



# INGREDIENTS FOR SUCCESS



## INGREDIENTS FOR SUCCESS

There is no clear-cut success formula for succeeding in business. If there were one, we would never hear stories of business failure. But if we take a peek into the history of all successful business organizations, we will find close similarities in their methods of operation in the formative years.

There are certain steps that all these organizations have followed. These initial methods played a crucial role in their success. Here are few ingredients that we learned from many successful entrepreneurs.

We share these ingredients as the theme of our annual report this year.

# CONTENTS

04	Vision & Mission
05	Company Information
06	Geographical Presence
07	Our Values
10	Strategic Objectives
11	Code of Conduct
14	Cyan Seven
18	Potential in Selected Sectors
34	Notice of the 57th Annual General Meeting
40	Directors' Report
54	CEO's Message
56	Corporate Social Responsibility

## **Stakeholders' Information**

62	Calendar of Major Events
63	Risk & Opportunity Report
64	Shareholders' Information
68	Key Financial Highlights
74	Ratio Analysis
76	Share Price Sensitivity Analysis
77	Statement of Value Addition

## **Corporate Governance**

92	Board of Directors
96	Management Team
98	Organizational Structure
99	Board Committees
104	Criteria to Evaluate Board's Performance
105	CEO's Performance Review
106	Attendance of Board & Committee Meetings
108	Whistle Blowing Policy
109	Report of the Audit Committee
111	Statement of Compliance with the Code of Corporate Governance
113	Review Report to the Members on the Statement of Compliance

## **Financial Statements**

115	Auditors' Report to the Members
116	Statement of Financial Position
117	Profit and Loss Account
118	Statement of Comprehensive Income
119	Statement of Changes in Equity
120	Statement of Cash Flows
121	Notes to the Financial Statements
153	Pattern of Shareholding
156	Glossary
	Proxy Form



WE BELIEVE IN TEAMWORK  
AND ACHIEVING

TOGETHER





# VISION & MISSION

TAKING ENTREPRENEURSHIP TO SCALE

# COMPANY INFORMATION

## Board of Directors

Shahzada Dawood (Chairman) Non-Executive Director  
Kulsum Dawood Non-Executive Director  
Ghias Uddin Khan\* Non-Executive Director  
Hasan Reza-ur Rahim Non-Executive Director  
Kamran Nishat Independent Director  
Shafiq Ahmed Non-Executive Director  
Sulaiman S. Mehdi (Chief Executive) Executive Director

## Board Audit Committee

Kamran Nishat (Chairman)  
Shafiq Ahmed  
Hasan Reza-ur Rahim  
Ghias Uddin Khan\*

## Board HR & Remuneration Committee

Ghias Uddin Khan\* (Chairman)  
Kamran Nishat  
Hasan Reza-ur Rahim

## Board Investment Committee

Hasan Reza-ur Rahim (Chairman)  
Kulsum Dawood  
Shahzada Dawood  
Shafiq Ahmed

## CFO & Company Secretary

Faisal Nadeem Mangrora

## Head of Internal Audit

Ayman Anwer

## Executives\*\*

Sulaiman S. Mehdi (CEO)  
Faisal Nadeem Mangrora (CFO & CS)  
Muhammad Anas Karimi (Senior Manager Finance)  
Wahaj Ghulam Hussain (Manager Compliance & Risk Management)  
Ayman Anwer (Head of Internal Audit)  
Narender Lakhwani (Investment Associate)  
Ali Akber Zafar (Investment Associate)

\*Board of Directors accepted the resignation of Mr. Ghias Uddin Khan and appointed Mr. Inam Ur Rahman with effect from March 29, 2017

\*\*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](http://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](http://www.pwc.com/pk)

## Share Registrar/Transfer Agent

Technology Trade (Pvt.) Ltd.  
Dagia House, 241-C, Block-2,  
P.E.C.H.S. Off: Shahrah-e-Quaideen, Karachi.  
Tel: (92-21) 34391316-7, 19 & 34387960-1  
Fax: (92-21) 34391318

## Legal Advisors

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

## Rating Agency

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

## Bankers

### Conventional

Allied Bank Limited  
Bank Al Habib Limited  
Bank Al Falah Limited  
Habib Bank Limited  
Summit Bank Limited

### Islamic

BankIslami Pakistan Limited

## Registered Office

Dawood Centre, M.T. Khan Road  
Karachi-75530  
Website: [www.cyanlimited.com](http://www.cyanlimited.com)



GEOGRAPHICAL  
PRESENCE ONLY IN  
KARACHI



# OUR VALUES

COMMITMENT TO PAKISTAN

OPENNESS AND TRANSPARENCY

INTEGRITY

TEAMWORK AND PARTNERSHIP

STRONG WORK ETHICS



WE ARE PROUD OF OUR  
CONTRIBUTION TO MAKE  
A DIFFERENCE WITH  
PASSION



# STRATEGIC 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.

## **Focus: Generate attractive returns on Equity Portfolio**

Our success is a result of achieving growth through in-depth analysis and management of risk while taking into account the ever changing investment environment. As we move ahead, our focus remains steadfast and impeccable. We committed to generate attractive returns on the Equity Portfolio which is evident from the fact that this year again, due to our expertise and experience we managed generate 38.66% returns.

## **Aim: Maximize Shareholders' Wealth**

Our aim is to maximize shareholders' wealth as we believe that our growth projectiles and their success are all connected with the trust and confidence that we get from our valued shareholders. Our strong business strategies only work with superior execution, so we endeavor that our strategic planning is aligned with the increase in wealth of our stakeholders.

