96%
Surplus on Revaluation - AFS investments	56,566	198,150	339,387	420,437	746,881	528,372	250.30%	71.28%	23.88%	77.64%	-29.26%
Provision for outstanding claims [including IBNR]	9,025	9,025	8,805	8,805	8,805	8,805	-	-2.44%	-	-	-
Deferred liabilities	4,824	8,858	9,377	8,369	10,528	12,237	83.62%	5.86%	-10.75%	25.80%	16.23%
Deferred tax	20,103	26,890	16,171	45,166	13,803	-	33.76%	-39.86%	179.30%	-69.44%	-100.00%
Amounts due to other insurers / reinsurers	1,725	587	587	587	587	587	-65.97%	-	-	-	-
Accrued expenses	75,543	85,037	68,880	136,190	20,400	4,836	12.57%	-19.00%	97.72%	-85.02%	-76.29%
Other creditor and accruals	36,590	25,573	28,337	109,105	27,712	788	-30.11%	10.81%	285.04%	-74.60%	-97.16%
Accrued mark-up	-	-	-	-	1,796	400	-	-	-	-	-77.73%
Short term running finance	-	-	-	-	183,265	-	-	-	-	-	-
Taxation - net	15,873	31,448	143,659	179,522	187,197	217,809	98.12%	356.81%	24.96%	4.28%	16.35%
Unclaimed dividend	11,339	8,801	20,219	29,488	32,348	30,671	-22.38%	129.74%	45.84%	9.70%	-5.18%
Total Shareholders' Equity and Liabilities	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	18.73%	-11.27%	-37.94%	20.67%	-30.41%

VERTICAL ANALYSIS

Balance Sheet

Particulars	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
	Rupees in '000				Rupees in '000		Percentage Change					
Cash and bank deposits	13,494	17,835	21,844	159,891	906	5,269	0.29%	0.32%	0.45%	5.27%	0.02%	0.21%
Loan to Employee	7,492	6,960	16,020	14,060	12,315	10,463	0.16%	0.13%	0.33%	0.46%	0.34%	0.41%
Investments	4,533,865	5,383,322	4,780,356	2,825,317	3,612,508	2,440,890	97.74%	97.75%	97.83%	93.17%	98.73%	95.86%
Deferred tax	-	-	-	-	-	52,235	-	-	-	-	-	2.05%
Premiums due but unpaid	13	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers / reinsurers	28,780	18,144	2,464	2,464	2,464	2,464	0.62%	0.33%	0.05%	0.08%	0.07%	0.10%
Accrued investment income	1,471	400	-	-	-	3,875	0.03%	0.01%	-	-	-	0.15%
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406	5,406	5,406	5,406	0.12%	0.10%	0.11%	0.18%	0.15%	0.21%
Advances, prepayments deposit & sundry receivables	22,105	52,630	41,706	9,608	11,428	10,536	0.48%	0.96%	0.85%	0.32%	0.31%	0.42%
Fixed assets	26,194	22,814	18,752	15,623	14,017	15,088	0.56%	0.41%	0.38%	0.52%	0.38%	0.59%
Total Assets	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Issued, subscribed and paid up share capital	586,277	586,277	586,277	586,277	586,277	586,277	12.64%	10.65%	12.00%	19.33%	16.02%	23.03%
Unappropriated profit	3,688,477	4,395,503	3,535,458	1,378,815	1,708,968	1,024,498	79.51%	79.81%	72.35%	45.47%	46.71%	40.24%
Reserves	133,088	133,088	133,088	133,088	133,088	133,088	2.87%	2.42%	2.72%	4.39%	3.64%	5.23%
Remeasurement of post employees benefits	(610)	(1,726)	(3,697)	(3,480)	(2,611)	(2,142)	-	-0.03%	-0.08%	-0.11%	-0.07%	-0.08%
Surplus on revaluation - AFS investments	56,566	198,150	339,387	420,437	746,881	528,372	1.22%	3.60%	6.95%	13.86%	20.41%	20.75%
Provision for outstanding claims [including IBNR]	9,025	9,025	8,805	8,805	8,805	8,805	0.19%	0.16%	0.18%	0.29%	0.24%	0.34%
Deferred liabilities	4,824	8,858	9,377	8,369	10,528	12,237	0.10%	0.16%	0.19%	0.28%	0.29%	0.48%
Deferred tax	20,103	26,890	16,171	45,166	13,803	-	0.43%	0.49%	0.33%	1.49%	0.38%	-
Amounts due to other insurers / reinsurers	1,725	587	587	587	587	587	0.04%	0.01%	0.01%	0.02%	0.01%	0.02%
Accrued expenses	75,543	85,037	68,880	136,190	20,400	4,836	1.63%	1.54%	1.41%	4.49%	0.56%	0.19%
Other creditor and accruals	36,590	25,573	28,337	109,105	27,712	788	0.79%	0.46%	0.58%	3.60%	0.76%	0.03%
Accrued mark-up	-	-	-	-	1,796	400	-	-	-	-	0.05%	0.02%
Short term running finance	-	-	-	-	183,265	-	-	-	-	-	5.00%	-
Taxation - net	15,873	31,448	143,659	179,522	187,197	217,809	0.34%	0.57%	2.94%	5.92%	5.12%	8.55%
Unclaimed dividend	11,339	8,801	20,219	29,488	32,348	30,671	0.24%	0.16%	0.41%	0.97%	0.88%	1.20%
Total Shareholders' Equity and Liabilities	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

HORIZONTAL & VERTICAL ANALYSIS

Horizontal Analysis (Profit and Loss Account)

Particulars	2012	2013	2014	2015	2016	2017	13 Over 12	14 Over 13	15 Over 14	16 Over 15	17 Over 16
	Rupees in '000			Rupees in '000			Percentage Change				
Investment income / (Loss)	1,780,134	1,451,519	1,209,576	706,755	824,472	(442,333)	-18.46%	-16.67%	-41.57%	16.66%	-154%
Provision for impairment	(50,506)	-	-	-	-	-	100.00%	-	-	-	-
Other income	5,938	5,595	17,901	7,319	35,882	17,525	-5.78%	219.95%	-59.11%	390.26%	-51%
Financial charges	(209)	(235)	(140)	(83)	(13,040)	(14,622)	12.44%	-40.43%	-40.71%	15610.84%	12%
General and administration expenses	(232,331)	(244,604)	(200,092)	(218,084)	(113,033)	(96,427)	5.41%	-17.94%	8.99%	-48.17%	-15%
Taxation	(74,819)	(36,226)	(128,458)	(160,872)	(23,048)	(2,044)	-51.58%	254.61%	25.23%	-85.67%	-91%
Profit / (Loss) after tax	1,428,207	1,176,049	898,787	335,035	711,233	(537,901)	-17.66%	-23.60%	-62.7%	112.00%	-176%
Earnings / (Loss) per share - Rupees (Basic)	24.36	20.06	15.33	5.71	12.13	(9.17)	-17.65%	-23.60%	-62.7%	112.00%	-176%

Vertical Analysis (Profit and Loss Account)

Particulars	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
	Rupees in '000				Rupees in '000		Percentage Change					
Investment income / (Loss)	1,780,134	1,451,519	1,209,576	706,755	824,472	(442,333)	124.64%	123.42%	134.58%	210.95%	115.92%	82.23%
Provision for impairment	(50,506)	-	-	-	-	-	-3.54%	-	-	-	-	-
Other income	5,938	5,595	17,901	7,319	35,882	17,525	0.42%	0.48%	1.99%	2.18%	5.04%	-3.26%
Financial charges	(209)	(235)	(140)	(83)	(13,040)	(14,622)	-0.01%	-0.02%	-0.02%	-0.02%	-1.83%	2.72%
General and administration expenses	(232,331)	(244,604)	(200,092)	(218,084)	(113,033)	(96,427)	-16.20%	-20.73%	-22.26%	-65.09%	-15.89%	17.93%
Taxation	(74,819)	(36,226)	(128,458)	(160,872)	(23,048)	(2,044)	-5.24%	-3.08%	-14.29%	-48.02%	-3.24%	0.38%
Profit / (Loss) after tax	1,428,207	1,176,049	898,787	335,035	711,233	(537,901)	100%	100%	100%	100%	100.00%	100.00%

COMMENT ON HORIZONTAL & VERTICAL ANALYSIS

Comments on Horizontal Analysis of Balance Sheet

The volatility in investments during the last six years is due to correlation of investment portfolio with KSE-100 index. Deferred liabilities grew over past six years as Company operates an unfunded approved gratuity scheme for all permanent employees. Fixed Assets of the Company has been reduced during the last six years in order to reduce cost. Reserves remained constant during the last six years on account of unchanged general reserve and reserve for exceptional losses. The continuous increase in surplus on revaluation could not sustain last year due to negative performance of KSE-100 index and hence the Portfolio.

Comments on Vertical Analysis of Balance Sheet

Above 90% of the assets of the Company contributed towards the earnings of the Company during the preceding years indicating the efficient use of assets. Ratio of fixed assets remained below 1% during the last six years. Ratio of surplus on revaluation has been increased over the years due to better performance of KSE-100 index.

Comments on Horizontal Analysis of Profit & Loss

The investment income varied in accordance with KSE-100 index's performance during the last six year. General and administrative expenses have been reduced during the last six years on account of higher efficiencies and productivity of team. The Company reported loss during the last year on account of unrealized loss on investments.

Comments on Vertical Analysis of Profit & Loss

Ratio of investment income decreased as compared to last year due to sub-par performance of KSE-100 index.

SUMMARY OF SIX YEARS CASH FLOW AT A GLANCE

	2012	2013	2014	2015	2016	2017
	Rupees in '000					
Cash & Cash equivalents at the beginning of the year	8,330	13,494	17,835	24,844	162,891	(179,359)
Net Cash used in operating activities	8,251	(491,672)	(1,692,674)	(2,520,881)	(505,975)	(173,198)
Net Cash flow from investing activities	(3,087)	496,013	1,699,683	2,658,928	163,725	360,826
Net increase / (decrease) in cash & cash equivalent	5,164	4,341	7,009	138,047	(342,250)	187,628
Cash & Cash equivalents at the end of the year	13,494	17,835	24,844	162,891	(179,359)	8,269

Comments

Over the years, the company has effectively managed its cash flows as reflected in the above summary.

Cash Flow generated from operating activities has been negative over the years because of consistent dividends paid out to the shareholders and capital gain on sale of investments.

Cash Flow from investing activities has remained positive since 2013 as proceeds from sale of investments exceeds the investments in securities.

QUARTERLY ANALYSIS

For the Year Ended December 31, 2017

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Rupees in 000					
Revenue	279,745	(261,819)	(160,122)	(282,612)	(424,808)
Return on investments	3,483	81,569	31,118	33,433	149,603
Gain / (Loss) on sale of investments - net	220,524	(23,131)	(64,692)	(47,208)	85,493
Other income	8,307	7,975	254	989	17,525
Unrealised appreciation / (diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	47,431	(328,232)	(126,802)	(269,826)	(677,429)
Profit / (Loss) after taxation	217,265	(292,810)	(170,397)	(291,959)	(537,901)
Net assets	3,136,031	2,845,747	2,591,607	2,270,093	2,270,093

Comments

Analysis of Quarterly results

Significant portion of the Company’s investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically and accrued as income through a consistently followed accounting policy.

Operating revenues:

After giving positive returns in each of the calendar years during 2012 to 2016, KSE-100 index lost 15% in 2017. Accordingly, the company registered a negative revenue of Rs. 424.81 million in 2017. This was primarily due to unrealized losses on investments. In second quarter, unrealized loss was higher as compare to third and fourth quarters due to continued net foreign outflow despite entry in EM Index and heating up of domestic political landscape on account of Panama Leaks.

Profit after tax:

Except for first quarter, all three quarters generated unrealized loss on investments and were the main contributors in negative performance.



DUPONT ANALYSIS

Year	Asset Turnover Ratio	Equity Multiplier	Net Profit Magin (%)	ROE (%)
2016	0.24	1.15	82.67%	22.42
2017	(0.17)	1.12	126.62%	(23.70)

As per DuPont Analysis, ROE has plummeted from 22.42% in 2016 to negative 23.70% in 2017 mainly due to Asset Turnover Ratio.

Negative return on investments (revenue) was reported in 2017 as the performance of Cyan is highly correlated with stock market which has provided negative return during the year.

Equity Multiplier slightly decreased due to drop in total assets on account of higher unrealized losses in value of investments.

BOARD OF DIRECTORS



HASAN REZA-UR RAHIM (Chairman)

Mr. Rahim is an accomplished professional who has over 30 years of domestic and international experience in the Banking and Financial Services industry. In addition to being the Chairman of Cyan Limited he serves on the Boards of Dawood Hercules Corporation Limited and Dawood Lawrencepur Limited. Previously, he was the Executive Director in-charge of the Chairman's Corporate Office of the Dawood Hercules Group, which consists of several listed companies on the Pakistan Stock Exchange having a market capitalization exceeding USD 3.5 Billion and is one of the largest entrepreneurial groups in Pakistan.

During his 15-year career with JPMorgan, Mr. Rahim held several senior roles in Pakistan and abroad. He assisted in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, re-establishing the Firm's fully integrated equity franchise in Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, O&G and Petrochemical industries.

Mr. Rahim, previously also held senior roles with MashreqBank psc, ANZ Grindlays Bank plc and commenced his career with Exxon Chemical Pakistan Limited. He was also posted and lived in Zurich, Singapore, Bahrain and Dubai and received his degree from the University of Delaware in USA.



KULSUM DAWOOD (Director)

Kulsum Dawood is a philanthropist, and primarily supports charities in education, & skills development. She is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG), and a graduate from Government College of Home Economics, Karachi.

Kulsum Dawood is a regular participant at the Annual Meeting of the World Economic Forum in Davos, over the last two decades.

She has attended Family Business courses in 2004 and 2005 at the International Institute for Management Development (IMD), Switzerland and at the Institute European d'Administration des Affaires (INSEAD) in 2007.

Kulsum Dawood is the Lead Trustee on the Board of The Dawood Foundation, established in 1961 to promote and help society through education. It is now moving to undertake projects that are more content and technology based in its knowledge dissemination.



SHAFIQ AHMED (Director)

Mr. Shafiq Ahmed joined The Dawood Group in 2007 and has worked for several Group concerns in different senior positions, including the Chief Executive Officer of Dawood Lawrencepur Limited and Tenaga Generasi Limited and currently looking after the Group's Finance function and Corporate Affairs at the Holding Company Level as Chief Financial Officer and Company Secretary. He is also serving on the Board of Directors of Dawood Lawrencepur Limited, Tenaga Generasi Limited, and Reon Alpha Limited.

Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 20 years working with industry leaders and pioneers in these fields.

He is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from University of Karachi. Shafiq is also a certified director from Pakistan Institute of Corporate Governance.



KAMRAN NISHAT (Director)

Mr. Kamran Nishat is a qualified Chartered Accountant and currently serving M&P Pakistan as its Chief Executive Officer. In addition to being a Director of AGPL, he serves on the boards of ABL Asset Management Company Limited, Briogene Private Limited and Cyan Limited while serving as the CEO of M&P Express Logistics (Private) Limited (formerly known as OCS Pakistan Private Limited), Tech Sirat (Private) Limited, TechSirat Technologies (Pvt) Limited, OCS road and rail cargo (Pvt) Ltd, Logex (Pvt) Ltd and VeriBest brands (Pvt) Ltd.

Moreover, Mr. Nishat has had variety of experiences which include being the member of Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan, member of Information Technology Committee (South) of the Institute of Chartered Accountants of Pakistan, member of Management Association of Pakistan, President of American Business Counsel, Senior Manager at Sidat Hyder Morshed Associates (Private) Limited from the years 1997 till 1999, Group Financial Controller at MIMA Group in 1997, General Manager Corporate Affairs at Dawood Hercules Chemicals Limited, Deputy Managing Director at Central Cotton Mills Limited from 1988 till 1996 and Manager Finance at Al-Ghazi Tractors.

BOARD OF DIRECTORS



SULAIMAN S. MEHDI (Director / CEO)

Sulaiman is the Chief Executive of Cyan Limited (formerly Central Insurance Company Limited - CICL). He joined CICL as the COO and Company Secretary (CS) on October 01, 2010 and led the insurance license revocation process for CICL. The revocation of CICL's insurance license and its business restructuring from CICL to Cyan is a landmark transaction, and the first of its kind in Pakistan.

He has Sixteen years' experience of working with leading Financial Services Groups in senior positions in the area of investments, operations, marketing, legal and corporate affairs. He has the privilege of serving two of the largest conglomerates of Pakistan.

Before Cyan, he served as the COO and CS for ABL Asset Management Company Limited from January 01, 2008 to September 30, 2010 and during his tenure the assets under management grew from a start-up fund of USD 18 million to USD130 million. Before ABL AMC he was associated with Allied Bank Limited - Corporate and Investment Banking Group as Senior Vice President (SVP) from June 2007 till December 31, 2007, and was primarily responsible for the formation of ABL AMC. Before joining ABL, he served as the COO and CS of PICIC Asset

Management Company Ltd. - one of the leading Asset Management Company of Pakistan from July 2004 to June 2007 and was primarily responsible for the formation of PICIC AMC. During his tenure the assets under management in the form of closed end funds grew from USD 45 million to USD190 million.

He has also served on the Board of Dawood Lawrencepur Limited, Inbox Business Technologies (Pvt.) Ltd., Inbox Consulting (Pvt.) Ltd., Inbox Corporation (Pvt.) Ltd., and was also a Director for FOCUS Pakistan. Presently he is Director on the Board of Cyan Limited, Sach International (Pvt.) Ltd. and Chairman of Pebbles Pvt. Ltd. – the real estate arm of Dawood Hercules (DH) Group and is leading all real estate initiatives of the Group.

Sulaiman holds a Master's degree and is also a Fellow member of the Institute of Corporate Secretaries of Pakistan (FCISP). He is also a certified director from the Pakistan Institute of Corporate Governance (PICG).



INAM UR RAHMAN (Director)

Inam ur Rahman is currently the Chief Executive Officer at Dawood Hercules Corporation. In the recent past, he has led the renewable businesses of the Dawood Group as CEO of Reon Energy Limited and Tenaga Generasi Limited. With more than 25 years of professional experience Mr. Rahman showcases his diverse business expertise dominating a wide spectrum of industries which include renewable energy, food sciences & production, textiles, fashion & apparel, lifestyle, and business consultancy.

His portfolio of directorships includes Engro Corporation Limited, Hub Power Company Limited, Sui Northern Gas Pipelines Limited, Dawood Hercules Chemicals Limited, Dawood Lawrencepur Limited, Sind Engro Coal Mining Company, Laraib Energy Limited, SACH International Limited, and Pebbles Private Limited.

He holds a Bachelors of Electronic Engineering from University of Engineering & Technology from Lahore sealed with Masters of Business Administration from Lahore University of Management Sciences (LUMS). Inam ur Rahman was also adjunct faculty at LUMS, teaching Strategy, Management and Marketing. He is an environmentalist at heart and his passion is to make all energy renewable and free.

MANAGEMENT TEAM



FAISAL NADEEM
(Director / Chief Financial Officer
& Company Secretary)

Mr. Faisal is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG) and a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). He has professional experience at the executive cadre in the leading Financial Institutions where he was involved in the areas of core finance, risk management and internal audit. Presently he is Director on the Board of Cyan Limited and Pebbles Pvt. Ltd. – the real estate arm of Dawood Hercules (DH) Group.

Before joining Cyan, he served as the Chief Financial Officer and Company Secretary at ABL Asset Management Company Limited, a subsidiary of Allied Bank Limited.