## **Pursue: Private Transactions**

Cyan Limited believes in committing its employees, capital and ideas to help entrepreneurs and high potential companies to thrive in Pakistan. We further believe that by taking private companies to PSX can help better growth prospects for the target companies.

# 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

- a. 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.
- b. 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

- a. 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.
- b. Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions/reports.
- c. 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.
- d. 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

- a. Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work.
- b. Ensure good attendance and punctuality and demonstrate a consistently good record in this area.
- c. Maintain a standard of personal hygiene and dress appropriately for attendance at work.
- d. 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.
- e. 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:
  - i. 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;
  - ii. 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;
  - iii. 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;
  - iv. Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss;
  - v. Act as agent for an insurance company otherwise than as agent for on behalf of Cyan;
  - vi. Be connected with the formation or management of a joint stock company;
  - vii. Engage in any other commercial business or pursuit either on their own account or as agent for another or others;
  - viii. Accept or seek any outside employment or office whether stipendiary or honorary; and
  - ix. Undertake part time work for a private or public body or private person, or accept fee thereof.

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. A director's personal interest is adverse to – or may appear to be adverse to – the interests of the Company as a whole;
- b. 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:**

### c. 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;

### d. 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;

### e. 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

### f. Personal use of Company assets

Directors may not use Company assets, labor or information for personal use unless

## FOR DIRECTORS:

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

approved by the Chairman of the Board or as part of a compensation or expense reimbursement program available to all directors.

- b. Encourages employees to report violations of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel.

## **2. CORPORATE OPPORTUNITIES**

### **Directors are prohibited from:**

- a. Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or position as a director;
- b. Using the Company's property or information for personal gain; or
- c. 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 that the Company:

- a. 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

## **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'S EXPERTISE

1

Capital market expertise of \$50mn public equities portfolio managed over the last 3 years and a team that has combined 50 years' experience in public equities.

2

Knowledge base of various industries (Agribusiness, Power, Consumers etc.) and Operations (Governance, Board Level Involvement) due to the DH group platform.

3

Combining the two, Cyan can help to formalize and grow companies and then list them on the PSX to increase representation of certain sectors on the stock exchange.





WE KEEP  
EXPERIMENTING AND  
FINDING NEW SOLUTIONS TO  
INNOVATE

# ANIMAL PROTEIN



## Industry Profile:

Livestock makes up 12% of Pakistan's GDP (USD 284 billion) and contributes 59% to the agriculture sector. It is nation's source of animal protein in the form of various types of meat.

Recent trends in consumer spending show sign of willingness to pay a premium for a higher quality product. Per capita consumption of meat is gradually increasing and currently stands at 19.8 kg in FY16 from 16.8 kg in FY11. The export market for packaged meat remains very attractive and has shown promising growth in the past few years.

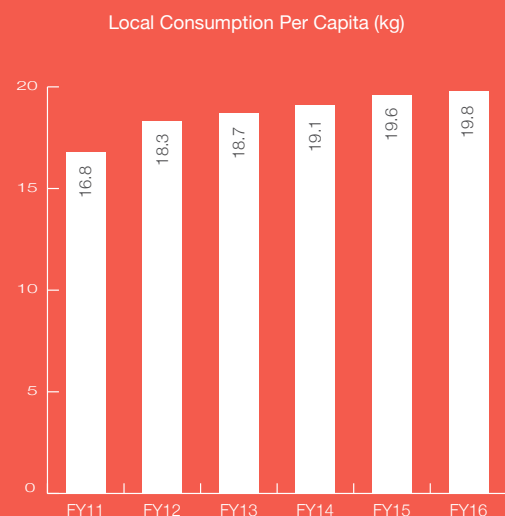
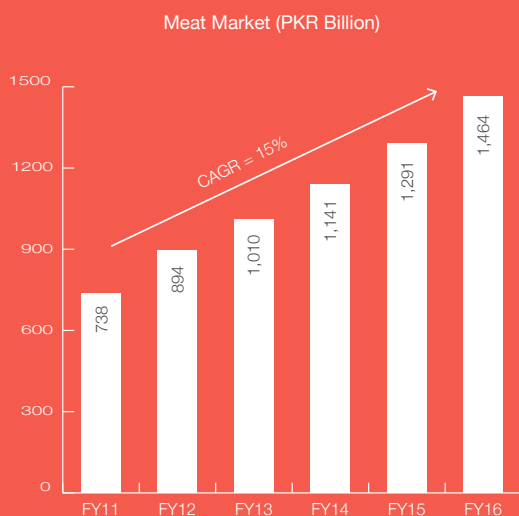
## Did you know?

- Livestock population growth rate of 2.8% is higher than human population growth rate of 1.9%.
- Animal blood is also sold as a byproduct in powder form.
- As income level goes up, people prefer chicken and mutton over beef in Pakistan which is contradictory to what is observed globally.

**15%**  
CAGR  
(last 5 years)

## Market Size:

According to Cyan's estimate, the size of the meat industry in Pakistan is around PKR 1,464 billion (USD 13.9 billion). As per the Economic Survey of Pakistan, beef is the largest meat produced in Pakistan with a 52% share, followed by poultry with 30% share and mutton with 18% share.



# PHARMACEUTICAL



## Industry Profile:

The Pharmaceutical industry contributes 0.9% to Pakistan's GDP. The industry has been growing at a five year CAGR of 10% on the back of rising demand in the country led by population growth rate of 1.9% YoY in FY16. The industry is highly regulated and has been impacted by halt in increase in drug prices of various drugs in past resulting in low profit margins for some companies. The growth is attributed to volumetric growth largely and product portfolio diversification. However, the Drug Regulatory Authority of Pakistan (DRAP), approved the policy last year suggesting linking drug prices with Consumer Price Index (CPI) which shall increase the profitability of the companies going forward.