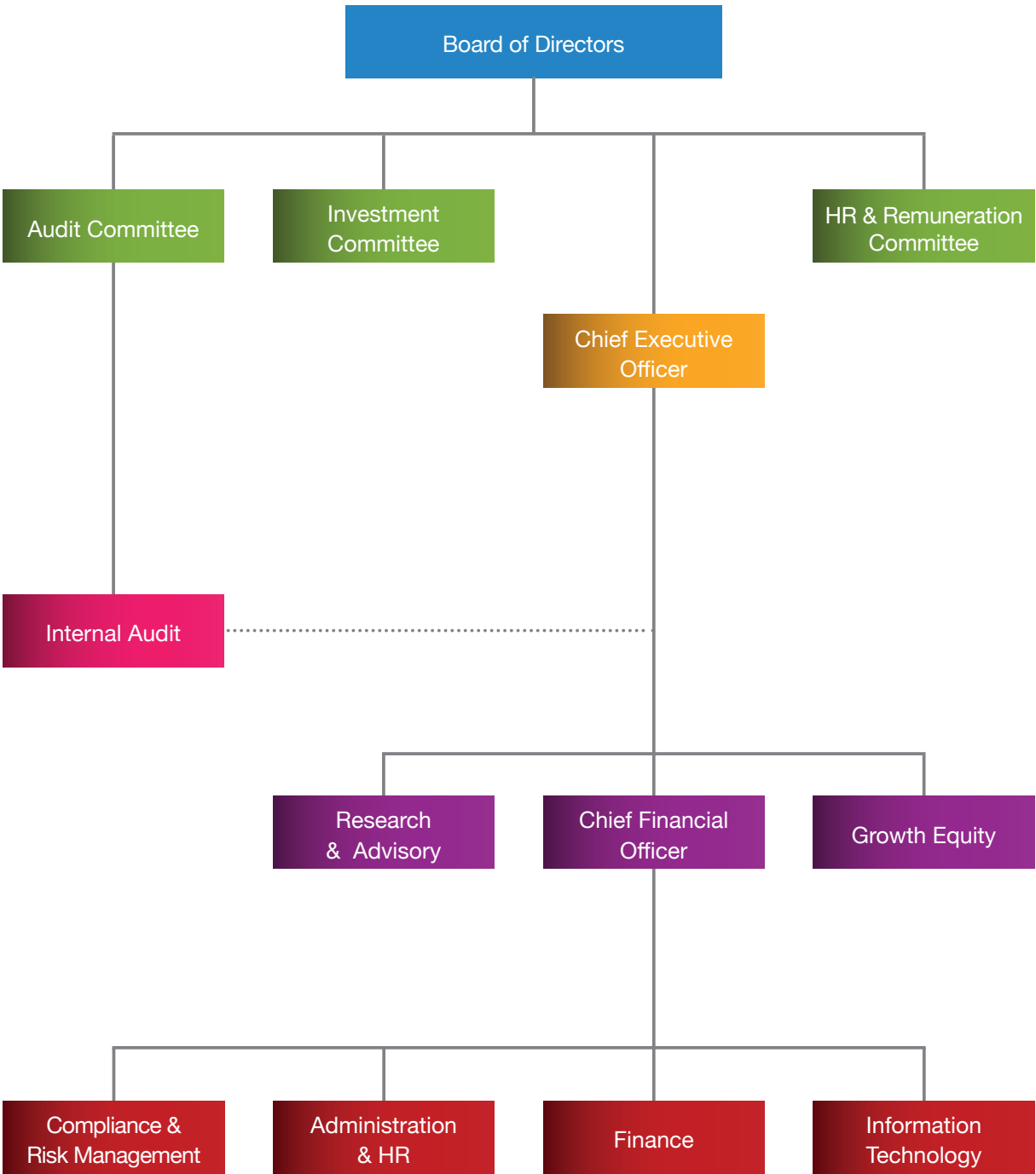


NARESH KUMAR
(Investment Associate)

Mr. Kumar has joined Cyan in August 2017. He is a CFA Charter holder and a member of Association of Chartered Certified Accountants (ACCA). He has more than eight years of diversified experience of portfolio management, investment advisory and wealth management.

Prior to joining Cyan, he was working with ABL Asset Management Company Limited as an Equity Fund Manager where he managed equity funds of worth USD 120 million. Before ABL AMC, he was associated with Magnus Investment Advisors Limited where he spearheaded various departments including the Portfolio Management Department.

ORGANIZATIONAL STRUCTURE



BOARD COMMITTEES

The Board has established three Committees namely Board Audit Committee, Board HR & Remuneration Committee and Board Investment Committee for effective governance of the Company.

The compositions, role and responsibilities of the Board Committees are clearly defined in their respective Terms of References.

Board Audit Committee

The Board Audit Committee is composed of the following Directors:

- Mr. Kamran Nishat Chairman
- Mr. Inam Ur Rahman Member
- Mr. Shafiq Ahmed Member

Terms of Reference

The Committee shall ensure that adequate internal control policies and procedures for safeguarding of company's assets have been developed by the company. The Committee shall review the efficiency and effectiveness of the operations including non-financial control of the entity.

It shall perform the following functions:

a. External Audit Function

- The Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statements;
- The Committee shall evaluate on an annual basis, the qualification, independence, performance and scope of work of the external auditor; and
- The Committee shall ensure that significant findings and recommendations made by external auditor and management response thereon are discussed and appropriately acted upon.

b. Internal Controls

The Committee shall:

- Ascertain that the integrity of internal control system including financial and operational controls, risk management, accounting system and reporting structure are adequate and effective;
- Determine the appropriateness of measures to safeguard the Company's assets;
- Evaluate the security of computer systems and applications and any contingency plans for processing financial and other information in the event of a computer systems breakdown;
- Review the Company's system for monitoring compliance with laws, regulations and other external requirements and with management policies and directives and other internal requirements;
- Review the details of any investigation, review or inquiry made by any statutory body concerning the conduct of the Company's activities or the preparation of its financial statements; and
- Monitor the compliance with the best practices of Corporate Governance and identification of significant violations thereof.

c. Internal Audit Function

The Committee shall:

- Review and discuss the adequacy of structure, responsibilities, staffing, resources and functioning of the Company's internal audit department;
- Review the preparation, execution and results of the Company's annual internal audit work program;
- Review and discuss the periodical internal audit reports; and
- Ensure that significant internal audit findings and recommendations and Management's responses are considered.

d. Financial Reporting

- The Committee shall review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on;
- Significant accounting and reporting issues, including professional and regulatory pronouncements and assess their impact on the Company's financial statements;
- Legal matters which could significantly impact the financial statements;
- Annual financial statements and assess whether the financial statements reflect appropriate accounting principles;
- The judgments made in preparing the Company's financial statements, including any valuation of assets and liabilities, litigation, and other commitments and contingencies;
- Significant or unusual events or transactions or adjustments resulting from the audit;
- The going-concern assumption; and
- Changes in accounting policies & practices and compliance with applicable accounting standards.

e. Other responsibilities

Other responsibilities of the Committee shall also include:

- Review of preliminary announcements of results prior to publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to

consider remittance of any matter to the external auditors or to any other external body;

- Consideration of any other issue or matter as may be assigned by the Board of Directors;
- Appointment of the Head of Internal Audit shall be made by the BOD subject to recommendation of the Committee; and
- Details of all related party transactions shall be placed before the Audit Committee of the Company for review and recommendation to the Board of Directors. The related party transactions which are not executed at arm's length price will also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board after clearance from the Audit Committee of the Company.

Board HR & Remuneration Committee

The Board HR & Remuneration Committee is composed of the following Directors:

- Mr. Kamran Nishat Chairman
- Mr. Inam Ur Rahman Member
- Mr. Hasan Reza-ur Rahim Member

Terms of Reference

The general duties and responsibilities of the Committee shall be as follows:

- To develop the compensation philosophy for Executive Management and present the recommendations to the Board for approval;
- To meet with Executive Management to establish Corporate objectives and, subsequently, to meet independently of Executive Management to assess progress in relation to these objectives;
- To undertake the performance evaluation of the CEO and review for each member of the Executive Management in consultation with the Chair of the Board;
- To review, establish and recommend to the Board, approval of the compensation of each member of the Executive Management;
- To recommend to the Board for consideration, approval and establishment of stock option

plans, incentive plans or employee benefit plans to be granted to, Executive Management and other key employees of the Company and guidelines with respect thereto. The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;	
(vi) To review and recommend compensation packages for the Executive Directors that realistically reflect the responsibilities and risks involved in being an Executive Director;	
(vii) To consider and make recommendations to the Board for its approval on all matters concerning perquisites and benefits to be granted to Executive Management, including levels and types of benefits, within guidelines, if any, established by the Board with respect thereto;	
(viii) To review and recommend compensation packages for the non-executive directors and the Chair of the Board that realistically reflect the responsibilities and risks involved in being a non-executive director;	
(ix) To regularly review the organization structure and report any significant organization changes to the Board;	
(x) To review succession plans for Executive Management, including specific development plans, methods of achieving recommended action, and career planning for potential successors; and	
(xi) To engage, through its Chair and in appropriate circumstances, at the expense of the Company, independent counsel and advisors; and to fulfill such other powers and duties as delegated to it by the Board.	
	Terms of Reference The Board Investment Committee shall: (i) Recommend asset allocation strategy for liquid and illiquid investments to the Board; (ii) Review and monitor business development activities for illiquid investments; (iii) Recommend sector focus for illiquid investments; (iv) Recommend all illiquid transactions to the Board for approval; (v) Recommend Employees Trading Policy for approval of the Board; (vi) Recommend Investment Policy for approval of the Board; (vii) Continually review the Investment Policy, Employee Trading Policy and approve changes (if necessary) subject to ratification of the BOD; (viii) Consider any other issue or matter as may be assigned by the BOD; and The BIC will periodically review the performance of the MIC for company's liquid investments in purview of the various classes of assets and on overall basis, based on the following factors: (i) Achievement of budgetary revenues; (ii) Adherence to investment policy objectives; (iii) Compliance with laws and regulations; (iv) Performance relative to hurdles / benchmarks approved by the BOD; and (v) Performance vis-a-vis industry performance.

Board Investment Committee

The Board Investment Committee is composed of the following Directors:

- Mr. Hasan Reza-ur Rahim

Chairman
- Mr. Inam Ur Rahman

Member
- Mr. Shafiq Ahmed

Member

CRITERIA TO EVALUATE BOARD’S PERFORMANCE

A Company's success is ultimately reflective of the capacity of its directors to provide direction which is in line with the vision in order to expand and flourish. The Company, hence, endeavors to develop the capacity of its Board of Directors to improve both their personal and collective contributions to the overall development of the Company.

A quality Board that really adds value is not just a panel of high performing individuals but a balanced team with harmonizing skill sets and a culture that allows them to function as a single unit to make the most effective decisions for the Company. While the guidance from the Chair is the key, the participation of every Board member is also vital for its effectiveness.

One of the most significant responsibilities of the Board of Directors is to ensure that the company has a strong leadership and an effective executive management. The Board establishes company policies and then delegates authority and responsibility to the CEO for the organization's smooth operations.

Performance evaluation continues to gain profile and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a guardian of the shareholders money and translates the same into the Company’s mission and goals. In order to uphold the trust of stakeholders, the Board of Directors’ performance warrants assessment.

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment

and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

The Board of Directors has set the following evaluation criteria to judge its performance;

- Compliance with the legislative system in which Company operates, including Companies Ordinance 1984, Regulations of Pakistan Stock Exchange; and the Memorandum and Articles of Association of the Company;
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical know-how and experience;
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities;
- Ensuring presence of required quorum in Board and Committees’ meeting; and
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner

ROLES AND RESPONSIBILITIES OF CHAIRMAN

The Chairman is responsible for leadership of the Board. In particular, he will:

1. Manage the business of the Board and preside over its meetings and all general body meetings.
2. Ensure that minutes of the meetings of the Board of Directors and all general body meetings are appropriately recorded and circulated within the prescribed time.
3. Set the agenda, style and tone of Board discussions (taking full account of the issues and the concerns of all Board members) to promote constructive debate and effective decision-making.
4. Ensure that members of the Board receive accurate, timely and clear information, in particular about the Company's performance, to enable effective performance of their duties.
5. Manage the Board's time to ensure that sufficient time is allowed for discussion of complex or contentious matters.
6. Build an effective and complementary Board, initiating change and planning succession on Board and executive appointments.
7. Ensure that all Board committees are properly established, composed and operated.
8. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
9. Facilitate the effective contribution of non- executive directors and ensure constructive relationships and open communication, both between non- executive directors and executive directors and between the Board and investors.
10. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
11. Monitor and address the development needs of individual directors and of the Board as a whole and ensure that the performance of individual directors and of the Board and its committees are formally evaluated at least once a year.
12. Monitor progress towards the timely and effective achievement and implementation of the objectives, policies and strategies set by the Board and of other decisions taken by or on behalf of the Board.
13. Ensure effective communication with shareholders and other relevant constituencies and that the views of these groups are understood by the Board.
14. Establish a constructive, harmonious and open relationship with the Chief Executive Officer and support him in the development of strategy and, more broadly advise the Chief Executive.
15. Lead the ongoing monitoring and annual evaluation of the performance of the Chief Executive Officer.
16. Maintain access to senior management as is necessary and useful, but not intrude on the Chief Executive's responsibilities.

ROLES AND RESPONSIBILITIES OF CEO

The Chief Executive is responsible for leadership of the business and managing it within the authorities delegated by the Board. In particular, he will:

1. Manage the day to day business of the Company, taking account of the policies and directions of the Board and its Committees.
2. Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business.
3. Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.
4. Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans.
5. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.
6. Ensure that such actions are taken as are necessary to secure the timely and effective implementation of the objectives, policies and strategies set by the Board and of other decisions taken by the Board or by its Committees on its behalf and be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies.
7. Act as Chairman of the Management Committee(s), set agendas, taking full account of the issues and concerns of members of the Committee(s), and ensure that Management Committee members receive clear and timely information.
8. Lead the executive team; monitor and address the development needs of the team and ensure that the performance of individuals is evaluated at least once a year.
9. Ensure that the financial results, business strategies and, where appropriate, targets and milestones are communicated to the investment community.
10. Develop and promote effective communication with shareholders and other relevant constituencies.
11. Ensure that business performance is consistent with the Business Principles.
12. Ensure that robust management succession and management development plans are in place and presented to the Board from time to time.
13. Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks.
14. Develop and maintain an effective framework of internal controls over risk in relation to all business activities including the Group's trading activities.
15. Ensure that the flow of information to the Board is accurate, timely and clear. Ensure an effective dialogue between the executives and the Board and in particular ensure that the Chairman and the Board are regularly updated on matters affecting the Company's performance, competitive position and risk profile;
16. Establish a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

CEO’S PERFORMANCE REVIEW

The Board of Directors of Cyan Limited regularly evaluates the performance of the CEO based on the financial and non-financial KPIs presented by him and agreed by the Board at the start of the year. The Board has reviewed the performance of the CEO for the current financial year and is truly content with the achievements for the year. The Board wishes to further report that Mr. Sulaiman S. Mehdi is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Sulaiman S. Mehdi, where he provides details and explanations for each agenda item. The Board has full confidence in his abilities to manage the affairs of the Company in the most professional and competent manner. He is also responsible for setting the corporate objectives and its alignment with the KPIs for his management team and regularly updates the Board about the performance of the management team in achieving the desired results. The Board ensures that the vision and mission sets the direction for the overall corporate strategy and Cyan’s future endeavors in making investments in organizations with realized high growth potential as well as to remain committed in maximizing the wealth of its shareholders. The Board is pleased to note that Mr. Sulaiman Mehdi’s endeavors result from following and applying the corporate strategy that is conceived with the aid of the Company’s vision and mission. The entire organization is connected and driven by this purpose and it serves as the main decision making criterion.

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS DURING THE YEAR 2017

Board of Directors

S. No.	Name	Dates					No. of meetings held	No. of meetings attended
		22/2/17	24/4/17	30/4/17	21/8/17	23/10/17		
1	Shahzada Dawood*	√					1	1
2	Kulsum Dawood	√	√		√		5	3
3	Ghias Uddin Khan**						1	-
4	Inam Ur Rahman**		√	√	√	√	4	4
5	Hassan Reza-ur Rahim		√	√	√	√	5	4
6	Kamran Nishat	√	√	√		√	5	4
7	Shafiq Ahmed		√	√	√	√	5	4
8	Sulaiman S. Mehdi	√	√	√	√	√	5	5
9	Faisal Nadeem*	√	√	√	√	√	5	5

* Faisal Nadeem appointed as Director on April 12, 2017 in place of Shahzada Dawood.
**Inam Ur Rahman appointed as Director on March 29, 2017 in place of Ghias Uddin Khan.

Board Audit Committee

S. No.	Name	Dates						No. of meetings held	No. of meetings attended
		23/1/17	20/2/17	20/4/17	17/8/17	19/10/17	21/12/17		
1	Kamran Nishat	√	√	√	√	√	√	6	6
2	Shafiq Ahmed	√	√	√	√	√	√	6	6
3	Ghias Uddin Khan*							2	-
4	Hasan Reza-ur Rahim**	√		√				3	2
5	Inam Ur Rahman			√	√	√	√	4	4

* Resigned effective March 29, 2017.
** Elected Chairman of the Board of Directors.

Board HR & Remuneration Committee

	23/1/17	17/8/17	7/9/17	21/12/17	No. of meetings held	No. of meetings attended
1 Ghias Uddin Khan*					1	-
2 Kamran Nishat	√	√	√	√	4	4
3 Hasan Reza-ur Rahim	√	√	√	√	4	4
4 Inam Ur Rahman		√	√	√	3	3

* Resigned effective March 29, 2017.

Board Investment Committee

	21/12/2017	No. of meetings held	No. of meetings attended
1 Hasan Reza-ur Rahim	√	1	1
2 Inam Ur Rahman	√	1	1
3 Shafiq Ahmed	√	1	1

WHISTLE BLOWING POLICY

Cyan (“the Company”) has an established Code of Conduct which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code then they should communicate their suspicions using the “whistle blowing” policy.

The term “whistle blowing” is most commonly used to describe when an employee discloses wrong doing within the Company. Such wrong doing can include unlawful conduct, financial malpractice or dangers to the public or the environment. Public disclosure of confidential information about the company could clearly be a breach of an employee’s contract, therefore special arrangements are needed to protect both the employee and the company. It is important that the employee’s concerns about illegal or unethical activities can be raised without fear of victimization and that the company is alerted to malpractice early so that it can be stopped and the perpetrators dealt with.

A whistle blowing procedure allows employees to raise concerns with management about the conduct of others which they consider to be in some way damaging to the company or others within it.

There may sometimes be circumstances in which people feel uncomfortable raising issues directly with their managers/superiors. Hence we plan to provide a confidential “whistle blowing” mechanism throughout the Company which the Cyan stakeholders i.e. Employees, Service Providers, Contractors, Dealers, Customers as well as Vendors will be able to use to report to the management instances of unethical behavior / acts, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy.

The purpose of this document is to provide a framework to promote responsible and secure whistle blowing. It protects the stakeholders wishing to raise a concern about serious irregularities within the Company. The policy neither exempts employees from their duty of confidentiality in the course of their work, nor it is a route for taking up personal grievance / act with a malafide intentions against fellow employee.

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

The Company is committed to developing a culture where it is safe for stakeholders i.e. employees, Service Providers, Contractors, dealers, customers as well as vendors for Cyan to raise concerns about any poor or unacceptable practice and any event of misconduct.

There is no any incidence reported during the year 2017 to the Audit Committee.

IT GOVERNANCE POLICY

Cyan Limited has a well conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with Cyan’s organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning Cyan’s IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for Cyan Limited. Cyan’s IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users.

LEVEL OF MATERIALITY

The board of directors shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive subcommittee of the board that may be set up for the purpose.