Although the industry still remains highly regulated, the policy is expected to improve the local Active Pharma Ingredient (API) manufacturing facilities, which is still in nascent stage.

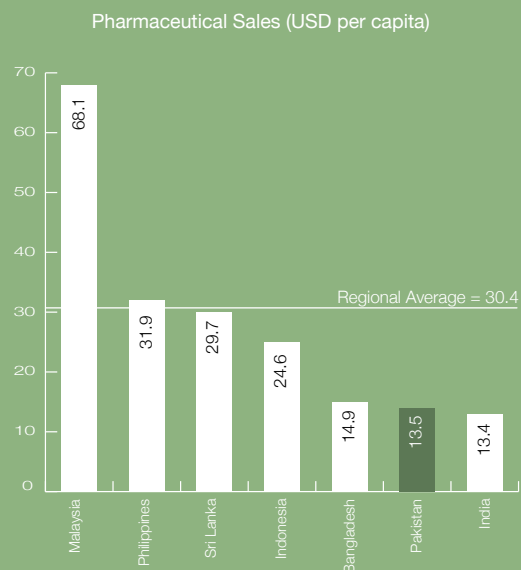
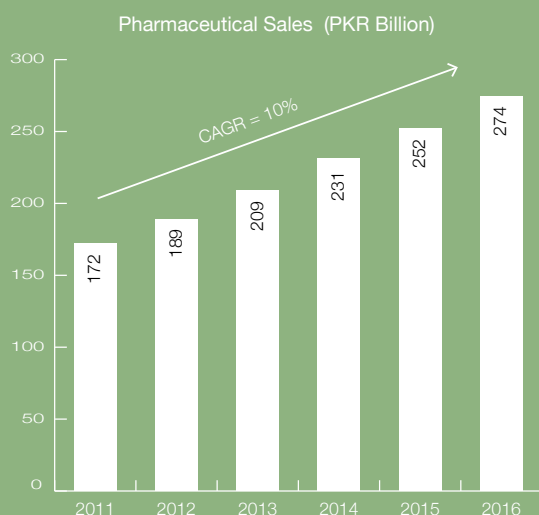
## Did you know?

- WHO estimates that between 30-40% of all drugs and medicines in Pakistan are counterfeit.
- Malaria is the second most prevalent communicable disease in the country.

**10%**  
CAGR  
(last 5 years)

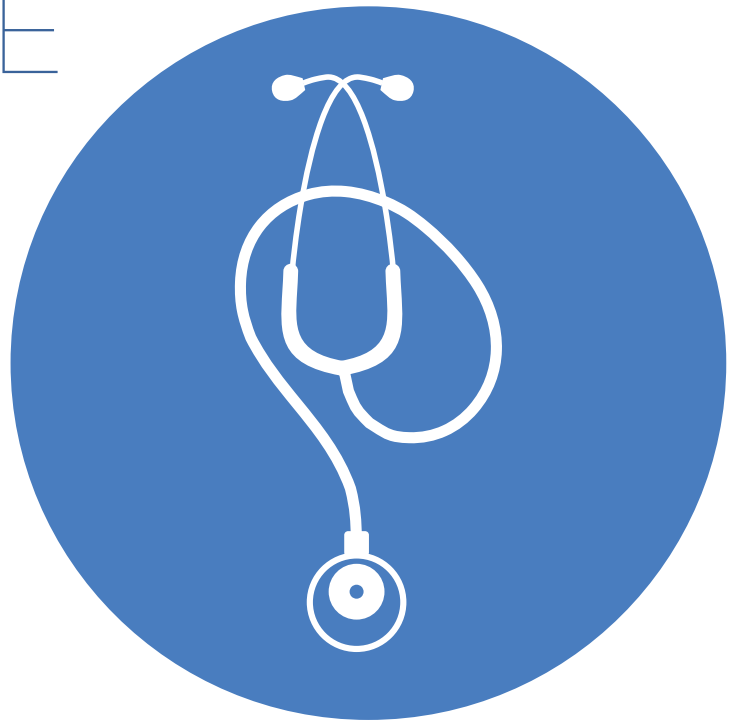
## Market Size:

The pharmaceutical industry in Pakistan is valued at around PKR 274 billion (USD 2.6 billion). Pakistan's per capita pharmaceutical sale is USD 13.5 which is lower than the regional average of USD 30.4 signifying growth potential in the sector.





# HEALTHCARE





## Industry Profile:

Quality of healthcare is a fundamental metric to assess the developmental stage of a country. As per the estimates, total hospitals in Pakistan are 1,215 including both public and private having 105,721 hospital beds, 184,711 registered doctors, and 94,766 nurses. Population per doctor is 1,055, per hospital bed is 1,844 and per nurse is 2,058 which clearly indicate inadequacies compared to burgeoning population in the country. A positive development for the healthcare industry is the newly launched 'PM Health Insurance Scheme 2016' under which about 1.2 million eligible families will get free health insurance up to PKR 0.3 million in health facilities each year.

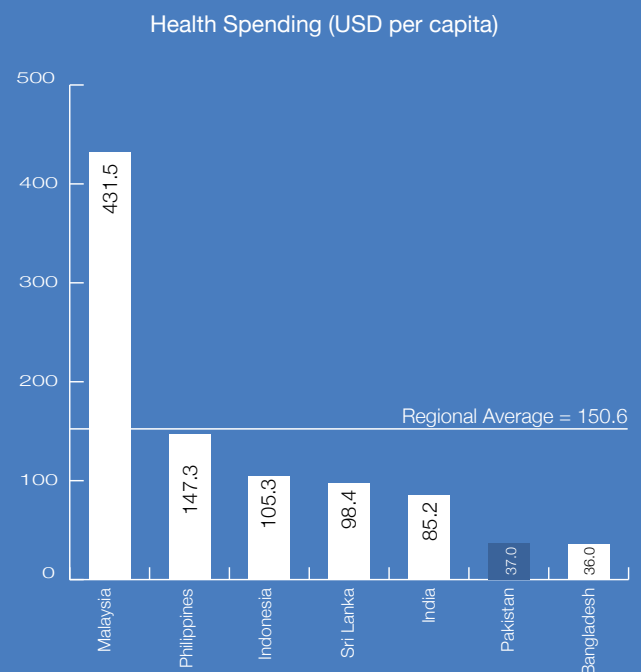
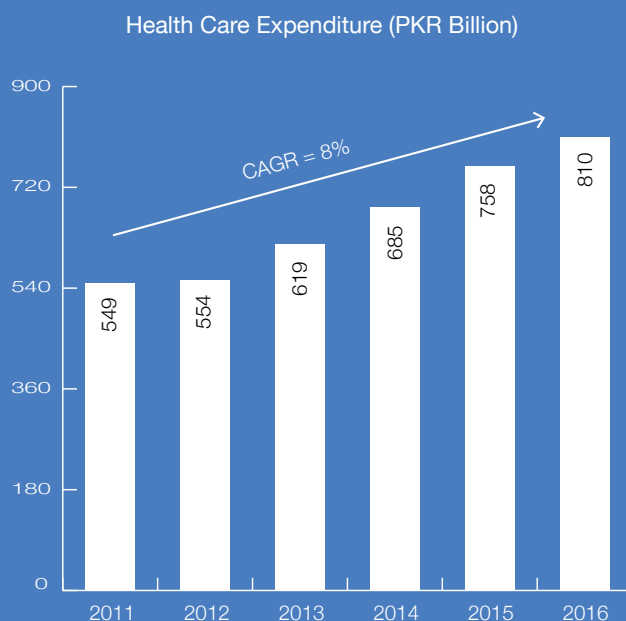
## Did you know?

- Infant mortality rate in Pakistan is 66 per one thousand births.
- Pakistan, Nigeria and Afghanistan are the only three countries in the world where polio remains endemic.

**08%**  
CAGR  
(last 5 years)

## Market Size:

The size of the healthcare service industry is cumulatively valued at PKR 810 billion (USD 7.7 billion) in 2016, constituting 2.7% of Pakistan's GDP. Using data from World Bank, Pakistan spends USD 37.0 per capita on health which is lower than the WHO's prescribed level of per capita USD 44.0, a minimum spending package required for essential health services. 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.



# EDUCATION



## Industry Profile:

According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey 2015, the literacy rate of the population (10 years and above) is 60% thus, clearly indicating lack of penetration of education in the country. On province wise data, Punjab leads with 63% followed by Sindh with 60%, K.P. at 53% and Baluchistan with 44%.

## Did you know?

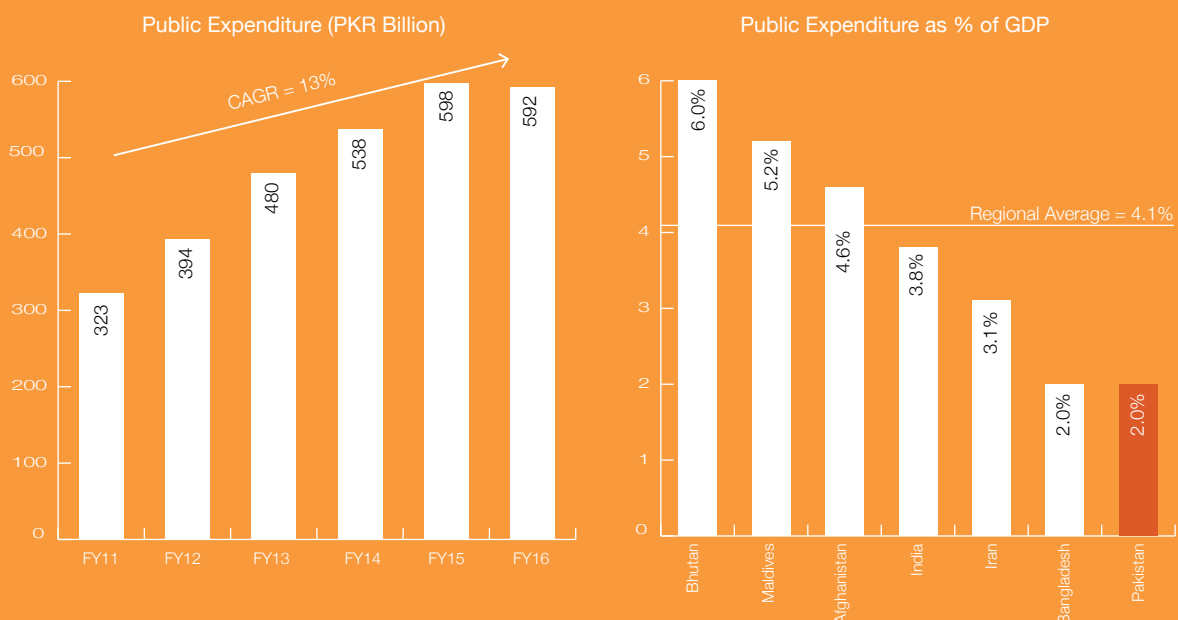
- Free education is a constitutional right of every Pakistani.
- Pakistan is home to 24 million children who are out of school, a figure that is second only to Nigeria.