International Standard on Auditing (UK and Ireland) 320 “Materiality in planning and performing an audit” (ISA 320) explains that misstatements and omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users of the financial statements. The users are considered as a group of users of the financial statements rather than as individual users.

Judgment comes into play when deciding whether a misstatement or omission is immaterial, as although it may be below the calculated materiality level, by its very nature it is material to the users of the financial statements and should therefore be adjusted and/or disclosed in the financial statements e.g. related party transactions.

The first consideration when calculating materiality is the assessed risk associated with the business. There is an inverse relationship between risk and materiality. The higher the assessed risk of material misstatement within the financial statements, the lower the materiality and vice versa. This means that larger samples will be selected in response to the higher assessed risk and as such low materiality results in larger samples, higher materiality levels result in smaller sample sizes.

There are a number of benchmarks which can be selected to help calculate materiality and a range of materiality percentages that could be used when calculating materiality. ISA 320 doesn’t specifically mention the ranges of percentages that can be used as again this is left to the auditor’s judgment, however, common percentages used are shown below. Ideally the one selected by the auditor should be the benchmark that most represents the needs of the users of the financial statements. Examples of the more common benchmarks and percentages are as follows:

- Revenue (0.5% to 1%)
- Total Assets (1% to 2%)
- Net assets (2% to 5%)
- Profit after tax (5% to 10%)

Keeping in view that Cyan limited is a company mainly involved in investing in public and private equities, therefore the appropriate materiality level should be calculated based on percentage of Net Assets. The Board has recommended minimum percentage allocation of 0.5% of Net Assets as Material level. However, this level does not include the related party transactions. The auditors should verify the all transactions entered into with related parties and ensure compliance with the related parties’ policy approved by the Board of Directors.

The Board of Directors has decided the materiality level however; it does not restrict the auditors to verify the transactions below the materiality level if in case they find any greater risk into any head of accounts.

INVESTORS’ RELATIONS POLICY

- **Policy Statement**
The Investors’ Relations policy has been developed to define broad parameters on how Cyan Limited (“the Company”) shall deal with the investors in context of general awareness, complaints and communications.

- **Broad Parameters**
This Investor Relations Policy (IRP) will:
 - Serve as a statement to the shareholders and other stakeholders of how Cyan intends to keep them informed of material developments, and maintain effective communications with them.
 - Provide a framework of processes and procedures upon which Cyan can successfully implement its Investor Relations program. This Policy is meant to serve the company’s shareholders and stakeholders.

- **General Principles**
Cyan strives to maintain its corporate credibility and instill investor confidence by practicing a structured approach to the communication of price sensitive information. The Investor Relations program, which is designed to be both proactive and interactive, will be based on Cyan’s commitment to:
 - always report its financial results and material developments to the Exchange, its shareholders and other stakeholders in a timely, open and comprehensive manner.
 - communicate only through its Company Secretary or CEO.
 - proactively address reports and rumors, so as to avoid unnecessary volatility in the stock price
 - use its website as an additional communications channel.

The company has setup an Investor Service Centre for the facilitation of shareholders.

- **Communications**
Cyan will make every effort to ensure that all price sensitive information concerning the company is made accessible. The company’s communication will be characterized by the following attributes:
 - Transparency: price sensitive information will be released, whether it is favorable or not, in a balanced and fair manner that is not misleading.
 - Consistency: all stakeholders will receive the same information, only formats may differ depending on the audience and forum.
 - Accuracy: information shall be complete and accurate when released and material errors will be immediately corrected and clarified, if any.
 - Timeliness: price sensitive information will be released as soon as it is known, unless there are exceptional legitimate reasons to withhold, which will be no longer than absolutely necessary.
 - Non-selective: equality of access to price sensitive information will be achieved through broad public dissemination; no stakeholder will be given undisclosed price sensitive information in any form.
- **Spokesperson**
Cyan has a well-defined structure for governance and management which provides specific authority and responsibility for policy implementation. The Company shall designate Head of Compliance / Manager Compliance or in their absence any other senior management officer whose name shall be available in the Annual Report and on the website to handle investor complaints, grievances. The Company Secretary shall also be responsible for communication to the shareholders regarding announcements of general meetings, dividends, and any other price sensitive information.

- **Price Sensitive Information**

The Company will always fully comply with its disclosure obligations in line with regulatory requirements. Information shall be considered price sensitive if it falls in the definition of price sensitive information as provided in Section 96 of the Securities Act, 2015 or any superseding Act/Ordinance together with taking into account all the circulars or notifications by the Exchange or Commission.

- **Confidentiality**

In general, all information regarding the Company, its operations, financial condition and future prospects, should be regarded as material and price sensitive, and must be treated as confidential unless it is already in the public domain.

Employees and third parties, such as the Company's auditors, bankers, lawyers or other professional advisors who require such information to properly execute their duties, are to protect the confidentiality of such information.

- **Major Corporate Developments**

The Company will strictly enforce its procedures for the protection of confidentiality until such time as the development of any major corporate development, such as a merger or acquisition or the launch of a significant new business, has received all requisite approvals. Thereafter, special attention will be paid to ensure the widest and most complete dissemination of information concerning the development, in line with the provisions of this Policy, Companies Act and the Listing Regulations of the Exchange.

- **Amendment**

The BOD may on its own motion or on recommendation of the BAC, if it considers that it would be in the interest of the Company to do so, alter, amend, modify or relax any restriction or terms and conditions of the IRP as it may deem fit.

Any provision(s) of this IRP in contravention of any applicable rules and regulation and any guidelines or circulars issued from time to time by the Securities and Exchange Commission of Pakistan (SECP)/ Regulators, the latter shall supersede and prevail over the provisions contained in the IRP.

HEALTH & SAFETY POLICY

In order to improve job satisfaction of the workforce, ensuring a safe and secure environment for employees is always considered important for any organization. To improve the safety and health conditions on an on-going basis, it is necessary to continuously monitor the health and safety issues in the environment and update the current procedures accordingly.

Commonsense and basic good housekeeping are the predominant factors influencing the maintenance of high standards of health and safety in offices and staff should always be conscious of dangers to themselves and their colleagues, presented by their working environment and activities.

Any unsafe conditions, e.g. faulty lifts, faulty fire doors, missing fire extinguishers, missing Fire Notices, defective equipment (particularly defective gas connections), poor lighting, damaged floor coverings, unsafe furniture and so on, should be reported at once to immediate supervisor, admin officer or safety officer so that necessary remedial action can be taken.

Recognizing the importance of employee health and safety, the Company is committed to ensure that employees must know and follow all health and safety requirements of their specific job requirement.

The following items are considered for incorporation of Health & Safety Policy:

- Health and safety are to be given equal consideration with all other business functions.
- Health and safety are everyone's responsibility. Employees shall actively participate in all elements of the Health & Safety program.
- The organization is committed to comply with all corporate policies, procedures and applicable legislation.
- Health and safety are among our highest values and a key indicator of organizational excellence.
- All work-related injuries and illness are preventable by identifying and controlling risks.
- Hazard identification, risk assessment and risk control represent the foundation of a successful Health & Safety management system.
- Our Health & Safety management system is based on continuous improvement.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Cyan recognizes that we must integrate our business values and operations to meet the expectations of our stakeholders. They include customers, employees, suppliers, the community and the environment.

- We recognize that our social, economic and environmental responsibilities to these stakeholders are integral to business. We aim to demonstrate these responsibilities through our actions and within our corporate policies.
- We take seriously all feedback, complaints and compliments that we receive from our stakeholders and, where possible maintain open dialogue to ensure that we fulfill the requirements outlined within this policy.
- We shall be open and honest in communicating our policies, strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.
- Cyan will, where reasonable, make the necessary resources available to realize our corporate responsibilities. The responsibility for delivery lies with all employees.
- In relation to community involvement, Cyan will identify a charity each year and staff will work together to raise funds and aid the charity as and when possible in a practical way.
- In selecting either a charity for this support or working with a charity in a team building scenario, Cyan will only support programs which are inclusive in nature and reach across all social and community backgrounds. Support will not be given to individuals or groups with political or sectarian connections.

CSR activity undertaken by Cyan staff will be reported in the Annual Report circulated to all stakeholders.

Cyan CSR activities will be focused on the following areas:

- Education
- Health Sector
- Community Building
- ✓ Children Welfare
- ✓ Women Empowerment
- ✓ Sports Development
- ✓ Heritage Preservation
- ✓ Relief Activities

Cyan considers the following factors while shortlisting the project:

- Associating to a cause which is in-line with the identified sectors
- Credibility and repute of the charity organization seeking assistance

INSIDER TRADING POLICY

Cyan Limited has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

- i. No trading in the securities of the Company is permitted for directors and all employees who are “Executives” as defined in the Code of Corporate Governance, within the Closed Periods announced by the Company.
- ii. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
- iii. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- iv. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2017, and reports that:

- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All cores & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2017, which present fairly the State of Affairs, Results of Operations, Profits, Cash Flows and Changes in Equities of the Company for the year under review.
- The Chief Executive and the Chief Financial Officer have reviewed the Financial Statements of the Company and the Directors’ Report. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgments. Proper and adequate accounting records have been maintained by the Company. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However as allowed by the SECP vide its circular no. 23 of 2017 dated October 04, 2017, these financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984. Further, the external reporting is consistent with Management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, limiting the Directors, the Chief Executive and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The internal control framework has been effectively implemented; the Board has established an effective internal audit function within the Company.
- The Company’s system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under the charter approved by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board’s attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the function has all necessary access to Management and the right to seek information and explanations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their Audit assignment of the “Company’s Financial Statements” and the “Statement of Compliance with the Code of Corporate Governance” for the financial year ended December 31, 2017 and shall retire on the conclusion of the 58th Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observations with the External Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meetings of the Company during the year and have confirmed attendance of the 58th Annual General Meeting scheduled for March 29, 2018 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of A.F. Ferguson & Co. Chartered Accountants as External Auditors of the Company for the year ending December 31, 2018.

Karachi: February 17, 2018

Kamran Nishat
Chairman - Audit Committee

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of the Pakistan Stock Exchange (PSX) Rule Book for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Kamran Nishat
Executive Directors	Sulaiman S. Mehdi Faisal Nadeem
Non-Executive Directors	Kulsum Dawood Inam Ur Rahman Hasan Reza-Ur Rahim Shafiq Ahmed

The independent director meets the criteria of independence under clause 5.19.1. (b) of the CCG..

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable.)
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to Banking Company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. Two casual vacancies occurred on the Board on

29th March 2017 and 12th April 2017 were filled up by the directors within 90 days.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement and overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, Other Executive and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company is compliant in respect of certification of all directors under the directors’ training program offered by institutions that meet criteria specified by SECP.
10. No new appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit was made during the year.
11. The Directors’ Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG . The terms of reference (TOR) of the committee have been formed and advised to the committee for compliance.
17. The Board has formed HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced professionals who are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants

(IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company’s securities, was determined and intimated to the directors, employees and PSX.
22. Material/price-sensitive information has been disseminated among all market participants at once through the PSX
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with..

Sulaiman S. Mehdi
CEO

Karachi: February 19, 2018

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors ('Board') of Cyan Limited ('the Company') for the year ended December 31, 2017 to comply with the requirements of Listing Regulations No. 5.19 of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

Chartered Accountants
Karachi
Dated: February 21, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Cyan Limited as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; and
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Engagement Partner: Shahbaz Akbar
Dated: February 21, 2018
Karachi

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Note	2017 (Rupees in '000)	2016
ASSETS			
Non-current assets			
Property and equipment	6	14,951	13,751
Intangible assets	7	137	266
Deferred taxation	16	52,235	-
Long term loans	8	8,133	9,985
Long term deposits		2,500	2,500
		<u>77,956</u>	<u>26,502</u>
Current assets			
Short term investments	9	2,440,890	3,612,508
Long term loans - current portion	8	2,330	2,330
Trade and other receivables	10	16,242	11,619
Advances and short-term prepayments	11	3,539	5,179
Cash and bank balances	12	5,269	906
		<u>2,468,270</u>	<u>3,632,542</u>
TOTAL ASSETS		<u>2,546,226</u>	<u>3,659,044</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 100,000,000 (2016: 100,000,000) Ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital	13	586,277	586,277
Unappropriated profit		1,024,498	1,708,968
Reserves	14	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(2,142)	(2,611)
Surplus on revaluation of available-for-sale investments		528,372	746,881
		<u>2,270,093</u>	<u>3,172,603</u>
Non-current liabilities			
Deferred liability - gratuity	15	12,237	10,528
Deferred taxation	16	-	13,803
		<u>12,237</u>	<u>24,331</u>
Current liabilities			
Creditors, accrued expenses and other liabilities	17	45,687	89,852
Accrued mark - up	18	400	1,796
Short term borrowing	19	-	183,265
Taxation - net		217,809	187,197
		<u>263,896</u>	<u>462,110</u>
TOTAL EQUITY AND LIABILITIES		<u>2,546,226</u>	<u>3,659,044</u>

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 35 form an integral part of these financial statements

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
EXPENSES			
Return on investments	21	149,603	201,844
Gain on sale of investments - net		85,493	258,629
Other income	22	17,525	35,882
		<u>252,621</u>	<u>496,355</u>
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		<u>(677,429)</u>	<u>363,999</u>
		<u>(424,808)</u>	<u>860,354</u>
EXPENSES			
Operating and administrative expenses	23	(96,427)	(113,033)
Financial charges		(14,622)	(13,040)
		<u>(111,049)</u>	<u>(126,073)</u>
(Loss) / profit before taxation		<u>(535,857)</u>	<u>734,281</u>
Taxation - current year	24	(44,616)	(54,856)
- prior year	24	(23,668)	-
- deferred	24	66,240	31,808
		<u>(2,044)</u>	<u>(23,048)</u>
Net (loss) / profit for the year		<u>(537,901)</u>	<u>711,233</u>

(Rupees)

Basic and diluted (loss) / earnings per share

31 (9.17) 12.13

The annexed notes 1 to 35 form an integral part of these financial statements

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2017

	2017 (Rupees in '000)	2016
(Loss) / profit after taxation	(537,901)	711,233
Items that may be reclassified subsequently to profit or loss		
(Deficit) / surplus on revaluation of available-for-sale securities	(218,509)	326,444
Items that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligation - net of tax	469	869
Total comprehensive (loss) / income for the year	(755,941)	1,038,546

The annexed notes 1 to 35 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Share capital	Capital reserves	Revenue reserves	Remeasur- ment on post retirement benefits obligation - net of tax	Surplus on revaluation of available for sale investments	Total
	Issued, subscribed and paid- up	Reserve for exceptional losses	Capital gain reserve	General reserve	Unappropri- ated profit	
	(Rupees in '000)					
Balance as at January 1, 2016	586,277	10,535	2,553	120,000	1,378,815	(3,480) 420,437 2,515,137
Total comprehensive income for the year ended December 31, 2016						
Net profit for the year	-	-	-	-	711,233	- - 711,233
Other comprehensive income	-	-	-	-	-	869 326,444 327,313
	-	-	-	-	711,233	869 326,444 1,038,546
Transactions with owners recorded directly in equity						
Final dividend of Rs.4 per share for the year ended December 31, 2015	-	-	-	-	(234,511)	- - (234,511)
Interim dividend of Rs.2.50 per share for the half year ended June 30, 2016	-	-	-	-	(146,569)	- - (146,569)
	-	-	-	-	(381,080)	- - (381,080)
Balance as at December, 31 2016	586,277	10,535	2,553	120,000	1,708,968	(2,611) 746,881 3,172,603
Total comprehensive income for the year ended December 31, 2017						
Net loss for the year	-	-	-	-	(537,901)	- - (537,901)
Other comprehensive loss	-	-	-	-	-	469 (218,509) (218,040)
	-	-	-	-	(537,901)	469 (218,509) (755,941)
Transactions with owners recorded directly in equity						
Final dividend of Rs.2.5 per share for the year ended December 31, 2016	-	-	-	-	(146,569)	- - (146,569)
Balance as at December 31, 2017	586,277	10,535	2,553	120,000	1,024,498	(2,142) 528,372 2,270,093

The annexed notes 1 to 35 form an integral part of these financial statements

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

Note	2017 (Rupees in '000)	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(535,857)	734,281
Adjustment for non cash charges and other items:		
Depreciation	2,580	2,645
Amortisation	129	33
Gain on sale of property and equipment	(899)	(7)
Capital gain on sale of investments - net	(85,493)	(258,629)
Amortisation of premium on government securities	(2,532)	(2,909)
Financial charges	14,622	13,040
Net unrealised diminution / (gain) on revaluation of investments classified as at fair value through profit or loss	677,429	(363,999)
	605,836	(609,826)
Operating profit before working capital changes	69,979	124,455
(Increase) / decrease in operating assets		
Trade and other receivables	(4,623)	(638)
Long term loans	1,852	1,745
Advances and short-term prepayments	1,640	(1,182)
	(1,131)	(75)
(Decrease) / increase in operating liabilities		
Deferred liability	2,378	3,473
Trade and other payables	(42,488)	(197,183)
	(40,110)	(193,710)
Net cash generated / (used in) from operations	28,738	(69,330)
Taxes paid	(37,672)	(47,181)
Financial charges paid	(16,018)	(11,244)
Dividend paid	(148,246)	(378,220)
Net cash used in operating activities	(173,198)	(505,975)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,425,310	7,742,419
Investment in securities	(4,061,603)	(7,577,629)
Capital expenditure incurred	(3,980)	(1,166)
Proceeds from sale of property and equipment	1,099	101
Net cash generated from investing activities	360,826	163,725
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase / (decrease) in cash and cash equivalents	187,628	(342,250)
Cash and cash equivalents at the beginning of the year	(179,359)	162,891
Cash and cash equivalents at the end of the year	12.2 8,269	(179,359)

The annexed notes 1 to 35 form an integral part of these financial statements

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1 STATUS AND NATURE OF BUSINESS

Cyan Limited, a DH Group Company ("the Company"), is a Public Limited Company incorporated in Pakistan on 23 April 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, Molvi 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 PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR (II)/2017 dated October 4, 2017 issued by SECP, companies the financial year of which closes on or before December 31, 2017 are required to prepare their financial statements in accordance with the provisions of the Ordinance. Accordingly approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value as described in note 4.4 and certain staff retirement benefits which are carried at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest thousand rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Classification of investments (note 4.4 and 9).

(b) Accounting for defined benefit plan (note 4.1 and 15).

(c) Depreciation / amortisation of operating fixed assets (note 4.9, 6 and 7)

(d) Provision for taxation (current and prior years) and deferred taxation (note 4.10, 16 and 24)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in the current period

There are certain amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on January 1, 2017. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

3.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

IFRS 9 'Financial instruments' is effective for annual periods beginning on or after July 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value or OCI without recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. The Company is yet to assess the full impact of the standard.

IFRS 15 'Revenue from contracts with customers' is effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

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 financial statements.

In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless stated otherwise.

4.1 Employee benefits

4.1.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 10% of the basic salary.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

4.1.2 Defined benefit plan

The Company operates an unfunded approved gratuity scheme for all permanent employees who have completed the minimum qualifying period of service. Contributions to the scheme are made in accordance with an independent actuarial valuation using the Projected Unit Credit Method. Amounts arising as a result of remeasurements, representing actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

4.1.3 Employees' compensated absences

The Company accounts for the liability in respect of employees compensated absences in the period in which they are earned.

4.2 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, stamps in hand, deposits, short term placements with banks and short term borrowings which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.4 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase and classifies its investments as at fair value through profit or loss, available for sale, held to maturity and loans and receivables. The classification depends on the purpose for which the investments were acquired.

4.4.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting appreciation or diminution recognised directly in the profit and loss account. Transaction costs are charged to the profit and loss account when incurred.