**13%**  
CAGR  
(last 5 years)

## Market Size:

The education industry (public) in Pakistan is valued at PKR 592\* billion (USD 5.6 billion), contributing 2.0% to Pakistan's GDP compared to average regional expenditure of 4.1% of GDP. However, in absolute terms, expenditure on education is growing at a CAGR of 13% since FY11. 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 2018.

\* 2HFY16 data is assumed to be same as 2HFY15.



# LOGISTICS



## Industry Profile:

The size of Logistics industry is around 6.1% of Pakistan's GDP with 90% of the sector outside the formal economy. The sector is marred with fragmentation, unorganized businesses 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. The total length of new road network under the economic corridor is estimated at 966 km along with expansion and reconstruction of 1736km rail network.

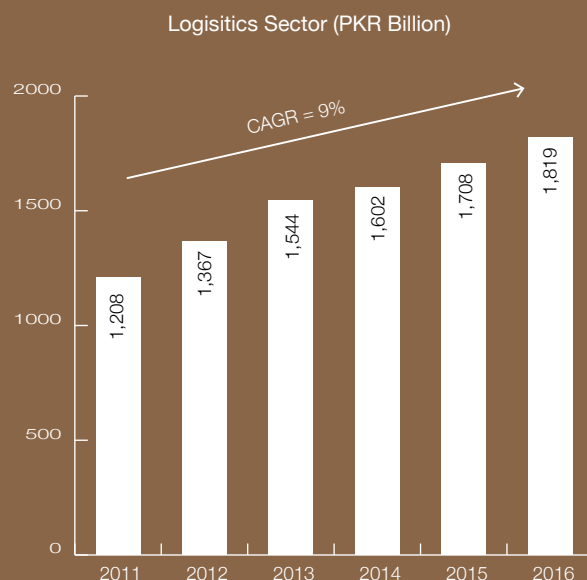
## Did you know?

- Due to inefficiencies, fuel consumption per ton in Pakistan is higher as compared to the world average.
- Majority of Pakistan's trucking fleet is of Bedford make; the company closed its operations in Pakistan in 1986.

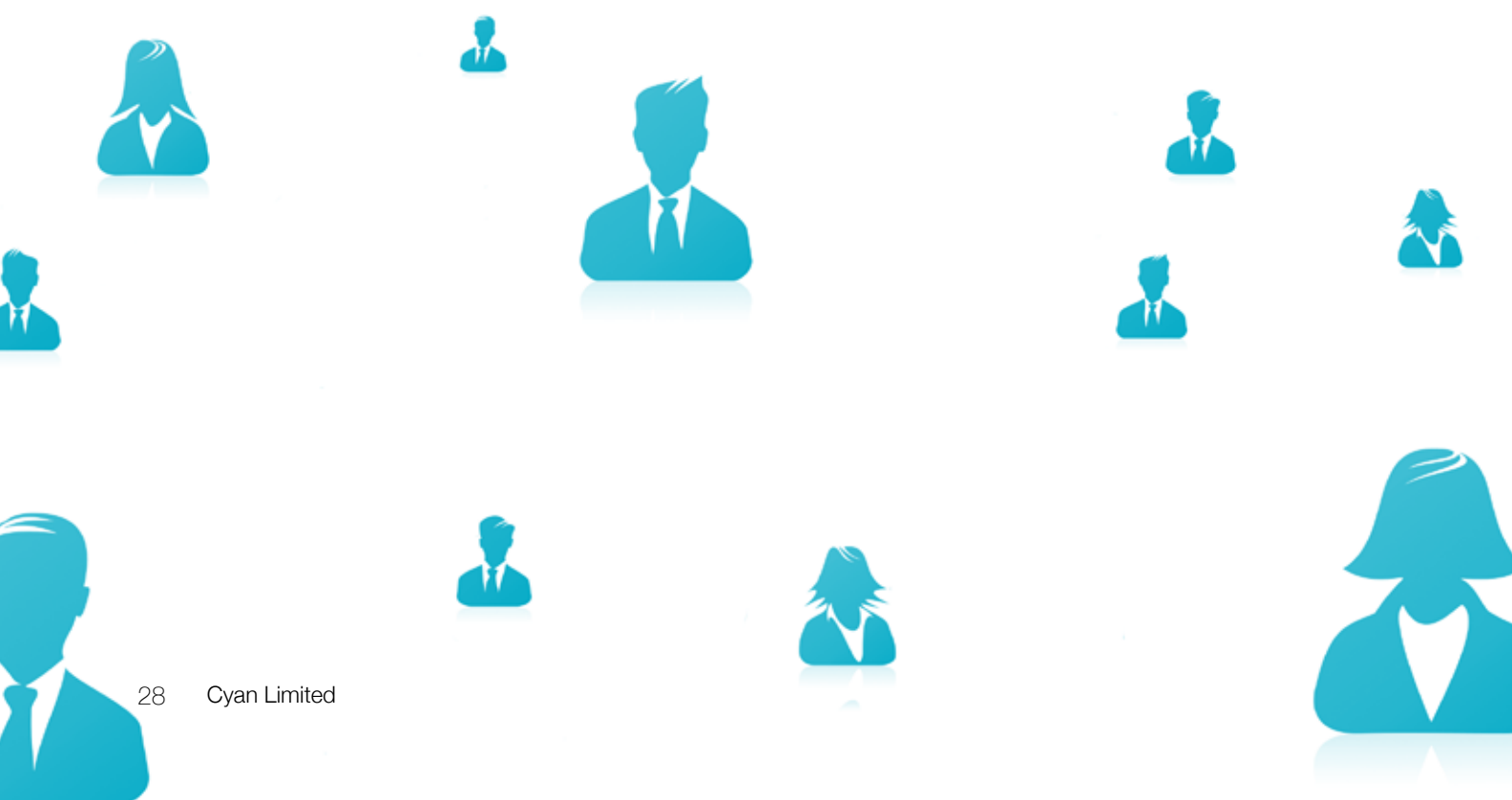
**09%**  
CAGR  
(last 5 years)

## Market Size:

According to Cyan's estimates the market size of the industry is around PKR 1,819 billion (USD 17.3 billion). Road transport services comprise 77% of the total market followed by sea transportation comprising 19%, while air transport, rail transport and warehousing forming the rest of the industry. The sector has overdependence on road transportation due to weak rail infrastructure. Furthermore, in-case of strict enforcement of prescribed load limit, the number of trucks being used for transportation across country needs to be doubled.



# TECHNOLOGY SECTOR



## Industry Profile:

In the Global Information Technology report released by the World Economic Forum (WEF) for the year 2016, Pakistan has been given a ranking of 110 in proliferation of technology out of 139 countries as against 112 in 2015. The improved ranking reflects on the growing trend of technology awareness in the country. Pakistan has the 27th largest internet using population in the world which shows enormous potential that the sector has.

The sector can be further divided into IT Solutions and E-Commerce. In the arena of E-commerce the country has witnessed a number of successful start-ups funded by local and international PE/VC funds. These companies are expected to grow exponentially in the years to come as the market dynamics support the use of technology as evident from the high mobile penetration rate along with advent of 3G and 4G technology in the local market.

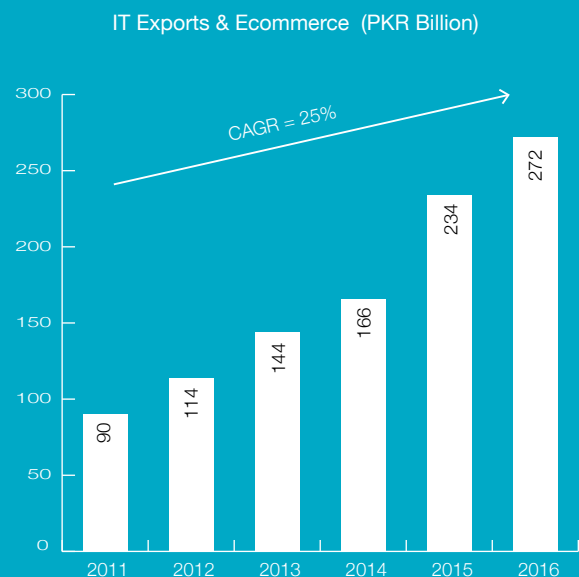
## Did you know?

- People within the age bracket of 25-34 are most inclined to use technology for shopping.
- Gender demographics show that men account for 70% of online activity pertaining to e-commerce but the conversion rate is 50-50% for both the genders.

**25%**  
CAGR  
(last 5 years)

## Market Size:

According to Cyan's estimates, the IT Exports and E-Commerce market size is PKR 272 billion (USD 2.6 billion), forming 0.91% of the GDP, with major contribution coming from IT Exports which is estimated to be USD 2.2 billion. The domestic revenue of IT sector is estimated at USD 0.4 billion and it is expected to grow rapidly as major initiatives are being taken at the government level for digitization of public sector entities. Overall, the IT sector has a significant potential going forward.



# RETAIL





## Industry Profile:

Retail sector contributes 17.4% in GDP and is also the largest subsector of the services having share of 30.9% in the services sector (59.2% of GDP). Retail sector grew by 4.6% in FY16 compared to 3.3% in FY15 signifying booming consumerism and services growth.

Rising digitization in the country has been the fundamental reason behind growing ecommerce activities in the country. This is supported by the fact that mobile internet users are increasing which has increased mobile internet penetration to 19.4%. Few ecommerce players in the country conduct virtual sale events like “Black Friday”, “Independence Day”, “Mother’s Day” etc. which has received significant interest from the masses. Overall share of employment has increased from 33.9% in FY13 to 35.1% in FY15, providing jobs which are diverse in nature.

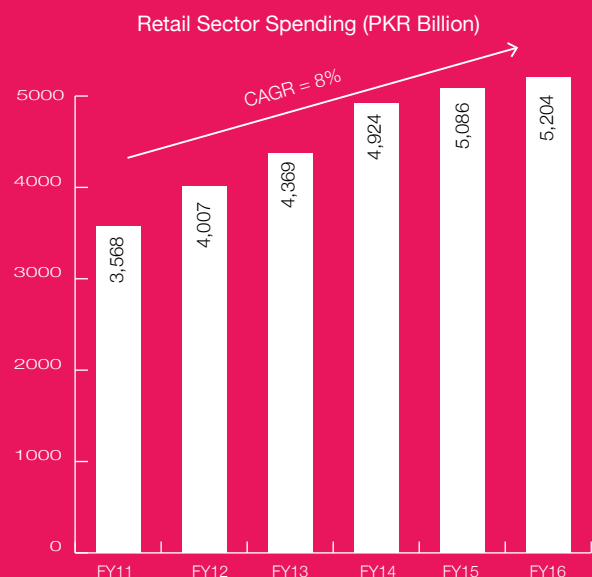
## Did you know?

- Pakistan is considered to be amongst ten ‘hidden heroes’ of the next generation of retail markets according to Deloitte and Planet Retail.

**08%**  
CAGR  
(last 5 years)

## Market Size:

The retail sector is valued at PKR 5,204 billion (USD 49.6 billion). The major sectors include food and beverages, apparel, footwear, health and beauty, electronics and home furnishings.