4.4.2 Available-for-sale

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment loss are recognised in other comprehensive income and presented in the surplus on revaluation of available-for-sale investments in the statement of changes in equity. When an investment is derecognised, the gain and loss accumulated in equity is reclassified to the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

4.4.3 Held-to-maturity

Held-to-maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held to maturity are recognised initially at cost plus attributable transaction costs. Subsequently, these are measured at amortised cost.

Gains and losses are recognised in income when the investments are derecognised or impaired. Premium and discount on held-to-maturity investments are amortised using the effective interest rate method and are recognised in the profit and loss account.

4.4.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise of loans, finances, other receivables and cash and cash equivalents.

4.5 Regular way contracts

Regular purchases and sale of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

4.6 Impairment

4.6.1 Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of an asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. A significant or prolonged decline in the fair value of a listed equity instrument below its cost is also considered as an objective evidence of impairment.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss is recognised in the profit and loss account, the reversal of the previously recognised impairment loss is recognised in the profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

4.6.2 Non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.7 Financial instruments

Financial instruments carried on the statement of financial position include investments, deposits, loans, advances, cash and bank, sundry receivables, loans to employees, accrued expenses, other creditors and accruals, unclaimed dividends and short term borrowings.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at their fair values plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

4.8 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to offset the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.9 Property and equipment

4.9.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Depreciation on tangible fixed assets is charged to the profit and loss account by applying the reducing balance method whereby the depreciable amount of an asset is written-off over its estimated useful life at the rates specified in note 6. Depreciation is charged on additions from the date the asset is available for use whereas depreciation on disposals is charged till the date of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end. Gain or loss on disposal of fixed assets is charged to the profit and loss account.

4.9.2 Intangible

Intangible assets comprise software license, and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the useful life of the asset on a systematic basis to profit and loss account by applying the straight line method at the rates specified in note 7 to the financial statements.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity respectively.

4.10.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

4.10.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.11 Revenue recognition

Return on Investments

- Dividend income on equity securities is recognised in the profit or loss account when the right to receive the dividend is established.
- Realised capital gain / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.
- Income on government securities is recognised on time proportion basis using the effective yield method.

Other income

- Income on long term loans, bank deposits and placements is recognised on accrual basis.
- Income on advisory services is recognised on delivery of deliverable.

4.12 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4.13 Foreign currencies

Transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the reporting date. Exchange gains or losses, if any, are taken to the profit and loss account.

4.14 Dividend declaration and reserve appropriations

Dividend distribution and reserve appropriations are recorded in the period in which the distribution and appropriations are approved.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

4.15 Discontinued operations

A discontinued operation is a separate major line of business, which is a distinct part of the business both operationally and for financial reporting purposes and which is in the process of being discontinued by the entity. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

5 DISCONTINUED OPERATIONS

In 2011, the Board of Directors and shareholders of the Company in their respective meetings held on January 27, 2011 and March 10, 2011 had approved a business restructuring plan (BRP), by virtue of which the Company discontinued its insurance business and continues to undertake only strategic and portfolio investment business and investments in other financial instruments. On November 30, 2011, the Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers under section 9 (2) of the Insurance Ordinance, 2000, de-registered the Company as an insurer and revoked its insurance license to carry on insurance business.

6 PROPERTY AND EQUIPMENT

Furniture and fixtures	Office equipment	Vehicles	Total
----- (Rupees in '000) -----			

Year ended December 31, 2017

Opening net book value	10,045	2,970	736	13,751
Additions during the year	594	678	2,708	3,980
Disposals during the year	-	(121)	(1,466)	(1,587)
Cost	-	81	1,306	1,387
Accumulated depreciation	-	(40)	(160)	(200)
Depreciation charge for the year	(1,013)	(1,160)	(407)	(2,580)
Closing net book value	9,626	2,448	2,877	14,951

As at December 31, 2017

Cost	16,367	10,594	4,309	31,270
Accumulated depreciation	(6,741)	(8,146)	(1,432)	(16,319)
Closing net book value	9,626	2,448	2,877	14,951

Year ended December 31, 2016

Opening net book value	11,165	3,508	920	15,593
Additions during the year	-	897	-	897
Disposals during the year	-	(633)	-	(633)
Cost	-	539	-	539
Accumulated depreciation	-	(94)	-	(94)
Depreciation charge for the year	(1,120)	(1,341)	(184)	(2,645)
Closing net book value	10,045	2,970	736	13,751

As at December 31, 2016

Cost	15,773	10,037	3,067	28,877
Accumulated depreciation	(5,728)	(7,067)	(2,331)	(15,126)
Closing net book value	10,045	2,970	736	13,751
Rate of depreciation	10%	33% & 50%	20%	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

6.1 Details of property and equipment disposed of are as follows:

	2017				Method of disposal
	Cost	Accumulated depreciation	Net book value	Sale proceeds	
	(Rupees in '000)				
Book value not exceeding Rs. 50,000 each					
Office equipment	121	81	40	49	Various
Motor vehicles	1,466	1,306	160	1,050	Various
	<u>1,587</u>	<u>1,387</u>	<u>200</u>	<u>1,099</u>	

7 INTANGIBLE ASSETS

Year ended December 31

	2017	2016
Opening net book value	266	30
Additions during the year	-	269
Disposals during the year	-	-
Cost	-	-
Accumulated amortisation	-	-
Amortisation charge for the year	(129)	(33)
Closing net book value	<u>137</u>	<u>266</u>

As at December 31

Cost	7,068	7,068
Accumulated amortisation	(6,931)	(6,802)
Closing net book value	<u>137</u>	<u>266</u>
Rate of amortisation	33.33%	33.33%

7.1 Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs 6.86 million (2016: Rs 6.72 million).

8 LONG TERM LOANS

Considered good		
-due from executives	8.1	10,463
		12,315
Current portion of long-term loans		(2,330)
		<u>8,133</u>
		9,985

8.1 House loans given to chief executive officer and chief financial officer, which are repayable in ten years in equal monthly installments at a mark-up of 6% per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

8.2 Following is the movement of long term loans to employees:

	Note	2017	2016
		(Rupees in '000)	
Long term			
Opening balance		12,315	14,060
Amount disbursed		-	-
Repayments		(2,330)	(2,348)
Add: Interest receivable		478	603
Closing balance	8.3	<u>10,463</u>	<u>12,315</u>

8.3 The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs 12.315 million (2016 : Rs 14.06 million).

9 SHORT-TERM INVESTMENTS

Investments comprise of the following:

- Held-to-maturity investments	9.1	44,643	44,367
- Available-for-sale investments	9.2	646,314	864,822
- Investments carried at fair value through profit or loss	9.3	1,746,933	2,700,319
- Loans and receivables	9.4	3,000	3,000
		<u>2,440,890</u>	<u>3,612,508</u>
		<u>2,440,890</u>	<u>3,612,508</u>

9.1 Held-to-maturity investments

Face value (Rupees)	Coupon rate (%)	Particulars
---------------------	-----------------	-------------

45,000,000	5.96	Treasury Bills Tenure - 1 Year	44,643	44,367
------------	------	--------------------------------	--------	--------

Market value as at December 31, 2017 of Government Securities is Rs. 44.624 million (2016: Rs 44.361 million). These are placed with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000 and will be released once the outstanding claims and balances relating to insurance are settled.

9.2 Available-for-sale investments

Un-quoted shares	9.2.1	-	-
Un-quoted debentures	9.2.2	-	-
Quoted shares - related parties	9.2.3	646,314	864,822
		<u>646,314</u>	<u>864,822</u>

Un-quoted Shares

Name of investee company	Note	Number of Shares		Cost	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
---- (Rupees in '000) ----					
Bankers Equity Limited	9.2.1.1	13,465	13,465	117	117
Cost as on December 31				117	117
Less: Provision for Impairment				(117)	(117)
Carrying Value				-	-

9.2.1 The company is in the process of liquidation, therefore, the name of the Chief Executive is not available.

For the year ended December 31, 2017

Name of investee company

Name of investee company	Number of Bonds		Cost	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
			---- Rupees in '000'----	
Hyson Sugar Mills Limited	240,500	240,500	60	60
Less: Provision for Impairment Carrying Value			(60)	(60)
			-	-

Name of investee company

Name of investee company	Number of Shares		Cost	Market value	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-16
				----- Rupees in '000'-----	
Fertilizer					
Dawood Hercules Corporation Limited	794,380	794,380	47,652	88,875	114,653
Equity held: 0.17% (2016: 0.17%)					
Textile Composite					
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,111	557,439	750,169
Equity held: 5.02% (2016: 5.02%)					
			269,763		
			(151,821)	646,314	864,822
Less: Provision for Impairment			117,942		
Carrying Value					
Market Value as at December 31, 2017			646,314		
Unrealised gain			528,372		

Quoted shares
Mutual funds

Note	Market Value	
	2017	2016
	'Rupees in '000'	
9.3.1	1,682,761	2,697,752
9.3.1	64,172	2,567
	<u>1,746,933</u>	<u>2,700,319</u>

Name of investee company	Number of Shares	Carrying Value	Market value	Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-16

	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-16		
			----- Rupees '000'-----				
Refinery							
Pakistan Refinery Limited	1,000,000	-	59,919	35,180	-	1.44%	0.34%
			59,919	35,180	-	1.44%	
Oil and Gas Marketing Companies							
Sui Northern Gas Pipeline Limited	500,000	1,648,000	64,990	47,305	134,427	1.94%	0.08%
			64,990	47,305	134,427	1.94%	
Engineering							
International Steels Limited	500,000	-	75,664	53,185	-	2.18%	0.11%
Aisha Steel Mills Limited	-	5,000,000	-	-	78,650	-	-
			75,664	53,185	78,650	2.18%	
Textile Spinning							
Hira Textile Mills Limited	-	4,600,000	-	-	60,490	-	-
			-	-	60,490	-	

For the year ended December 31, 2017

Name of investee company	Number of Shares	Carrying Value	Market value	Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-16
			----- Rupees '000' -----		
Cement					
D.G Khan Cement Company Limited	200,000	1,000,000	45,837	26,744	221,730
Thatta Cement Limited	-	500,000	-	-	19,690
			45,837	26,744	241,420
Textile Composite					
Nishat Mills Limited	-	1,000,000	-	-	152,270
Nishat Chunian Limited	3,000,000	3,000,000	193,153	137,310	187,290
Gul Ahmad Textile Mills Limited	-	3,600,000	-	-	184,212
			193,153	137,310	523,772
Oil and Gas Marketing Companies					
Oil & Gas Development Company Limited	500,000	-	83,362	81,395	-
			83,362	81,395	-
Inv. Banks / Inv. Cos. / Securites Cos.					
Pakistan Stock Exchange Limited	7,929,330	-	222,021	177,617	-
			222,021	177,617	-
Technology & Communication					
Media Times Limited	5,000,000	5,000,000	24,750	8,500	24,750
TRG Pakistan Limited	1,000,000	-	56,963	29,600	-
			81,713	38,100	24,750
Power Generation & Distribution					
The Hub Power Company Limited (related party)	10,000,000	10,000,000	1,234,800	910,000	1,234,800
Equity held: 0.86% (2016: 0.86%)					
K-Electric Limited	5,000,000	-	49,495	31,550	-
			1,284,295	941,550	1,234,800
Commercial Banks					
Askari Bank Limited	-	2,000,000	-	-	49,900
Bank of Punjab Limited	2,490,000	2,490,000	36,000	20,517	43,949
JS Bank Limited	-	10,000,000	-	-	108,100
MCB Bank Limited	-	200,000	-	-	47,564
National Bank of Pakistan	-	2,002,000	-	-	149,930
			36,000	20,517	399,443
Cable and Electrical Goods					
Singer Pakistan Limited	500,000	-	36,951	18,210	-
			36,951	18,210	-
Chemical					
Lotte Chemical Pakistan Limited	10,000,000	-	121,049	71,700	-
			121,049	71,700	-
Glass & Ceremics					
Tariq Glass Industries Limited	200,000	-	25,676	18,998	-
			25,676	18,998	-
Transport					
Pakistan International Bulk Terminal Limited	1,000,000	-	29,798	14,950	-
			29,798	14,950	-
			2,360,428	1,682,761	2,697,752
					67%
Unrealised loss on quoted shares			(677,667)		

5 million shares (2016: Nil) of K-Electric Limited having market value of Rs. 31.55 million (2016: Nil) as at December 31, 2017 and 1 million shares of TRG Pakistan Limited (2016: Nil) having market value of Rs 29.60 million have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

9.3.2 Mutual Funds

Name of fund	Note	Number of Units		Carrying Value		Market value	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-17	31-Dec-16	31-Dec-16
				Rupees '000'			
HBL Money Market Fund		239,712	-	25,000	25,007	-	-
NAFA Government Securities Liquid Fund	9.3.2.1	260,170	246,349	2,707	2,713	2,567	2,567
NAFA Money Market Fund		3,600,238	-	36,227	36,452	-	-
Carrying Cost as at December 31, 2017				63,934	64,172	2,567	2,567
Market Value as at December 31, 2017				64,172			
Unrealised gain on mutual funds				238			

9.3.2.1 223,871 units (December 31, 2016: 223,871 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.334 million (December 31, 2016: Rs.2.332 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

9.4 Loans and receivables

Deposits maturing within one month

Term Deposit Receipts carry mark-up at 5.25% (2016: 5.25%) per annum and are due to mature on January 30, 2018.

10 TRADE AND OTHER RECEIVABLES

Amounts due from other insurers / reinsurers - Discontinued Operations	10.1	2,465	2,465
Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
Dividend receivable		3,875	-
Sundry receivables	10.2	4,496	3,748
		<u>16,242</u>	<u>11,619</u>

10.1 Amounts due from other insurers / reinsurers - unsecured

Considered good - foreign	542	542
- local	1,923	1,923
Considered doubtful	74	74
	<u>2,539</u>	<u>2,539</u>
Provision against amounts due from other insurers / reinsurers	(74)	(74)
	<u>2,465</u>	<u>2,465</u>

10.2 Sundry receivables

Profit on bank deposits	5	6
- Savings accounts	1	1
- Term deposits	4,490	3,741
Others	4,496	3,748
	<u>4,496</u>	<u>3,748</u>

11 ADVANCES AND SHORT-TERM PREPAYMENTS

Advances and deposits	2,313	3,339
Prepayments	934	1,298
Club Membership - employees (related party)	292	542
	<u>3,539</u>	<u>5,179</u>

12 CASH AND BANK BALANCES

Cash in hand	36	20
Current and other accounts		
Current accounts	213	-
Savings accounts	5,020	886
	<u>5,233</u>	<u>886</u>
	<u>5,269</u>	<u>906</u>

12.1 These balances are placed under mark-up arrangement with mark-up ranging between 2.78% to 4.00% (December 31, 2016: 4.0% to 5.5%) per annum

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

12.2 Cash and cash equivalents

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

Note	2017	2016
	(Rupees in '000)	
- Cash and bank balances	5,269	906
- Short term borrowing	-	(183,265)
- Term deposit receipts	3,000	3,000
9.4	<u>8,269</u>	<u>(179,359)</u>

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		
(Number of shares)			
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500
58,377,722	58,377,722	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	583,777
<u>58,627,722</u>	<u>58,627,722</u>		<u>586,277</u>

13.1 As at December 31, 2017, related parties hold 39,682,826 (2016: 41,470,337) ordinary shares of Rs. 10 each.

13.2 As at December 31, 2017, Dawood Corporation (Private) Limited holds 62.03% (2016: 62.03%) holding in Cyan Limited.

14 RESERVES

Capital reserves		
- Reserve for exceptional losses	14.1	10,535
- Capital gain reserve		2,553
		<u>13,088</u>

Revenue reserve		
- General reserve		120,000
		<u>133,088</u>

14.1 The reserve for exceptional losses is a specific purpose reserve created to provide for possible losses on exceptional insurance claims which the Directors do not consider to be available for dividend distribution.

15 DEFERRED LIABILITY

15.1 Defined Benefit Plan

As explained in note 4.1.2 the Company operates an unfunded approved gratuity scheme for all permanent employees.

The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2017. The principal actuarial assumptions used for the purpose of the valuation were as follows:

Principal actuarial assumptions

The following significant assumptions have been used for valuation of this scheme.

	2017	2016
a. Valuation discount rate	9.25%	10.50%
b. Salary increase rate	9.25%	10.50%
c. Average expected service length of employees (in years)	4.10	3.61

d. Assumption regarding future mortality experience are based on actuarial recommendations and published statistics. The rates assumed are based on the SLI 2001-05 mortality rates, related down by one year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

The gratuity scheme exposes the entity to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

- 15.2 The amount recognised in the Statement of financial position is determined as follows:

	2017 (Rupees in '000)	2016 (Rupees in '000)
Present value of defined benefit obligation	<u>12,237</u>	<u>10,528</u>

- 15.3 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligation	12,237	10,528
Net actuarial gains / (losses) not recognised	-	-
Balance at the end of the year	<u>12,237</u>	<u>10,528</u>

- 15.4 Movement in liability recognized in the balance sheet

At January 1	10,528	8,369
Current service cost	2,224	2,646
Interest expense / (income)	<u>1,058</u>	<u>836</u>
	<u>13,810</u>	<u>11,851</u>

Remeasurements:

- Gain from change in demographic assumptions
- Gain from change in financial assumptions
- Experience adjustments

	54	-
	(27)	24
	<u>(698)</u>	<u>(1,338)</u>
	<u>(671)</u>	<u>(1,314)</u>
	<u>(902)</u>	<u>(9)</u>
	<u>12,237</u>	<u>10,528</u>

Benefit payments
At December 31

- 15.5 The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	-----2017-----			-----2016-----		
	Impact on defined benefit obligation - Increase / (decrease)			Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	----- Rupees in '000 -----					
Discount rate	+ / (-) 100 bps	10,719	(14,047)	+ / (-) 100 bps	9,766	(11,363)
Salary increase rate	+ / (-) 100 bps	14,052	(10,686)	+ / (-) 100 bps	11,385	(9,740)

The above sensitivities analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

- 15.6 The weighted average duration of the defined benefit obligation is 14 years.

- 15.7 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	At December 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
		----- Rupees in '000 -----				
Gratuity		<u>669</u>	<u>1,434</u>	<u>2,577</u>	<u>248,390</u>	<u>253,070</u>
		<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2,013</u>
15.7.1 Historical information		----- Rupees in '000 -----				
Defined benefit obligation		12,237	10,528	8,369	9,377	8,858
Fair value of plan assets (Surplus) / Deficit		<u>12,237</u>	<u>10,528</u>	<u>8,369</u>	<u>9,377</u>	<u>8,858</u>
Remeasurement (Gain) / Loss on obligation		<u>(669)</u>	<u>(1,314)</u>	<u>(645)</u>	<u>3,033</u>	<u>1,717</u>
Remeasurement (Gain) / Loss on plan assets		<u>(669)</u>	<u>(1,314)</u>	<u>(645)</u>	<u>3,033</u>	<u>1,717</u>

- 15.7.2 Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 3.53 million as per the actuarial valuation report of the Company as of December 31, 2017.

- 15.8 The disclosure made in notes 15.1 to 15.7.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2017.

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
16 DEFERRED TAXATION			
Deductible temporary differences			
Staff gratuity		3,671	3,158
Leave encashment		<u>858</u>	<u>862</u>
		<u>4,529</u>	<u>4,020</u>
Taxable temporary differences			
Revaluation of investments		<u>48,644</u>	<u>(16,982)</u>
Accelerated tax depreciation		<u>(938)</u>	<u>(841)</u>
		<u>47,706</u>	<u>(17,823)</u>
		<u>52,235</u>	<u>(13,803)</u>

- 16.1 Reconciliation of deferred tax liability

Opening balance	(13,803)	(45,166)
Recognised in profit and loss account	66,240	31,808
Recognised in equity	<u>(202)</u>	<u>(445)</u>
Closing balance	<u>52,235</u>	<u>(13,803)</u>

- 17 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Amounts due to other insurers / reinsurers - Discontinued Operations	17.1	587	587
Accrued expenses	17.2	4,836	20,400
Provision for outstanding claims - Discontinued Operations		8,805	8,805
Payable against purchase of investment - net		-	24,911
Other creditors and accruals	17.3	788	2,801
Unclaimed dividend		<u>30,671</u>	<u>32,348</u>
		<u>45,687</u>	<u>89,852</u>

- 17.1 Amounts due to other insurers / reinsurers

This includes amounts due to local companies.

- 17.2 The amount includes balance of compensated absences of key management personnel amounting to Rs 2.86 million as at December 31, 2017 (2016: Rs 2.87 million).

- 17.3 Other creditors and accruals

Premium refundable to policy holders - Discontinued Operations	171	171
Brokerage payable	-	2,034
Sundry creditors	<u>617</u>	<u>596</u>
	<u>788</u>	<u>2,801</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

18 ACCRUED MARK - UP

Accrued mark - up comprises mark up on short term borrowings from Bank Al Habib Limited.

	2017 (Rupees in '000)	2016 (Rupees in '000)
19 SHORT TERM BORROWINGS		
Secured		
Short term running finance	-	183,265

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

19.2 The Company has a facility of Rs. 500 million (December 31, 2016: Rs. 500 million) under Share Murabaha arrangement with Bank Islami Pakistan Limited. The facility carries profit calculated at relevant KIBOR plus 0.8% per annum (December 31, 2016: 3 month KIBOR + 0.80% per annum) and will expire on April 30, 2018.

19.3 The Company has running finance facility of Rs.1,000 million (December 2016: Rs. Nil) under mark-up arrangement with National Bank of Pakistan Limited. The facility carries mark-up at 3 months KIBOR plus 0.20% per annum and will expire on May 31, 2018.

19.4 The Company has running finance facility of Rs.1,000 million (December 2016: Rs. Nil) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 3 months KIBOR plus 0.25% per annum and will expire on April 30, 2018.

20 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments other than those disclosed elsewhere in these financial statements are as follows:

20.1	Guarantees issued on behalf of the Company by commercial bank.	<u>2,800</u>	2,800
20.2	Matters relating to taxation are given in note 24.1.		

21 RETURN ON INVESTMENTS

Held-to-maturity

Amortisation on - Treasury bills	2,532	2,909
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Available-for-sale and held for trading

Dividend income:		
- Related parties	93,003	153,727
- Others	54,068	45,208
	<u>147,071</u>	198,935

	<u>149,603</u>	<u>201,844</u>
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22 OTHER INCOME

Income from financial assets

Profit on bank deposits	343	3,448
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Income from non-financial assets

Gain on sale of property and equipment	899	7
Income from long term loans	478	603
Reversal of Sindh Workers Welfare Fund	-	31,824
Advisory income from related party	15,805	-
	<u>17,525</u>	<u>35,882</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
23 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	23.1 & 23.2	46,505	57,697
Levy, cess and insurance		1,246	1,114
Rent, rates and taxes		8,273	7,824
Depreciation	6	2,580	2,645
Amortisation	7	129	33
Legal and professional charges		3,628	1,064
Printing and stationery		2,307	2,581
Utilities		1,391	1,889
Vehicle running expenses		193	170
Advertisement, promotion and event expenses		1,573	493
Security guards expenses		1,129	998
Auditors' remuneration	23.3	2,268	1,893
Entertainment		2,570	2,633
Travelling and communication expenses		1,955	1,957
Fees and subscription		3,750	4,229
Postage and telegram		347	385
Books and periodicals		7	13
Repairs, renewal and decoration		1,461	1,171
Brokerage, commission and advisory expense		9,354	18,719
Bank and settlement charges		1,783	1,991
Employee training fee		203	376
Research expense		2,177	1,961
Other expenses		1,598	1,197
		<u>96,427</u>	<u>113,033</u>

23.1 This includes Rs.2.57 million (2016: Rs.2.48 million) in respect of employees' provident fund.

23.2 This includes Rs.3.28 million (2016: Rs.3.48 million) in respect of employees' gratuity fund.

23.3 Auditors' remuneration

Annual audit fee	436	411
Review and certifications	301	324
Taxation services	1,391	986
	<u>2,128</u>	<u>1,721</u>
Sindh sales tax on services	59	59
Out of pocket expenses	81	113
	<u>2,268</u>	<u>1,893</u>

24 TAXATION

Current year	(44,616)	(54,856)
Prior years	(23,668)	-
Deferred	66,240	31,808
	<u>(2,044)</u>	<u>(23,048)</u>

24.1 Tax returns have been filed up to the Tax year 2017 (Accounting year December 31, 2016) which are deemed as assessments completed in terms of section 120(1) of the Income Tax Ordinance 2001 (ITO). However, the Company and the Department have filed appeals in respect of certain assessment years which relate to the following:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

For the Tax year 2007, the return filed by the Company was amended by the Deputy Commissioner of Income Tax by making additions to taxable income on account of proration of expenses allocated under section 67 of the Income Tax Ordinance 2001, disallowance of amortisation of computer software and addition on account of non-deduction of withholding tax from commission and provision for incurred but not reported claims (IBNR) resulting in additional tax demand of Rs. 13.03 million. These additions were disputed by the Company at various appellate levels. Currently, a Miscellaneous application has been filed with the Appellate Tribunal Inland Revenue (ATIR) for rectification of additional tax demand of Rs. 1.01 million arising out of disallowance of amortisation of computer software and non-deduction of withholding tax from commission. Further, the Commissioner Inland Revenue has filed appeal in the High Court of Sindh against the order of the learned ATIR on deletion of addition on account of proration of expenses allocated under section 67 of the Income Tax Ordinance, 2001 of Rs 37.42 million, which was adjudicated in favour of the Company. The Commissioner Inland Revenue filed a civil review petition in the Supreme Court of Pakistan against the judgment of the High Court of Sindh.

For the Tax Year 2009, Additional Commissioner Inland Revenue (ACIR) Audit has passed amended order under Section 122(5A) of Income Tax Ordinance, 2001 and treated dividend income amounting to Rs. 102 million as normal business income and charged normal tax rate i.e. 35% instead of reduced rate of 10%. thus creating tax demand of Rs. 30 million. The Company has filed an appeal against the said order before the ATIR. Subsequently, a stay was granted by ATIR subject to 15% payment of the demand amount, amounting to Rs. 4.53 million. Thereafter, an order was issued by ATIR confirming that tax on dividend for insurance companies must be charged at reduced rate of 10% and therefore the tax liability of Rs. 30 million is no more payable. The tax department has filed a civil petition in the Sindh High court against the order.

For the Tax Year 2010, the Commissioner Inland Revenue (Appeals) vide appellate order deleted the proration of expenses against dividend income and exempt capital gains. However, the CIR (Appeals) has maintained the disallowance of the provision for IBNR amounting to Rs. 7.46 million having tax implications of Rs. 2.61 million. The Company has filed appeal before the ATIR which is pending. The department has also filed appeal before the ATIR against the deletion of proration of expenses against dividend income and exempt capital gains. The disallowance of provision for IBNR.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these financial statements.

24.2 Relationship between tax expense and accounting profit

The numerical reconciliation between income tax expense and accounting profit for the year has not been presented as the current tax charge for the year pertains to tax collected as final tax under various provisions of the Income Tax Ordinance, 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

25 REMUNERATION OF DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)							
Fees	-	-	1,450	1,850	-	-	1,450	1,850
Managerial remuneration	11,953	16,028	-	-	12,151	18,120	24,104	34,148
House rent, conveyance and other allowances	7,769	7,376	-	-	8,101	8,595	15,870	15,971
Contribution to provident fund	1,195	1,135	-	-	1,133	1,113	2,328	2,248
	<u>20,917</u>	<u>24,539</u>	<u>1,450</u>	<u>1,850</u>	<u>21,385</u>	<u>27,828</u>	<u>43,752</u>	<u>54,217</u>
Number of persons	1	1	4	4	10	9	15	14

26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, defined contribution plan and defined benefit plan, directors and key management personnel. Transactions with related parties are entered into at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagement. Transactions with related parties other than those which have been disclosed elsewhere in the financial statements are as follows:

	2017	2016
	(Rupees in '000)	
Rent paid	8,273	7,824
Dividend received	93,003	153,727
Dividend paid	98,157	255,208
Service charges	1,231	-
Advisory income from related party	15,750	-
Contribution to provident fund	2,569	2,479
Charge for staff retirement gratuity scheme	3,282	3,482
Key management personnel and close family members		
Dividend paid	5,519	14,349
Remuneration	42,302	52,367
Directors fee	1,450	1,850
Employee loan recovery	2,330	2,348
Prepaid club membership amortized during the year.	250	250
Security deposit with related party	1,740	1,740
Balances		
Employee loan to Chief Executive Officer	2,960	3,940
Employee loan to other Executives	7,503	8,375
Receivable from related parties	1,458	755
Payable to related parties	321	5,094

Investments in and balance outstanding with related parties have been disclosed in the specific notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

27 FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2017, the financial assets carried on the statement of financial position are categorised either as 'Loans and receivables', 'financial assets at fair value through profit or loss', 'held to maturity' or 'available for sale'. The financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

	-----As at December 31, 2017-----				
	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
Financial assets	-----Rupees in '000-----				
Loans to employees	10,463	-	-	-	10,463
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	16,242	-	-	-	16,242
Advances	2,605	-	-	-	2,605
Cash and bank balances	5,269	-	-	-	5,269
Investments	3,000	44,643	646,314	1,746,933	2,440,890
	40,079	44,643	646,314	1,746,933	2,477,969

Financial liabilities

Deferred liability
Creditors, accrued expenses and other liabilities
Accrued mark-up

-----As at December 31, 2017-----			
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total	
-----Rupees in '000-----			
-	12,237	12,237	
-	45,687	45,687	
-	400	400	
-	58,324	58,324	

Financial assets

Loan to employees
Long term deposits
Trade and other receivables
Advances
Cash and bank balances
Investments

-----As at December 31, 2016-----				
Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
-----Rupees in '000-----				
12,315	-	-	-	12,315
2,500	-	-	-	2,500
11,619	-	-	-	11,619
3,881	-	-	-	3,881
906	-	-	-	906
3,000	44,367	864,822	2,700,319	3,612,508
34,221	44,367	864,822	2,700,319	3,643,729

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

Financial liabilities

Deferred liability
Creditors, accrued expenses and other liabilities
Accrued mark-up

-----As at December 31, 2016-----		
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
-----Rupees in '000-----		
-	10,528	10,528
-	89,852	89,852
-	1,796	1,796
-	102,176	102,176

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, foreign exchange risk and equity price risk). The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company actively monitors the key factors that affect the stock market. The Company consistently manages its exposure to financial risk in the manner described in the notes below.

28.1 Risk management framework

The Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held thereagainst are stated in note 9.2.1, 9.2.2 and 9.2.3 to these financial statements. Investments amounting to Rs: 44.643 million (2016: Rs: 44.367 million) relate to Government Securities and are not considered as exposed to credit risk due to government guarantee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

28.2.1 Exposure to credit risk

The book value of financial assets represents the maximum credit exposure, as specified below:

	Note	2017 (Rupees in '000)	2016
Financial assets			
Long term loan	28.2.1.4	10,463	12,315
Long term deposits		2,500	2,500
Trade and other receivables	28.2.1.1	16,242	11,619
Advances		2,605	3,881
Bank balances	28.2.1.3	5,233	886
Investments		3,000	3,000
		<u>40,043</u>	<u>34,201</u>

28.2.1.1 The maximum exposure to credit risk for trade and other receivables at the balance sheet date are as follows:

	2017			2016		
	Gross	Impairment	Net	Gross	Impairment	Net
	----- (Rupees in '000) -----					
Not past due	8,371	-	8,371	3,748	-	3,748
Past due but not impaired	7,871	-	7,871	7,871	-	7,871
Past due and impaired	74	(74)	-	74	(74)	-
	<u>16,316</u>	<u>(74)</u>	<u>16,242</u>	<u>11,693</u>	<u>(74)</u>	<u>11,619</u>

28.2.1.2 The maximum exposure to credit risk for premium receivable and amount due from other insurers / reinsurers as at December 31 by geographic region was:

Foreign	542	542
Domestic	<u>1,923</u>	<u>1,923</u>
	<u>2,465</u>	<u>2,465</u>

28.2.1.3 The credit quality of the Company's bank balances other than statutory deposits with SBP can be assessed with reference to external credit ratings as follows:

2017	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	1,205
Bank Islami Pakistan Limited	A-1	A+	PACRA	11
Summit Bank Limited	A-1	A-	JCR - VIS	10
Bank Al Falah Limited	A1+	AA+	PACRA	17
Allied Bank Limited	A1+	AA+	PACRA	24
Bank AL Habib Limited	A1+	AA+	PACRA	3,753
MCB Bank Limited	A1+	AAA	PACRA	199
National Bank of Pakistan	A1+	AAA	PACRA	14
				<u>5,233</u>
2016	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	830
Bank AL Habib Limited	A-1	A+	PACRA	8
Summit Bank Limited	A-1	A-	JCR - VIS	9
Bank Al Falah Limited	A1+	AA	PACRA	16
Allied Bank Limited	A1+	AA+	PACRA	23
				<u>886</u>

28.2.1.4 The credit risk on long term loan is minimal as these loans are given to employees and are deductible from their remuneration.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration in terms of the overall funding mix.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

	2017					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
	----- (Rupees in '000) -----					
On balance sheet financial liabilities and others						
Deferred liability	12,237	12,237	-	-	-	(12,237)
Creditors, accrued expenses and other liabilities	45,687	45,687	(45,687)	-	-	-
Accrued mark-up	400	400	(400)	-	-	-
	<u>58,324</u>	<u>58,324</u>	<u>(46,087)</u>	<u>-</u>	<u>-</u>	<u>(12,237)</u>

	2016					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
	----- (Rupees in '000) -----					
On balance sheet financial liabilities and others						
Deferred liability	10,528	10,528	-	-	-	(10,528)
Creditors, accrued expenses and other liabilities	89,852	89,852	(89,852)	-	-	-
Accrued mark-up	1,796	1,796	(1,796)	-	-	-
	<u>102,176</u>	<u>102,176</u>	<u>(91,648)</u>	<u>-</u>	<u>-</u>	<u>(10,528)</u>

28.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. However, the Company is exposed to interest rate risk and equity price risk.

The Company is exposed to market risk with respect to its investments, long term loan, short term deposits and bank balances. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the equity market. The market risks associated with the Company's business activities are interest rate risk and price risk. The Company is not exposed to material currency risk.

28.4.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Financial Assets	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2017	2016	2017	2016
Fixed rate instruments				
- Government Securities	44,643	44,367	5.96%	6.20%
- TDR	3,000	3,000	5.25%	5.25%
Variable rate instruments				
- Saving accounts	5,020	886	2.78% to 4.00%	3.03% to 5.5%

Sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would increase or decrease net assets by Rs.0.013 million (2016: Rs.0.009 million). The analysis assumes that all other variables remain constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

28.4.1.1 Maturity profile of financial assets and liabilities

		2017				
		Interest / mark-up bearing				
	Profit rate % per annum	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total
		----- (Rupees in '000) -----				
Financial assets						
Loan to employees	6.00%	699	1,631	8,133	-	10,463
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	2,605	2,605
Investments	5.25% to 5.96%	3,000	44,643	-	2,393,247	2,440,890
Trade and other receivables		-	-	-	16,242	16,242
Cash and bank balances	2.78% to 4.00%	5,020	-	-	36	5,056
		8,719	46,274	8,133	2,414,630	2,477,756
Financial liabilities						
Deferred liability		-	-	-	12,237	12,237
Creditors, accrued expenses and other liabilities		-	-	-	45,687	45,687
Accrued mark-up		-	-	-	400	400
		-	-	-	58,324	58,324
On-balance sheet gap (a)		8,719	46,274	8,133	2,356,306	2,419,432
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		8,719	46,274	8,133	2,356,306	2,419,432
Cumulative interest rate sensitivity gap		8,719	54,993	63,126		
		----- (Rupees in '000) -----				
		2016				
		Interest / mark-up bearing				
	Profit rate % per annum	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total
		----- (Rupees in '000) -----				
Financial assets						
Loan to employees	6.00%	699	1,631	9,985	-	12,315
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	3,881	3,881
Investments	5.25% to 6.20%	3,000	44,367	-	3,565,141	3,612,508
Trade and other receivables		-	-	-	11,619	11,619
Cash and bank balances	3.03% to 5.5%	886	-	-	20	906
		4,585	45,998	9,985	3,583,161	3,643,729
Financial liabilities						
Deferred liability		-	-	-	10,528	10,528
Creditors, accrued expenses and other liabilities		-	-	-	89,852	89,852
Accrued mark-up		-	-	-	1,796	1,796
		-	-	-	102,176	102,176
On-balance sheet gap (a)		4,585	45,998	9,985	3,480,985	3,541,553
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		4,585	45,998	9,985	3,480,985	3,541,553
Cumulative interest rate sensitivity gap		4,585	50,583	60,568		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

28.4.2 Equity price risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks.

In case of 5% increase / decrease in KSE 100 index on December 31, 2017, net profit for the year would increase / decrease by Rs. 28.300 million (2016: Rs. 35.128 million) as a result of gains / losses on equity securities at fair value through profit or loss and available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2017 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

28.4.3 Foreign currency risk

The Company is not materially exposed to risk from foreign currency exchange rate fluctuations.

29 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

	----- As at December 31, 2017 -----			
	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	1,682,761	-	-	1,682,761
- Mutual fund units	64,172	-	-	64,172
Investment in securities - financial assets available for sale				
- Quoted shares	646,314	-	-	646,314
----- As at December 31, 2016 -----				
	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	2,697,752	-	-	2,697,752
- Mutual fund units	2,567	-	-	2,567
Investment in securities - financial assets available for sale				
- Quoted shares	864,822	-	-	864,822

30 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

	2017	2016
	(Rupees in '000)	
Net (loss) / profit for the year attributable to ordinary shareholders	<u>(537,901)</u>	<u>711,233</u>
	(Numbers of share)	
Weighted average number of ordinary shares outstanding during the year	<u>58,627,722</u>	<u>58,627,722</u>
	(Rupees)	
Basic (loss) / earnings per share	<u>(9.17)</u>	<u>12.13</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

32 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest unaudited financial statements of the Fund for the half year ended December 31, 2017:

	2017	2016
	(Rupees in '000)	
Size of the fund - Total assets	<u>24,927</u>	<u>20,269</u>
Cost of investments made	<u>24,873</u>	<u>20,196</u>
Percentage of investments made	<u>99.78%</u>	<u>99.64%</u>
Fair value of investments	<u>24,873</u>	<u>20,196</u>

32.1 The break-up of fair value of investments is

	2017	2016
	(Rupees in '000)	(Rupees in '000)
Cash and Bank deposits	<u>24,873</u> <u>100%</u>	<u>20,196</u> <u>100%</u>

The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2017 and 2016 respectively are as follows:

	2017	2016
	No of employees	
Average number of employees during the year	<u>15</u>	<u>16</u>
Number of employees as at December 31	<u>15</u>	<u>16</u>

34 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. There were no significant reclassifications / restatements during the year.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 19, 2018 by the Board of Directors of the Company.