# MEDIA & ENTERTAINMENT



### Industry Profile:

Pakistan's changing demographic trends portray a compelling consumer growth story with ever expanding urbanization supported by rising household income. Pakistan's total number of households stand at 32 mn and total cable penetration is 38% suggesting higher TV viewership. Number of local TV channels have been on the rise and currently stand at 95 channels of which news channels comprise of 34%, entertainment channels 20%, regional channels 16% and remaining 30% is other category. Media industry's major source of revenue is ad placement. Fast Moving Consumer Goods (FMCGs) account for majority of the advertisements placed on TV.

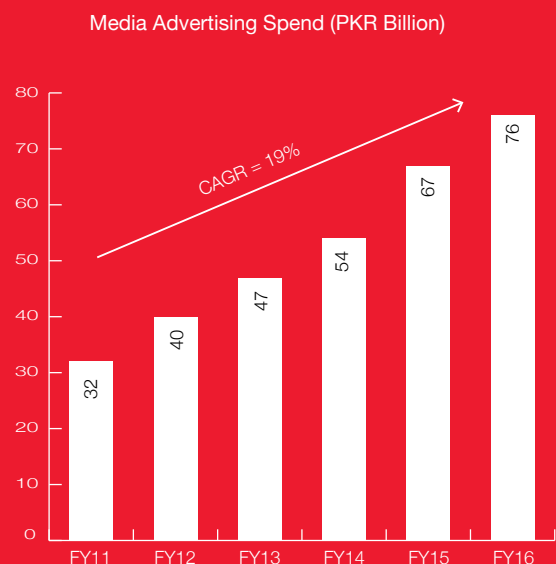
### Did you know?

- Number of news channels exceed that of entertainment channels in Pakistan.

**19%**  
CAGR  
(last 5 years)

### Market Size:

Advertising spend has been growing at a CAGR of 19% in last five years. Of the total TV advertising spend, entertainment channels account for approximately half of the total spend followed by second biggest category of 29% on News channels and remaining on others.



# NOTICE OF THE FIFTY SEVENTH (57<sup>th</sup>) ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Seventh (57<sup>th</sup>) Annual General Meeting (AGM) of Cyan Limited will be held at TDF Business Hub, Ground Floor, Dawood Centre, MT Khan Road, Karachi at 3:00 p.m. on Friday the April 28, 2017 to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the 56<sup>th</sup> Annual General Meeting of the Company held on March 29, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2016 together with the Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the year ending December 31, 2017 and to fix their remuneration.
4. To elect seven (7) Directors as fixed by the Board pursuant to the provisions of Section 178(1) of the Companies Ordinance, 1984 for a term of three years. The term of the present Board expires on April 30, 2017 and the new Board will assume office on the same day. The following retiring directors are eligible to offer themselves for re-election:
  - i. Shahzada Dawood
  - ii. Kulsum Dawood
  - iii. Hasan Reza- Ur Rahim
  - iv. Inam Ur Rahman
  - v. Kamran Nishat
  - vi. Shafiq Ahmed
  - vii. Sulaiman S. Mehdi

## SPECIAL BUSINESS:

5. To consider and if deemed fit, approve the alteration in Articles of Association of the Company as mentioned in detail in the Statement under Section 160(1)(b) in connection with consent from shareholders for the transmission of the annual audited accounts in any approved transmission medium; and pass the following resolutions, with or without modifications, as Special Resolutions:

**"RESOLVED** that transmission of annual audited accounts of the Company either in hard copy (book form) or through any other approved transmission medium including CD/DVD/USB be and is hereby approved.

**FURTHER RESOLVED** that in connection with the resolution passed above and subject to the necessary approvals to be obtained from regulators and any consequent modification thereon, the alterations in Articles of Association of the Company which is laid before the members in the Statement under Section 160 (1) (b) of the Companies Ordinance, 1984 and forms an integral part of this resolution, be and is hereby approved.

**FURTHER RESOLVED** that the Chief Executive Officer and the Company Secretary be and hereby are jointly and severally authorized to fulfill all legal, corporate and procedural formalities for accomplishing alteration of the Company's Articles of Association, as modified in the Annual General Meeting or in accordance with the advice of regulator."

6. 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 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the resolutions contained in items No.4 and No.5 of the notice which will be considered for adoption at the Meeting.

By order of the Board

**FAISAL MANGRORIA**  
Company Secretary

Karachi, April 07, 2017

## **NOTES:**

### **CLOSURE OF SHARE TRANSFER BOOKS**

The Share transfer books of the Company will remain closed from Thursday, April 20, 2017 to Friday, April 28, 2017 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi by the close of business (5:00 p.m.) on Wednesday, April 19, 2017 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 this 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. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi. 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**

In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your

bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/Central Depository Company of Pakistan Ltd. (CDC).

#### **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, 2016 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    | 12.50% |
| (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
-------------------	--------------------	------------------------------------------	---------------	---------------------------------------	---------------

#### **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 Book closure otherwise tax will be deducted according to the applicable law.

#### **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 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 alongwith 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 member(s)

#### **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. This will assist in the prompt receipt of Dividend.

#### **STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE NORMAL AND SPECIAL BUSINESS**

This statement sets out the material facts concerning the Normal and Special Business, as contained in agenda item No.4 and item No.5 respectively of the Notice, to be transacted at the Fifty Seventh (57<sup>th</sup>) Annual General Meeting of the Company.