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

PATTERN OF SHAREHOLDING

As at December 31, 2017

Disclosure Requirement under the Code of Corporate Governance

S. No.	Categories of Shareholders	Share held	Percentage
1	Directors & CEO (including holding of their spouses and minor children) Hussain Dawood Kulsum Dawood	5,108,356 4,688,356 420,000	8.71
2	Associated Companies, undertakings and related parties. Dawood Corporation (Pvt) Limited Dawood Industries (Pvt) Limited Pebbles (Pvt) Limited Asian Co-operative Society Limited Trustee-Hajiani Hanifa Bai Memorial Society	39,262,826 36,364,680 3,433 1,564,383 513,330 817,000	66.97
3	NIT & ICP Investment Corporation of Pakistan IDBL (ICP Unit)	570 40 530	-
4	Banks Development Financial Institutions, Non Banking Financial Institutions. United Bank Limited Union Bank Limited Habib Bank Limited	22,042 2,233 18,388 1,421	0.04
5	Insurance Companies Reliance Insurance Company Limited	21,658 21,658	0.04
6	Modarabas and Mutual Funds Growth Mutual Funds Limited	1,194 1,194	-
7	Public Sector Companies and Corporation Ghee Corporation of Pakistan Limited Burma Oil Mills Limited Pakistan Industrial Development Corporation	38,805 2,820 7,740 28,245	0.07
8	Others	293,197	0.50
9	General Public a. Local b. Foreign	13,879,074 13,769,165 109,909	23.67
	Total	58,627,722	100.00
	Shareholders holding 5% or more voting rights Dawood Corporation (Pvt) Limited Hussain Dawood	36,364,680 4,688,356	62.03 8.00

PATTERN OF SHAREHOLDING

As at December 31, 2017

No. of Shareholders	Shareholding Range		Total Shares held
	From	To	
324	1	100	6,608
346	101	500	147,510
321	501	1000	301,926
526	1001	5000	1,376,031
135	5001	10000	1,034,284
48	10001	15000	603,746
26	15001	20000	473,743
20	20001	25000	445,434
17	25001	30000	482,583
10	30001	35000	324,250
10	35001	40000	383,522
3	40001	45000	125,336
5	45001	50000	246,701
3	50001	55000	156,963
4	55001	60000	238,058
5	65001	70000	337,949
2	70001	75000	140,653
2	75001	80000	156,704
3	80001	85000	245,813
1	85001	90000	88,500
2	90001	95000	186,132
2	100001	105000	207,200
1	105001	110000	106,059
1	110001	115000	112,486
1	120001	125000	124,000
1	170001	175000	172,071
1	190001	195000	190,500
1	415001	420000	420,000
1	495001	500000	500,000
1	510001	515000	513,330
1	815001	820000	817,000
1	1560001	1565000	1,564,383
1	1775001	1780000	1,777,603
1	1780001	1785000	1,780,097
1	1785001	1790000	1,787,511
1	4685001	4690000	4,688,356
1	36360001	36365000	36,364,680
1,830			58,627,722

PATTERN OF SHAREHOLDING

As at December 31, 2017

S.No.	Caegories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
1	Banks Development Financial Institutions, Non Banking Financial Institutions.	3	22,042	0.04
2	Insurance Companies	1	21,658	0.04
3	Directors, Chief Executive Officer and their spouse and minor children	3	5,108,356	8.71
4	Associated Companies, undertaking and related parties	5	39,262,826	66.97
5	NIT & ICP	2	570	-
6	Modarbas and Mutual Funds	1	1,194	-
7	Public Sector Companies and Corporation	3	38,805	0.07
8	Foreign Investors	3	109,909	0.19
9	Others	19	293,197	0.50
10	Individuals	1,790	13,769,165	23.48
		1,830	58,627,722	100.00

GLOSSARY

Abbreviation	Description
AuM	Assets under Management
AGM	Annual General Meeting
BOD	Board of Directors
BIC	Board Investment Committee
BAC	Board Audit Committee
BHR & RC	Board HR & Remuneration Committee
CEO	Chief Executive Officer
CS	Company Secretary
CFO	Chief Financial Officer
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 17	Calendar Year 2017
CPI	Consumer Price Index
CYTD	Calendar year to date
CSR	Corporate Social Responsibility
CCG	Code of Corporate Governance
DH Group	Dawood Hercules Group
DR	Discount Rate
DFI	Development Financial Institution
EBITDA	Earnings before interest, taxes, depreciation and amortization
EFF	Extended Fund Facility
EU GSP	European Generalised System of Preferences
EPS/(LPS)	Earnings per share/(Loss per share)
Ext. Hardrive	External hardrive
FY 17	Fiscal Year 2017
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource
1HFY17	First Half Year 2017
2HCY 17	Second Half Calendar Year 2017
IA & C	Internal Audit and Compliance
Info.	Information
IPO	Initial Public Offering
Incl	Including
IMF	International Monetary Fund
ICH	International Clearing House
IFRS	International Financial Reporting Standards
IBNR	Incurred but not reported
IFAC	International Federation of Accountants

Abbreviation	Description
IAS	International Accounting Standards
KG	Kilo Grams
KPK	Khyber Pakhtunkhwa
Labs	Laboratories
LSM	Large Scale Manufacturing
LBT	Loss before tax
MIC	Management Investment Committee
Mgmt.	Management
NTN	National Tax Number
NBFI	Non-Bank Financial Institution
NIT	National Investment Trust
PkR	Pakistani Rupee
P/E	Price Earnings Ratio
PAT/(LAT)	Profit after tax/(Loss after tax)
PBT	Profit before tax
SME	Small and medium enterprises
SOEs	State Owned Enterprise
TOR	Terms of Reference
YoY	Year-over-year
5yr	Five years

ڈائریکٹرز ہیں۔

ملکیت

31 دسمبر 2017 تک کمپنی کے ریکارڈ پر حصص یافتگان کی تعداد 1,830 تھی۔

حصص یافتگی کی ساخت

31 دسمبر 2017 تک کمپنی کی حصص یافتگی کی ساخت بمعہ ضروری معلومات اس رپورٹ کے اختتام پر دستیاب ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے اہل ہونے کے باعث 58 ویں سالانہ اجلاس عام میں اپنی تقرری کی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے میسرز اے ایف فرگوسن اینڈ کمپنی کی بطور قانونی آڈیٹرز تقرری کی تجویز پیش کی ہے۔ بورڈ نے اس تجویز کی توثیق کردی ہے۔

عملی کارکردگی اور مالیات کی اہم معلومات

گزشتہ نو سال بشمول زیر جائزہ سال کی عملی کارکردگی اور مالیات کی اہم معلومات کا مختصر بیان اس رپورٹ میں شامل ہے۔

مستقبل کے آثار کی معلومات

پاک چین اقتصادی راہداری (CPEC) کا خواب اب ایک حقیقت بن کر سامنے آ رہا ہے اور اس کے ساتھ ہی پاکستانی معیشت بھی بہتری کی راہ پر گامزن ہے، جس کے باعث پاکستان عالمی توجہ کا مرکز بن چکا ہے۔ کاروباری برادری اور بحیثیت مجموعی معاشی سرگرمی کے حوالے سے آثار خوش آئند ہیں۔ کمپنی سرگرمی سے پورٹ فولیو مینجمنٹ اور کارپوریٹ فنانس ایڈوائزری بزنس کر رہی ہے اور آئندہ آثار مثبت نظر آتے ہیں۔ مینجمنٹ ٹیم اپنے سی ای او کی قیادت میں اپنے حصص یافتگان کو بہترین رسک ایڈجسٹ منافع فراہم کرنے کے لئے پرعزم ہے۔

اظہار تشکر

ہم اپنے تمام شریکانِ کار، بالخصوص اپنے قابلِ قدر سرمایہ کاران کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر اعتماد کیا اور اس کے ساتھ ہی مینجمنٹ ٹیم کے غیر متزلزل وابستگی اور انتھک محنت کے لئے ان کی کاوشوں کو سراہتے ہیں۔ بورڈ سیکریٹریز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کو بھی ان کے تعاون اور رہنمائی کے لئے خراج تحسین پیش کرتا ہے۔

منجانب بورڈ

حسن رضا الرحیم

چیئر مین

کراچی: 19 فروری، 2018

سلیمان الیس مہدی

سی ای او



ضابطہ اخلاق

دوران سال، بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لئے ایک ضابطہ اخلاق اختیار کیا ہے اور کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق اسے تمام ممبران کے درمیان تقسیم کیا گیا ہے۔ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی جاری کیا گیا ہے۔

کاروباری اور مالیاتی رپورٹنگ کا دائرہ کار

(a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی حسابات کمپنی کے حالات، عمل کاری کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کا راست جائزہ پیش کرتے ہیں۔

(b) کمپنی نے کمپنیز آرڈیننس 1984 کی ضروریات کے مطابق کھاتوں کی کتابیں باقاعدہ طور پر مرتب کی ہیں۔

(c) کمپنی نے مالیاتی حسابات کی تیاری میں مستقل اور موزوں اکاؤنٹنگ پالیسیاں اختیار کی ہیں۔ دوران سال اس میں جہاں بھی تبدیلیاں کی گئیں انہیں مناسب انداز سے ظاہر کیا گیا ہے اور اکاؤنٹنگ تخمینے محتاط اور معقول تجزیات کی بنیاد پر مکمل کئے گئے ہیں۔

(d) مالیاتی حسابات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسے کہ پاکستان میں قابل اطلاق ہیں، کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔

(e) انٹرئل کنٹرول کا نظام مستحکم ہے اور اس کی موثر انداز سے جانچ اور اطلاق کو یقینی بنایا گیا ہے۔

(f) کمپنی کی بنیادیں مضبوط ہیں اور اس میں بغیر کسی غیر یقینی صورت حال کے معمول کے انداز سے کارگزاری رہنے کی صلاحیت موجود ہے۔

(g) کمپنی نے پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقہ کار پر عمل درآمد کیا ہے اور اس سے کسی بھی قسم کا مادی انحراف نہیں ہے۔

(h) ٹیکسز، ڈیوٹیز، محصولات اور چارجز کی مد میں کسی بھی طرح کی مالی ادائیگیاں واجب الادا نہیں ہیں سوائے ان کے جو عمومی کاروبار میں ہیں اور مالیاتی نکات میں انہیں بیان کیا گیا ہے۔

(i) کمپنی کے پاس موجود پروویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون 2017 تک 23.07 ملین ہے۔

(j) ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات یا نابالغ بچوں کی جانب سے اس سال حصص کی کوئی تجارت نہیں کی گئی۔

(k) کمپنی کے تمام ڈائریکٹرز SECP کی تصدیقات کے مطابق منظور کردہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفائیڈ

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
6	6	کامران نشاط (چیئر مین)
2	-	غیاث الدین خان (ممبر)*
3	2	حسن رضا الرحیم (ممبر)**
4	4	انعام الرحمن (ممبر)
6	6	شفیق احمد (ممبر)

* 29 مارچ، 2017 کو مستعفی ہو گئے

** بورڈ آف ڈائریکٹرز کے چیئر مین بن گئے

بورڈ انویسٹمنٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
1	1	حسن رضا الرحیم (چیئر مین)
1	1	انعام الرحمن (ممبر)
1	1	شفیق احمد (ممبر)

بورڈ HR اور مشاہرہ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
4	4	حسن رضا الرحیم (ممبر/چیئر مین)
1	-	غیاث الدین خان (چیئر مین/ممبر)*
3	3	انعام الرحمن (ممبر)
4	4	کامران نشاط (ممبر)

* 29 مارچ، 2017 سے مستعفی ہو گئے



استغنیٰ کے باعث دو اسامیاں خالی ہوئیں، بورڈ بطور ممبران ان کی لگن، وابستگی اور قابلِ قدر خدمات کے لئے ان کو باقاعدہ خراج تحسین پیش کرتا ہے، بورڈ جناب انعام الرحمن اور جناب فیصل ندیم کو بھی خوش آمدید کہتا ہے جنہوں نے جانے والے ڈائریکٹرز کی جگہ بورڈ میں شمولیت اختیار کی ہے۔

بورڈ آف ڈائریکٹرز کے ممبران کے درمیان مفادات کا تصادم

کسی قسم کے مفادات کے تصادم کو قانون کی شکوہ اور SECP اور پاکستان اسٹاک ایکسچینج کے قواعد و ضوابط کے مطابق منظم کیا جاتا ہے۔

CEO کی کارکردگی کا جائزہ

چیف ایگزیکٹو آفیسر (CEO) کی تعیناتی تین سال کی مدت کے لئے بورڈ آف ڈائریکٹرز کی جانب سے کی جاتی ہے۔ اس سال، CYAN لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 21 اگست، 2017 میں جناب سلیمان الیس مہدی کو 26 اگست، 2017 سے تین سال کی مدت کے لئے کمپنی کے چیف ایگزیکٹو آفیسر کے طور پر دوبارہ منتخب کیا ہے۔

ہر سال بورڈ پہلے سے متعین کردہ عملیاتی اور ترویجی مقاصد کی بنیاد پر سی ای او کی کارکردگی کا جائزہ لیتا ہے۔ بورڈ جائزہ کار کا کردار اختیار کرتے ہوئے سی ای او کو کمپنی کے نظم و نسق، ترویجی فیصلوں اور بورڈ کی پالیسیوں کے اطلاق اور کمپنی کا رخ متعین کرنے کی مکمل آزادی فراہم کرتا ہے۔

ڈائریکٹرز کی تربیت کے پروگرام

تمام سات ڈائریکٹرز کم از کم 14 سالہ تعلیم کے حامل ہیں۔ تمام ڈائریکٹرز نے پاکستان اسٹاک ایکسچینج کے دستور میں موجود کوڈ آف کارپوریٹ گورننس میں بیان کردہ ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لی ہے۔

کمپنی کے ریکارڈز کی حفاظت

مالیاتی لین دین کے ریکارڈ اور معلومات رکھنے کے لئے انفارمیشن ٹیکنالوجی پر بڑھتے ہوئے انحصار کے باعث، مالیاتی ریکارڈز کی حفاظت کے لئے انفارمیشن ٹیکنالوجی کے آلات پر مناسب توجہ دی جاتی ہے۔ ہم نے کلاؤڈ سروسز استعمال کرتے ہوئے مالیاتی اور معاون ریکارڈز کو

محفوظ کیا ہے جس سے متعلقہ دستاویزات کی بروقت اور آسان بازیگری ممکن ہوگئی ہے۔ دستاویزات کی حفاظت کو یقینی بنانے کے لئے، کمپنی نے ڈیٹا کی کال نامی تنظیم کی خدمات حاصل کی ہیں، یہ ادارہ جدید ترین طرز پر تیار کی گئی فیسلیٹی پر دستاویزات کو سر بمہر بکس میں مرتب رکھنے کے فرائض انجام دیتا ہے۔ اس مقام پر ہر بکس اور کیبنٹ بار کوڈڈ ہے جس سے بھرپور اور موثر تلاش میں مدد ملتی ہے۔

بورڈ کے اجلاس

زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے اور ان تمام کی صدارت چیئرمین نے کی۔ پاکستان اسٹاک ایکسچینج کی دستور کی کتاب میں موجود کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق چیف فنانشل آفیسر اور کمپنی سیکریٹری نے بھی ان تمام مجالس میں شرکت کی۔ ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

حاضری کی تعداد	منعقدہ اجلاس کی تعداد	
4	5	حسن رضا الرحیم (چیئرمین/ڈائریکٹر)
3	5	کلثوم داؤد (ڈائریکٹر)
5	5	سلیمان الیس مہدی (سی ای او/ڈائریکٹر)
4	5	کامران نشاط (ڈائریکٹر)
4	5	شفیق احمد (ڈائریکٹر)
1	1	شہزادہ داؤد (ڈائریکٹر/چیئرمین)*
4	4	انعام الرحمن (ڈائریکٹر)**
-	1	غیاث الدین خان (ڈائریکٹر)**
4	4	فیصل ندیم (ڈائریکٹر)*

* فیصل ندیم کو 12 اپریل، 2017 کو شہزادہ داؤد کی جگہ سیان لمیٹڈ کے بورڈ میں بطور ڈائریکٹر مقرر کیا گیا۔

** انعام الرحمن کو 29 مارچ، 2017 کو غیاث الدین خان کی جگہ سیان لمیٹڈ کے بورڈ میں بطور ڈائریکٹر مقرر کیا گیا۔

بورڈ آڈٹ کمیٹی کے اجلاس



بچوں کی فلاح و بہبود

ثقافتی ورثہ کا تحفظ

امدادی سرگرمیاں

توانائی کی بچت

کمپنی کی جانب سے توانائی کی بچت کے اقدامات میں کمپنی کے تمام مقامات پر انرجی سیورز کا استعمال اور جہاں تک ممکن ہو امدادی توانائی اور آلات کی بندش شامل ہیں۔

پیشہ ورانہ صحت، تحفظ اور ماحول کی حفاظت

ہم اپنے کاروبار میں صحت، تحفظ اور ماحول کے شعبوں میں امتیاز کے حصول کے لئے پرعزم ہیں۔ Cyan کام کے لئے ایک محفوظ ماحول برقرار رکھتی ہے اور اپنے عملے اور حصہ داران کی صحت اور بہبود کی ذمہ دار ہے۔ تقرری کے وقت تمام نئے ملازمین کو ایک لازمی میڈیکل چیک اپ اور ٹیسٹ کے عمل سے گزارا جاتا ہے۔

سماجی تعاون اور فلاح و بہبود کی اسکیمیں

سماجی بہبود میں مسلسل تعاون سیان لمیٹڈ کی CSR پالیسی کا ایک اہم عنصر ہے۔ کمپنی کمیونٹی کے ساتھ ایسے طریقے سے کام کرنے کے لئے پرعزم ہے جس سے ضرورت مند افراد کی زندگیوں پر مثبت اور دیرپا اثرات مرتب ہوں۔

کاروباری مراسم

کاروباری مراسم استعداد، پیداواریت اور مناسب کام کے فروغ میں مدد دیتے ہیں۔ سرمایہ کاران کے ساتھ شراکت کارانہ اور باہمی احترام پر مبنی تعلقات اور اضافی تعاون پیداواریت اور باہمی اعتماد میں اضافہ کرتے ہیں جس سے ناپسندیدگی اور استحصال میں کمی آتی ہے۔

ملازمت برائے خصوصی افراد

ایک ذمہ دار آجری حیثیت سے CYAN خصوصی افراد کے لئے ملازمت کے مواقع پیدا کرنے میں خاص دلچسپی رکھتی ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

کاروبار کو ایمانداری، دیانتداری اور اعلیٰ ترین اخلاقی اور قانونی معیارات کے مطابق چلانا کمپنی کی اساسی پالیسی ہے۔ کسی بھی قسم کے غیر اخلاقی رویوں کی ہمارے کاروبار میں کوئی گنجائش نہیں ہے۔ تمام ملازمین کو ہمیشہ کمپنی کے حصص یافتگان کے مفاد کے لئے کام کرنا چاہئے اور کسی بھی ملازم کو نہ تو کوئی غیر قانونی و غیر اخلاقی کام خود کرنا چاہئے اور نہ ہی کسی دوسرے ملازم کو اس کی ہدایت اور ترغیب دینی چاہئے۔

کمپنی نے اپنا ضابطہ اخلاق تمام ڈائریکٹرز اور ملازمین کو فراہم کر دیا ہے اور اسے اپنی ویب سائٹ پر بھی جاری کر دیا ہے۔

قومی خزانے کو حصہ

Cyan نے سال 2017 کے دوران ٹیکسوں کی شکل میں قومی خزانے میں 37.67 ملین روپے کا خاصا بڑا حصہ ڈالا ہے۔

کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 27 دسمبر 2017 کو سیان لمیٹڈ (CL) کی اینٹیٹی ریٹنگ A/A-1 (A/A-one) کی دوبارہ توثیق کی ہے۔ ریٹنگ کے آثار ”مستحکم“ ہیں۔

متعلقہ فریقین سے لین دین

اس سال کے دوران شریک کار کمپنیوں/متعلقہ فریقین سے کی جانے والی تمام تر لین دین بورڈ کی آڈٹ کمیٹی کی جانب سے تجویز کردہ اور کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ تھی۔ متعلقہ پارٹیوں سے تمام لین دین مناسب فاصلے کی بنیاد پر کیا گیا۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے۔

بورڈ میں تبدیلیاں

28 اپریل، 2017 کو منعقد ہونے والے بورڈ آف ڈائریکٹرز کے انتخابات سے قبل جناب غیاث الدین خان اور جناب شہزادہ داؤد کے



حصہ داران کے ساتھ تعلقات

کمپنی کو تمام حصہ داران بشمول حصص یافتگان، ملازمین، قرض دہندگان، مقامی آبادیوں اور دیگر کے حقوق کا بخوبی ادراک ہے اور کمپنی ان کا احترام کرتی ہے۔ کمپنی، اپنے ہر اجلاس عام میں حصص یافتگان کی بھرپور شرکت کی حوصلہ افزائی کرتی ہے اور بہتر انتظام کاری اور عملیاتی انتظام سے متعلق ان کے خیالات کی قدر کرتی ہے۔ کمپنی جہاں بھی کام کرتی ہے اپنے حصہ داران کے متعلق اپنی قانونی اور اصلاحی ذمہ داریوں سے بخوبی آگاہ ہے اور کمپنی سے وابستہ ان کے مفادات کے حقیقت پسندانہ منظر کو سامنے رکھتے ہوئے ان کی توقعات پر بروقت پورا اترنے کے لئے مناسب اقدامات کرتی ہے۔

تمام حصص یافتگان کی میٹنگ کے لئے ایک تفصیلی جائزہ کیا گیا تاکہ انہیں کمپنی کی مجموعی کارکردگی میں قدم بہ قدم ساتھ رکھا جائے۔

انفارمیشن ٹیکنالوجی

ہم اس بات پر پختہ یقین رکھتے ہیں کہ کسی بھی کاروبار کی ترقی میں انفارمیشن ٹیکنالوجی کا کردار نہایت اہم ہے۔ بہتر مارکیٹ انفراسٹرکچر کے حصول اور رسک کنٹرول کے لئے موزوں طریقوں کی تشکیل کے لئے انفارمیشن ٹیکنالوجی کا کردار مسلمہ ہے۔ اس کے ساتھ ساتھ دیگر بنیادی ایپلی کیشنز کے اطلاق کے لئے اہم پیش رفت کی گئی ہے جیسے کہ ہیومن ریسورس مینجمنٹ، رسک مینجمنٹ، انٹرپرائز جنرل لیجر اور فکسڈ ایسٹس موڈیول وغیرہ۔ مندرجہ بالا موڈیولز کے اطلاق کے باعث کمپنی کے متعلقہ شعبے کی عمل کار صلاحیتوں میں بہتری آئی ہے اور یہ پیش رفت انٹرئل کنٹرول اور موثر مینجمنٹ سسٹم کی بہتری میں معاون ثابت ہوگی۔

ہیومن ریسورسز ڈویلپمنٹ، ٹریننگ اور سکسیشن پلاننگ

کمپنی میں آگے آنے والے چیلنجز سے نمٹنے کے لئے تجربہ کار اور قابل افراد کو ملازمت فراہم کی جاتی ہے۔ کمپنی اپنی ٹیم کو مزید مضبوط کرنے کی منصوبہ بندی کر رہی ہے، ملازمین کی کارکردگی کی جانچ کے لئے جائزے اور پنچ مارک سروے کا استعمال کرتے ہوئے ادارے کی تنظیمی ساخت اور تاثر کو مزید مستحکم کیا جاتا ہے۔

عملے کی تربیت کا عمل پورا سال تسلسل سے جاری رہتا ہے جس کی بنیاد تربیت کی ضروریات کی تشخیص بالخصوص معلومات اور مہارتوں میں اضافے کے شعبہ جات پر استوار ہوتی ہے۔ تربیت اور ہیومن ریسورسز ڈویلپمنٹ ہمیشہ کمپنی کے لئے نہایت اہمیت کے حامل رہے ہیں۔

کمپنی میں HR کے رہنما اصول اس طریقے سے وضع کئے گئے ہیں جو ہمیشہ عملے کے ارکان کو معقول معاوضے، حوصلہ افزائی کا احساس اور ترغیب فراہم کرتے ہیں۔

ادارہ نہ صرف بہترین صلاحیتوں کے حامل افراد کو شامل کرتا ہے بلکہ مستقبل میں قائدانہ کردار کے لئے ان کی صلاحیتوں میں نکھار اور ارتقا پیدا کرتی ہے۔ کمپنی اپنے ملازمین کو آزمائشی مواقع فراہم کر کے انہیں باصلاحیت بنانے پر یقین رکھتی ہے تاکہ ان کی استعداد میں اضافہ اور صلاحیتوں میں بہتری لائی جائے۔ واضح فرائض منصبی اور ملازمت کی تصریحات متعین کی جاتی ہیں جن کی بنیاد پر کمپنی کے حساس اور نہایت اہم عہدوں کے لئے سکسیشن کا منصوبہ تیار کیا جاتا ہے۔

انٹرئل کنٹرول

انٹرئل کنٹرول کے لائحہ عمل کا اطلاق بورڈ کی جانب سے قائم کردہ ایک خود مختار اندرونی انٹرئل آڈٹ فنکشن کے ذریعے موثر انداز سے کیا گیا ہے جو ایکسٹرنل آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا انٹرئل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس کی فعالیت اور موزونیت کی تسلسل کے ساتھ جانچ کی جاتی ہے۔ آڈٹ کمپنی نے آپریشنل، کمپلائنس، رسک مینجمنٹ، فنانشل رپورٹنگ اور کنٹرول کے مقاصد کے حصول اور کمپنی کے تمام تر اثاثوں اور کمپنی کے درمیان ہر سطح پر حصص یافتگان کے سرمائے کی حفاظت کو یقینی بنایا ہے۔ انٹرئل آڈٹ فنکشن نے کمیٹی کے مقرر کردہ منشور کے مطابق اپنے فرائض انجام دیئے ہیں۔ کمپنی نے انٹرئل آڈٹ کے ٹھوس نتائج کا جائزہ لیا ہے اور مناسب اقدامات کئے ہیں یا جہاں ضرورت ہو معاملات کو بورڈ کے سامنے پیش کیا ہے۔ ایکسٹرنل اور انٹرئل آڈیٹرز کے درمیان ہم آہنگی کو آسان بنایا گیا تاکہ استعداد کار اور کمپنی کے مقاصد، بشمول ایک قابل اعتبار مالیاتی رپورٹنگ نظام کے قیام اور قواعد و ضوابط سے مطابقت کو یقینی بنایا جائے۔

کارپوریٹ سماجی ذمہ داری (CSR)

پائیدار اور قابل اعتماد ترقی کے لئے نہ صرف کاروباری اداروں کو مقامی قوانین کے ذریعے پابند کیا گیا ہے بلکہ اس سے بڑھ کر یہ ایک اخلاقی ذمہ داری ہے جس پر اس کی پوری روح کے مطابق پیروی اور عمل درآمد کیا جانا چاہئے۔ Cyan اس بات پر پختہ یقین رکھتی ہے کہ اس کی مالی کامیابی کے لئے اس کی ماحولیاتی اور سماجی کارکردگی میں اضافہ ناگزیر ہے۔ کمپنی ہمیشہ مہارت، بہتر تنظیم، شفافیت، دیانتداری اور احتساب کی روایات پر زور دیتی ہے۔ ہم نے اپنا CSR پروگرام درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے جاری رکھا ہوا ہے:

تعلیم

علاج معالجہ

سماجی بہبود



منی مارکیٹ فنڈز سے متعارف ہے۔

مارکیٹ رسک

مارکیٹ رسک کا مطلب مارکیٹ کی قیمتوں جیسے کہ غیر ملکی زرمبادلہ کی شرح، شرح سود اور ایکویٹی کی قیمتوں میں تبدیلی کا خطرہ ہے جو کمپنی کی آمدنی یا ان کے مالیاتی ذرائع کی ملکیت کی قدر پر اثر انداز ہو سکتا ہے۔ مارکیٹ رسک مینجمنٹ کا مقصد منافع میں اضافہ کے ساتھ قابل قبول گنجائش کے اندر رہتے ہوئے مارکیٹ رسک ایکسپوزر کی تنظیم اور اس پر قابو پانا ہے تاہم کمپنی کو شرح سود اور ایکویٹی پرائس رسک کا سامنا ہے۔

کمپنی کو اس کی سرمایہ کاریوں، طویل مدتی قرضوں، قلیل مدتی ڈپازٹس اور بینک بیلنسز میں مارکیٹ رسک کا سامنا ہے۔ کمپنی ایک متنوع پورٹ فولیو کے قیام اور ایکویٹی مارکیٹ میں پیش رفت کی مسلسل نگرانی کے ذریعے مارکیٹ رسک کو محدود کرتی ہے۔ کمپنی کی کاروباری سرگرمیوں کے متعلقہ مارکیٹ رسک میں شرح سود کا رسک اور قیمتوں کا رسک شامل ہے کمپنی کو میٹرل کرنسی رسک کا سامنا نہیں ہے۔

انفرسٹ ریٹ رسک (شرح سود کے خطرات)

شرح سود کے خطرات سے مراد مارکیٹ کی شرح سود میں تبدیلیوں کے باعث کسی مالی ذریعے کے مستقبل کے کیش فلو (Cash Flow) کی راست قدر میں اتار چڑھاؤ ہے۔ چونکہ منی مارکیٹ میوچل فنڈز میں کمپنی کا معقول ایکسپوزر ہے لہذا اسے شرح سود کے خطرات کا بھی سامنا ہوتا ہے، تاہم اس خطرہ کو ان فنڈز میں 90 دن سے کم مدت کے لئے سرمایہ کاریوں کے ذریعے محدود کر لیا جاتا ہے۔

ایکویٹی پرائس رسک

کمپنی کو اس کی ملکیت میں موجود سرمایہ کاریوں اور مالیاتی حالات کے بیان میں بطور برائے فروخت درجہ بندی اور نفع اور نقصان کے ذریعے راست قدر پر ایکویٹی پرائس رسک کا سامنا ہو سکتا ہے۔ ایکویٹی سکیورٹیز میں سرمایہ کاریوں سے پیدا ہونے والے پرائس رسک کا انتظام کرنے کے لئے کمپنی اپنے پورٹ فولیو کو موزوں اسٹاکس کے درمیان متنوع بناتی ہے۔

فارن کرنسی رسک

کمپنی کو غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ سے مادی طور پر کوئی رسک نہیں ہے۔

چلایا جاتا ہے جو پیشگی منصوبے تیار کرتی ہے اور کمپنی کی نقدی کی ضروریات کی مسلسل نگرانی کرتی ہے۔ نقدی اور دیگر نقد اثاثوں، بشمول سرمایہ کاریوں کے داخلی اور خارجی بہاؤ کا انتظام خالص تسویہ شدہ منافع کی بنیاد پر کیا جاتا ہے۔ کمپنی کے پاس 3,000 ملین روپے کی رنگ فنانس فیسلٹی بھی موجود ہے جسے اس سال جزوی طور پر استعمال کیا گیا اور جیسے اور جہاں کوئی سرمایہ کاری کا موقع پیدا ہوگا، اسے استعمال کیا جائے گا۔

سرمائے کی ترتیب

گزشتہ سالوں میں کمپنی نے بونس حصص جاری کئے جس سے کمپنی کا ادا شدہ سرمایہ بڑھ کر 586.28 ملین روپے ہو گیا۔ سال کے اختتام تک حصص یافتگان کی رقم 2,270 ملین روپے تھیں، کمپنی کی لکویڈیٹی کی صورت حال سال کے اختتام تک 9 کے حالیہ تناسب کے ساتھ مستحکم ہے۔

رسک مینجمنٹ اور رسک کی تخفیف کے لئے حکمت عملی

کمپنی کم مدتی سرمایہ کاریوں کے پورٹ فولیو کا بھی انتظام کرتی ہے جو جامع مالیاتی جائزے کے بعد ترتیب دیا جاتا ہے۔ قلیل مدتی سرمایہ کاریوں میں کریڈٹ رسک کو حکومتی سکیورٹیز اور اعلیٰ درجے کے منی مارکیٹ میوچل فنڈز کے درمیان تنوع کے ذریعے کم کیا جاتا ہے۔ قلیل مدتی سرمایہ کاریوں میں اچھی مالی حالت کی حامل پبلک ایکویٹیز اور اعلیٰ درجے کے منی مارکیٹ میوچل فنڈز شامل ہیں۔

کریڈٹ رسک

کریڈٹ رسک فریق ثانی کے معاہدے کے مطابق کارکردگی دکھانے میں ناکامی کے نقصان کی عکاسی کرتا ہے۔ کمپنی کا کریڈٹ رسک خاص طور پر بینک کے ساتھ ڈپازٹس، ملازمین کو دیئے گئے قرضوں، میوچل فنڈز میں سرمایہ کاریوں اور تجارت اور دیگر قابل حصولی اثاثہ جات سے پیدا ہوتا ہے۔ بینکوں اور مالیاتی اداروں کے لئے انتظامیہ معروف اداروں کے ساتھ ڈپازٹس رکھتی ہے۔ میوچل فنڈز میں سرمایہ کاری کے لئے انتظامیہ اعلیٰ درجے کے میوچل فنڈز میں اضافی فنڈز رکھتی ہے۔ قابل وصولی ڈیویڈنڈ کے سلسلے میں کریڈٹ رسک قانونی تحفظ کے باعث انتہائی کم ہے۔ لٹسیکیو رٹیز میں ٹرانزیکشنز نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ کا نظام استعمال کرتے ہوئے ترسیل کے بعد تعین/ادا کی جاتی ہیں۔ ان ٹرانزیکشنز میں نادہنگی کا خطرہ اس معاملے میں اٹھائے جانے والے بنیادی طور پر موجود منظم اقدامات کے باعث کم تصور کیا جاتا ہے۔ مزید برآں، میوچل فنڈز میں سرمایہ کاریوں کا خطرہ بھی نہایت کم ہے کیونکہ کمپنی معقول حد تک اعلیٰ درجے کے



مالیاتی چارجز	(15)	(13)	(15%)
(خسارہ)/منافع قبل از ٹیکس	(536)	734	(173%)
ٹیکس	(2)	(23)	91%
(خسارہ)/منافع بعد از ٹیکس	(538)	711	(176%)
(خسارہ)/آمدنی فی حصص - روپے	(9.17)	12.13	(176%)

فی حصص (خسارہ)/آمدنی

اس سال کمپنی کا فی حصص خسارہ 9.17 روپے رہا جو 2016 میں 12.13 روپے فی حصص آمدنی تھی۔

تخصیص اور ڈیویڈنڈ

31 دسمبر، 2017 کو ختم ہونے والے سال کے لئے کمپنی کا بعد از ٹیکس خسارہ 538 ملین روپے رہا جبکہ گزشتہ سال کمپنی نے 711 ملین

روپے کا بعد از ٹیکس منافع حاصل کیا تھا۔

خسارے کے باعث کمپنی نے ڈیویڈنڈ کا اعلان نہیں کیا۔

مقاصد اور کاروباری حکمت عملی

کمپنی کی گزشتہ پانچ سال کی مستحکم اور تسلی بخش کارکردگی کی بنیاد ہمارے کاروباری مقاصد کے حصول پر ہے۔ ہم اچھے اثاثہ جات کے معیار رپورٹ فولیو میں اضافے اور ذرائع آمدنی کے ایک متنوع مجموعے کے ذریعے کمپنی کو مضبوط بنیادوں پر استوار کرنے کے مقصد پر کاربند ہیں۔ ہماری کاروباری حکمت عملی کے بنیادی عناصر میں دستیاب ریسورسز کو مؤثر انداز سے کام میں لانا اور متعلقہ رسک کا بندوبست اور اس میں تخفیف کرتے ہوئے منافع میں ہر ممکن اضافہ کرنا شامل ہیں۔

لکویڈیٹی، نقدی کا بہاؤ اور مالیاتی انتظامات

کمپنی نقدی کے انتظام (Cash Management) کے ایک مؤثر نظام کی حامل ہے جو پر عزم اور اہل ملازمین کی ٹیم کے ذریعے

کمپنی کی کارکردگی

اس سال کمپنی نے پبلک ایکویٹیز کی جانب اپنا ایکسپوزر 98% (اوسطاً) برقرار رکھا جبکہ 2% میوچل فنڈز اور حکومتی سیکورٹیز کے لئے متعین کیا۔ ایکویٹی ایکسپوزر بنیادی میکرو اکنامک اشاروں میں مجموعی بہتری، بالخصوص زر مبادلہ کے ذخائر اور مفرد اعداد میں افراط زر کی بنیاد پر متعین کیا گیا۔

زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاریوں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو کو دوبارہ ترتیب دیا گیا۔ اس مقصد کے لئے ٹیکسٹائل کمپوزٹ، پاور کی پیداوار اور تقسیم، پینکس، آئل اینڈ گیس مارکیٹنگ کمپنیز اور انجینئرنگ کے شعبوں میں بھاری سرمایہ کاریاں کی گئیں۔ ہمارے ایکویٹی پورٹ فولیو سے ڈیویڈنڈ آمدنی سال 2017 کے دوران 26% کمی کے بعد 147 ملین روپے ہو گئی جبکہ اس کے برعکس سال 2016 میں 199 ملین روپے آمدنی حاصل ہوئی تھی۔ ڈیویڈنڈ آمدنی میں کمی کی بنیادی وجہ HUBCO اور DAWH کی جانب سے کم ڈیویڈنڈ کا اعلان تھی۔ کمپنی نے اس مدت میں 85 ملین روپے کا غیر موصول شدہ نفع (Realized Capital gain) (2016: 259 ملین روپے) اور 677 ملین روپے کا غیر موصول شدہ خسارہ (Unrealized Loss) حاصل کیا جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں 364 ملین روپے کا غیر موصول شدہ نفع حاصل کیا تھا۔

2017 کے دوران، ٹیکس کے بعد خسارہ 538 ملین روپے رہا جبکہ گزشتہ سال 711 ملین روپے کا منافع حاصل کیا گیا تھا۔

31 دسمبر 2017 اور 2016 کو ختم ہونے والے سالوں کے لئے مالیاتی نکات کا مختصر خلاصہ درج ذیل ہے:

روپے ملین میں

	2017	2016	تبدیلی کی شرح
سرمایہ کاریوں پر منافع	150	202	(26%)
سرمایہ کاریوں کی فروخت پر (خسارہ/منافع) خالص	85	259	(67%)
دیگر آمدنی	17	35	(51%)
	252	496	(49%)
غیر موصول شدہ (تخفیف)/اضافہ	(677)	364	(286%)
	(425)	860	(149%)
عمل کاری اور انتظامی اخراجات	(96)	(113)	15%



غیر ملکی زرمبادلہ کے ذخائر میں اضافہ تھا۔ 29 دسمبر 2017 تک نقد غیر ملکی زرمبادلہ کی سطح 20.154 ارب امریکی ڈالر پر برقرار تھی۔ آگے بڑھتے ہوئے توقع کی جاتی ہے کہ 2018 میں سیاسی معاملات پر بڑی حد تک قابو پالیا جائے گا کیوں کہ نئی مدت کے ساتھ قائم ہونے والی نئی حکومت کمزور پڑتے ہوئے معاشی اصلاحات کے پروگرام کا از سر نو آغاز کرے گی۔ کاروباری آمدنی میں اضافے کی رفتار برقرار رہنے کی توقع ہے اور انتخابات کا سال ہونے کے باعث پبلک سیکٹر میں نمایاں اخراجات کی توقع ہے جس سے معاشی ترقی کو مہینے ملے گی۔ باسہولت سیکٹر اکنامک پالیسیوں، سی پیک سے متعلق سرگرمی اور مقامی طور پر توانائی کی فراہمی اور امن و امان کی صورت حال میں مسلسل بہتری کے ثمرات کی بدولت معاشی سرگرمیاں جاری رہنے کی توقعات کے ساتھ مالی سال 2018 میں مجموعی قومی پیداوار (GDP) کی شرح 6% پر رہنے کی توقع ہے۔

گزشتہ سال 45.7% کا حیرت انگیز منافع اور گزشتہ پانچ سال میں 21.82% کا اوسط منافع ظاہر کرنے کے بعد مالی سال 2017 میں KSE-100 انڈیکس 15.35% (20.2% امریکی ڈالر کے اعتبار سے) گراؤ کے بعد 40,471 پوائنٹس پر بند ہوئی۔ سال کا آغاز سرمایہ کاری کے لئے انتہائی خوش آئند انداز سے ہوا جب MSCI نے پاکستان اسٹاک ایکسچینج کو نو سال کے بعد ایمر جنگ مارکیٹس کے درجہ میں شامل کیا، سی پیک کے تحت منصوبوں کا اعلان کیا جا رہا تھا اور وسیع تر صورت حال نسبتاً مستحکم تھی تاہم دوبارہ درجہ بندی کے روز پاکستان اسٹاک ایکسچینج میں سرمایہ داخل ہونے کے بجائے 82 ملین امریکی ڈالر کا اخراج سامنے آیا۔ معاملات اس وقت مزید بدتر ہو گئے جب وسیع تر صورت حال تاریک ہونا شروع ہو گئی، بجٹ مایوس کن رہا اور MSCI میں شمولیت رو بہ زوال ثابت ہوئی۔ اس وقت کے وزیراعظم نواز شریف کی نااہلی اور اس کے بعد پیش آنے والے واقعات بشمول معیشت کو درپیش خدشات بالخصوص بیرونی اکاؤنٹ کے باعث پیدا ہونے والے سیاسی بحران سے سرمایہ کاروں کے رجحان کو دھچکا لگا۔

نتیجتاً اوسط روزانہ حجم میں 236 ملین شیئرز روزانہ (16% سال بہ سال کمی) کے ساتھ اوسط روزانہ حجم میں کمی واقع ہوئی، تاہم اوسط تجارتی قدر بہتر ہو کر 158 ملین امریکی ڈالر روزانہ (13% سال بہ سال اضافہ) ہو گئی۔

2017 میں پاکستان کی MSCI EM انڈیکس میں شمولیت کے بعد توقع کی جا رہی تھی کہ غیر ملکی شرکت میں اضافہ ہوگا تاہم غیر ملکی فروخت کا ایک اور دور شروع ہو گیا۔ جواب تین سال کے عرصے پر محیط ہو چکا ہے۔ اس سال غیر ملکی سرمائے کا اخراج تاریخ میں سب سے زیادہ رہا جب غیر ملکی سرمایہ کاروں نے پاکستان اسٹاک ایکسچینج سے 487 ملین امریکی ڈالر مالیت کا سرمایہ نکالا۔ FIPI کے شعبہ جاتی تجزیے سے ظاہر ہوا کہ زیادہ تر فروخت سیمنٹ (169 ملین امریکی ڈالر)، دیگر شعبہ جات (116 ملین امریکی ڈالر)، کمرشل بینکس (101 ملین امریکی ڈالر) اور پاور کی پیداوار اور تقسیم (51 ملین امریکی ڈالر) کے شعبہ جات میں دیکھنے میں آئی۔

ہم سمجھتے ہیں کہ 2018 میں عام انتخابات کے انعقاد کی وجہ سے سیاسی آہنگ بلند رہنے کی توقع ہے۔ تاہم جمہوری عمل کا تسلسل برقرار رہے

گا اور عام انتخابات وقت پر ہوں گے۔ KSE-100 انڈیکس کا فارورڈ P/E ملٹی پل 9.6x ہے، جو علاقائی مارکیٹس کے مقابلے میں نمایاں ڈسکاؤنٹ کی عکاسی کرتا ہے جو 13.8x کے اوسط P/E ملٹی پل پر تجارت کر رہی ہیں۔ نئے IMF پروگرام میں شمولیت اور پاکستانی روپے کی بڑھتی ہوئی گراؤ بیرونی سرمائے کے منتظمین کے اعتماد کی بحالی کا باعث ہوگی، جو پاکستان اسٹاک ایکسچینج کی ایمر جنگ مارکیٹ انڈیکس میں شمولیت کے بعد سے اب تک کوئی معنی خیز کردار ادا نہیں کر پائے ہیں۔ لہذا توقع کی جا رہی ہے کہ 2018 میں KSE-100 انڈیکس کا منافع دوہرے ہندسوں میں ظاہر ہوگا۔

شعبہ جاتی جائزے

سال 2017 کے دوران تمباکو، کیمیکل، انجینئرنگ، تیل و گیس کی تلاش اور غذائی اشیاء اور ذاتی آرائش کی اشیاء کے شعبہ جات نے KSE-100 انڈیکس میں توقع سے زیادہ کارکردگی کا مظاہرہ کیا۔ تاہم بدترین کارکردگی ظاہر کرنے والے شعبہ جات میں ٹیکسٹائل و یونگ، گلاس اور سرامکس، سیمنٹ، لیڈر اور ٹیگز اور شکر اور متعلقہ اشیاء شامل تھے۔

حجم کے اعتبار سے انڈیکس پر سب سے زیادہ دباؤ سیمنٹ، بینکس، توانائی اور ادویہ سازی کے شعبہ جات میں سامنے آیا جبکہ تیل و گیس کی تلاش اور انجینئرنگ کے شعبہ جات مثبت انداز سے KSE-100 انڈیکس میں معاون ثابت ہوئے۔

حجم کے اعتبار سے ریکارڈ فروخت کے باوجود، سیمنٹ کا شعبہ بڑی حد تک گراؤ کا شکار رہا جس کی وجوہات میں بین الاقوامی سطح پر کونکریٹ کی قیمتوں میں اضافہ، منافعوں میں کمی کے خدشات اور ملک کے بعض حصوں میں سیمنٹ کی قیمتوں میں ہونے والی کمی شامل رہی۔

فیول، آئل سے بجلی کی پیداوار پر پابندی اور کے الیکٹرک لمیٹڈ کے کئی سالوں تک کم ٹیرف کے حکومتی فیصلے سے توانائی کا شعبہ بدستور دباؤ کا شکار رہا۔ پاکستانی روپے کی متوقع گراؤ کی وجہ سے منافعوں میں کمی کے خدشات، ادویہ سازی کے شعبے کی کم کارکردگی کا سبب بنے۔

انڈیکس کے بڑے حجم والے (حبیب بینک لمیٹڈ) میں بھاری غیر ملکی فروخت دیکھنے میں آئی جس کی وجہ اس کی نیویارک برانچ کے قواعد و ضوابط پر پورا اترنے میں ناکامی اور اس کے نتیجے میں ہونے والا 225 ملین امریکی ڈالر جرمانہ تھا، جس سے سرمایہ کاروں کے رجحان کی مزید حوصلہ شکنی ہوئی اور مجموعی طرز پر بینکاری صنعت کو اس کے نتائج بھگتنا پڑے۔

تیل کی پیداوار میں کمی کے لئے اوپیک اور نان اوپیک پروڈیوسرز ایگریمنٹ اور بڑے پیمانے پر تیل پیدا کرنے والے ممالک کے انتشار کے باعث عالمی سطح پر تیل کی بڑھتی ہوئی قیمتیں (30% سال بہ سال اضافہ) بشمول پاکستانی روپے کی گراؤ تیل و گیس کی تلاش کے شعبے کی مستحکم کارکردگی کا باعث بنی۔ استعداد کار میں اضافہ، زیادہ منافعوں کے باعث بہتر آمدنی اور اینٹی ڈمپنگ ڈیوٹیز کے نفاذ کی وجہ سے انجینئرنگ کے شعبہ نے انڈیکس میں بہتر کارکردگی کا مظاہرہ کیا۔

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے 58 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

معیشت کا جائزہ

پاکستانی معیشت نے مالی سال 2017 کے دوران اپنی رفتار میں اضافے کا رجحان برقرار رکھا اور مجموعی ترقیاتی پیداوار (GDP) کی اس دہائی کی بلند ترین سطح 5.3% ریکارڈ کی گئی۔ تاریخ میں پہلی بار پاکستانی معیشت نے 300 ارب امریکی ڈالر کا ہدف عبور کیا۔ اس زبردست اضافے کی بنیادی وجہ خدمات کے شعبے میں 5.9% اور صنعتی شعبے میں 5.0% کی شرح سے ہونے والا اضافہ تھا، جبکہ زرعی شعبے میں 3.5% اضافہ سامنے آیا۔

مالی سال 2017 کے دوران ترقی کا مطلوبہ ہدف 5.7% عبور کرتے ہوئے شعبہ خدمات معاشی ترقی میں اہم عامل ثابت ہوا۔ پیداوار کے لئے امدادی قیمت، زرعی شعبے کو کریڈٹ میں نمایاں اضافے اور بیج اور کھاد جیسے وسائل کی فراہمی کے بہتر انتظامات کے باعث زرعی شعبہ گزشتہ سال کی سست رفتار ترقی کے مقابلے میں 3.5% اضافے کے ساتھ ابھر کر سامنے آیا۔

مالی سال 2017 میں بڑے پیمانے کی پیداوار (LSM) میں اضافہ، مالی سال 2016 کے 3.2% کے مقابلے میں 5.6% سال بہ سال تک پہنچ گیا۔ یہ گزشتہ چار سال کے دوران ریکارڈ کیا جانے والا سب سے زیادہ اضافہ ہے جو بڑے پیمانے کی صنعت کی پیداوار کی ترقی میں بحالی کی عکاسی کرتا ہے۔ مالی سال 2017 میں معیشت میں ہونے والی ترقی کی بڑی وجہ سیمنٹ اور اسٹیل کی صنعت میں 20.5% کا اضافہ اور اس کے ساتھ الیکٹرانکس میں 17%، غذائی اشیاء، مشروبات اور تمباکو میں 11.5%، آٹو موٹائلز میں 11.2% اور ادویہ سازی میں 9.2% کا اضافہ، بجلی اور گیس کی فراہمی میں مسلسل بہتری اور ساتھ ہی نجی شعبہ کو کریڈٹ میں توسیع بڑے پیمانے کی پیداوار کی صنعت کے لئے فائدہ مند ثابت ہوئی۔

دوسری جانب افراط زر کی شرح گزشتہ سال کے 2.9% فیصد کے مقابلے میں مالی سال 2017 میں 4.2% تک پہنچ گئی۔ افراط زر میں اضافہ بین الاقوامی اشیاء صرف بالخصوص تیل کی قیمتوں کے بڑھنے، جیسا کہ Brent تیل کی قیمت 16% سال بہ سال اضافے کے ساتھ 5.9 ڈالر فی بیرل ہو گئی اور بڑھتی ہوئی معاشی سرگرمیوں کے باعث تیل کی مقامی طلب میں اضافے کے باعث ہوا۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے مالی سال 2017-18 کے لئے افراط زر کا ہدف 6% طے کیا جبکہ مالی سال 2018 کے پہلے نصف تک افراط زر کی اوسط شرح مالی سال 2017 کے پہلے نصف کے 3.88% کے مقابلے میں 3.75% ہے۔

کئی سالوں سے کم شرح سود اور امن و امان کی بہتر صورت حال کے باعث نجی شعبے کے قرضہ جات بڑھ کر 712 ارب روپے تک پہنچ گئے جو کہ مالی سال 2016 میں 391 ارب روپے تھے جو کہ مالی سال 2017 کے دوران 82% سال بہ سال اضافہ ہے۔ اسی طرح مجموعی ترقیاتی پیداوار (GDP) کی شرح پر مجموعی سرمایہ کاریوں میں گزشتہ سال کے 15.2% کے مقابلے میں مالی سال 2017 میں 15.8% اضافہ ہوا۔ مجموعی ترقیاتی پیداوار کی شرح پر مجموعی سیونگ گزشتہ سال کے 14.3% کے مقابلے میں مالی سال 2017 کے دوران معمولی کم ہو کر 13.1% ہو گئیں۔

تاہم، بیرونی سطح پر دباؤ اور توسیع پذیر مالیاتی پالیسی پر کنٹرول برقرار رہا۔ کرنٹ اکاؤنٹ خسارہ (CAD)، مالی سال 2016 کے 4.8 ارب امریکی ڈالر کے مقابلے میں مالی سال 2017 کے دوران بڑھ کر 12 ارب امریکی ڈالر ہو گیا سی پیک (CPEC) اور (NON-CPEC) توانائی اور انفراسٹرکچر منصوبوں کی وجہ سے بڑھتی ہوئی درآمدات کے باعث بتدریج بڑھتا تجارتی خسارہ اس اضافے کی اہم وجہ بنا۔ یہ بات حوصلہ افزا ہے کہ مالی سال 2017 میں کچھ رکاوٹوں کے باوجود IMF پروگرام مکمل ہو گیا۔ جب حکومت بڑی حد تک ہر سہ ماہی میں کارکردگی کے معیار پر پورا اتری جس کا نتیجہ توسیعی فنڈ فیسلٹی (EFF) پروگرام کے تحت 6.6 ارب امریکی ڈالر کی بروقت فراہمی کی صورت میں برآمد ہوا۔ مزید برآں، مالی سال 2018 کا آغاز کرنٹ اکاؤنٹ خسارے پر مزید بڑھتے دباؤ کے ساتھ ہوا، کیونکہ مالی سال 2018 کے 5 ماہ میں یہ خسارہ 6.4 ارب امریکی ڈالر کی سطح پر موجود ہے، جو گزشتہ سال کی اسی مدت کے مقابلے میں 0.9x زیادہ ہے۔ ماہ دسمبر 2017 کے دوران پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں 5% کی کمی دیکھنے میں آئی تاہم کرنٹ اکاؤنٹ کے متوقع ارتقاء کے پیش نظر پاکستانی روپے میں مزید گراؤ کے امکان کو رد نہیں کیا جاسکتا۔

مالی سطح پر، مالی سال 2017 میں بجٹ خسارہ، نمایاں اضافے کے ساتھ GDP کے 5.8% کی سطح پر پہنچ گیا جو حکومت کے GDP کے 4.2% کے نظر ثانی شدہ ہدف سے زیادہ ہے۔ مالی خسارے میں اضافے کا سبب بننے والے عوامل میں ترقیاتی اخراجات میں نمایاں اضافہ اور بجٹ سے کم ٹیکس اور نان ٹیکس محصولات شامل ہیں۔

FBR کے محصولات میں سال بہ سال 8% اضافہ دیکھنے میں آیا جو مطلوبہ ہدف سے کافی حد تک کم ہے۔ FBR نے عبوری طور پر مالی سال 2018 کی پہلی سہ ماہی میں 753.4 ارب روپے (سال بہ سال +2.1%) کے ٹیکس وصول کئے۔ بین الاقوامی اشیاء صرف اور مالی مارکیٹس کی غیر یقینی صورت حال اور ملک کے بنیادی میکرو اکنامک اشاروں پر اس کے اثرات کے پیش نظر اسٹیٹ بینک آف پاکستان نے ستمبر اور نومبر 2017 کے اعلانات میں پالیسی شرح بغیر تبدیلی کے 5.75% پر برقرار رکھنے کا فیصلہ کیا۔

نومبر 2017 میں پاکستان نے اپنی تاریخ کی سب سے بڑی ٹرانزیکشن میں نسبتاً کم قیمتوں میں پانچ سالہ صکوک اور دس سالہ یورو بانڈ کے اجراء کے ذریعے عالمی مارکیٹ کیپٹل مارکیٹس سے 2.5 ارب امریکی ڈالر حاصل کئے۔ یورو بانڈ اور صکوک کے اجراء کا بنیادی مقصد

ELECTRONIC DIVIDEND MANDATE FORM CYAN LIMITED

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder :-----

Folio Number/CDC Account No. :-----of Cyan Limited.

Contact number of shareholder : -----

Title of Account : -----

IBAN (*) : -----

Name of Bank : -----

Bank branch : -----

Mailing Address of Branch : -----

CNIC No. (attach attested copy) : -----

NTN (in case of corporate entity) : -----

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

Shareholder's Signature

Date

NOTES:

* Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

Proxy Form



I/We_____ of _____ being a member of CYAN LIMITED and holder of _____ Ordinary Shares as per Share Register Folio No._____ and/or CDC participant ID No. _____ and Account / Sub Account No._____ hereby appoint _____ of _____
_____ or failing him/her _____ of _____ as my proxy to vote for me and on my/our behalf at the Annual General Meeting of the company to be held at TDF Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road Karachi on March 29, 2018 at 11:30 am and at any adjournment thereof.

Signed this _____ day of _____ 2018

Witness 1

Signature _____

Name _____

CNIC No. or _____

Passport No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. or _____

Passport No. _____

Address _____

Signature on Revenue
Stamps of Rupees Five

Signature should agree with
specimen signature
with the Company.

- Notes:
- A member entitled to attend and vote at the meeting may appoint any member as his/her proxy to attend the meeting and vote.
 - If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Cyan Limited at the registered office 4th floor, Dawood Centre, M.T Khan Road, Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
 - For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
(iii) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Director resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

نمائندگی کا فارم

سیان لمیٹڈ

سیان لمیٹڈ کا اٹھادواں سالانہ اجلاس عام

میں / مئی / مسماء ساکن ساکن خلع

بیشیت ممبر سیان لمیٹڈ، / مسماء ساکن کو بطور مختار

(پراکسی) مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے ۵۸ سالانہ اجلاس عام جو کہ TDF بزنس

حب، گروئنڈ فلور داؤد سینٹر کراچی میں بتاریخ ۲۹ مارچ ۲۰۱۸ بروز جمعرات بوقت صبح ۱۱:۳۰ پر منعقد ہو رہا ہے اور اس کے کسی ملوث شدہ اجلاس میں ووٹ ڈالے۔

دستخط _____ بروز _____ ۲۰۱۸

گواہ (۱)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

گواہ (۲)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

مطلوبہ (پانچ روپے کا)

ریونیونگٹ چسپاں کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے

ضروری ہیں۔

نوٹس :

• کمپنی کا ایسا حصص یافتگان / ممبر جو اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت اور ووٹ ڈالنے کے لیے نامزد کر سکتا ہے۔

• تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی سیکرٹری ، رجسٹرڈ آفس چوتھی منزل، داؤد سینٹر ایم۔ٹی۔خان روڈ، کراچی، کو اجلاس کے انعقاد کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔

• CDC اکاؤنٹ رکھنے والے / کارپوریٹ ممبر ان کے لیے مندرجہ بالا ضوابط کے علاوہ درج ذیل شرائط کو بھی پورا کرنا لازمی ہے

(۱) نامزدگی فارم دو اشخاص کی گواہی، پتے اور قومی شناختی کارڈ نمبر کے ساتھ پُر ہونے چاہییں۔

(۲) نامزدگی فارم کے ساتھ سادہ حصص یافتگان اور مجاز وکیل کے شناختی کارڈ کی تصدیق شدہ نقول منسلک ہونی چاہییں۔

(۳) مجاز وکیل (پراکسی ہولڈر) کے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔ ادارے کی صورت میں نامزد فارم (پراکسی فارم) کے ساتھ بورڈ آف ڈائریکٹر کی قرار دہا ہوا مختار نامہ بعد نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ کمپنی ہڈامیں جمع کروائیں۔

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cyan Limited

The Company Secretary,
Cyan Limited
4th Floor, Dawood Centre
M.T. Khan Road
Karachi

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*Mobile apps are also available for download for android and ios devices

Website: www.cyanlimited.com



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