#### **ITEM (4) OF THE AGENDA**

##### **FOR CANDIDATES PARTICIPATING IN THE ELECTION OF DIRECTORS**

Any person who seeks to contest the election of director shall, whether he/she is a retiring director or otherwise file with the Company the following documents, at its Registered Office not later than fourteen days before the date of the meeting at which elections are to be held:

- a) His/ her Folio No./CDC Investors Account No./CDC Participant No./Sub-Account No.;
- b) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984;
- c) Consent to act as director on Form 28 under Section 184 of the Companies Ordinance, 1984;
- d) A detailed profile along with his / her office address as required under SECP's SRO 634 (1)/2014 dated July 10, 2014; and
- e) An attested copy of Computerized National Identity Card (CNIC).
- f) A declaration confirming that:
  - i. He/she is aware of the duties of directors under the Companies Ordinance, 1984, the Memorandum and Articles of Association and Listing Regulations of Stock Exchange;
  - ii. He/she is not ineligible to become a director of the Company under any applicable laws and regulations (including Listing Regulations of Stock Exchange);
  - iii. He/she is not serving as a director of more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company; and
  - iv. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.

#### **ITEM (5) OF THE AGENDA**

Through SRO 470(1)/2016 dated 31st May, 2016 SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses subject to consent of shareholders and compliance with certain other conditions.

To give effect to the above, clause 128 of the Articles of Association of the company is proposed to be altered as follows:

Clause	Existing Provision	Proposed Provision	Remarks
128	A printed copy of every Account, Balance Sheet, and report shall, twenty one days previously to the Meeting, be served on each of the registered holders of the Shares, in the manner in which notices are hereinafter directed to be served.	A copy of every account, balance sheet and report, shall be served / transmitted to each of the registered shareholders of the company, either in the printed form or in other mediums/forms including CD/DVD/USB as allowed under the applicable laws.	The Article has been revised to confirm that annual audited accounts can be sent to the members of the company in printed form or in other mediums/forms including CD/DVD/USB as allowed under the applicable laws.



WE ACCEPT CHALLENGES, SEEK  
ALTERNATIVES, AND CONTINUE  
LEARNING WITH

PERSISTENCE





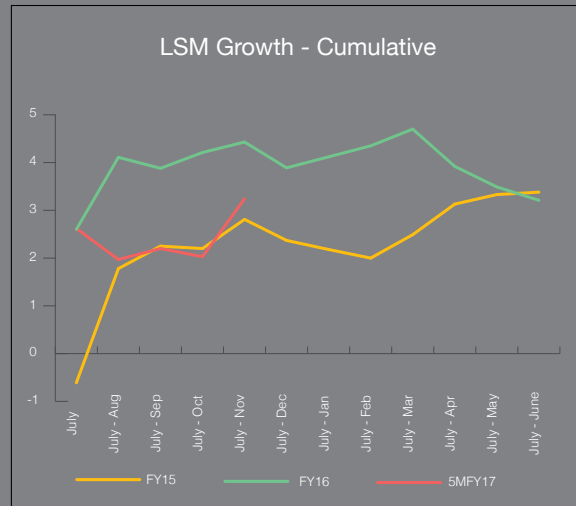
# DIRECTORS' REPORT

The Board of Directors is pleased to present the 57<sup>th</sup> Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2016.

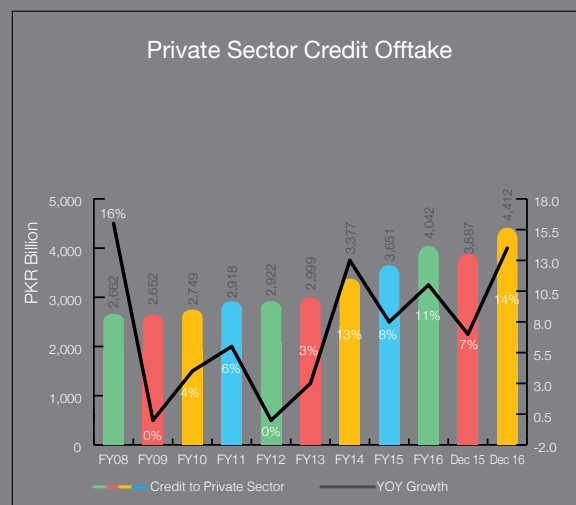
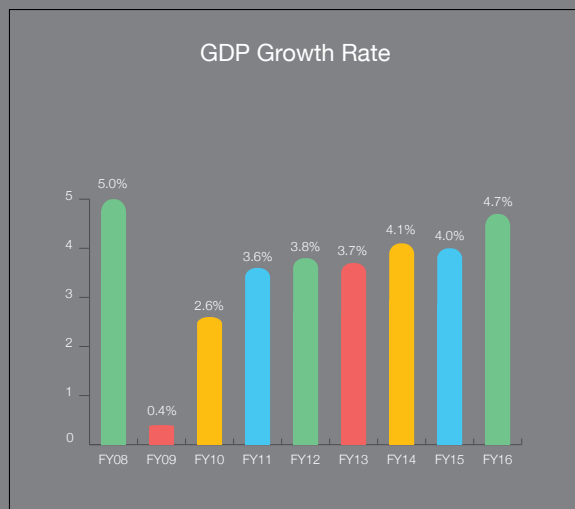
## Economy Review

Pakistan's economy achieved remarkable performance in FY16 with real GDP growing at an eight year high of 4.7% despite global slowdown. This growth is largely supported by impressive performance of manufacturing sector, upbeat private sector credit offtake, benign inflation level, contained fiscal deficit, stable exchange rate and robust foreign exchange levels. Continuing robust construction activities, persistent increase in the demand for consumer durables and fall in prices of key raw materials in the global market contributed to industrial growth of 6.8% in FY16.

LSM growth was observed at 3.2% in FY16 driven by automobiles, pharmaceuticals, cements and construction related activities. Although LSM growth remained subdued in 5MFY17 due to supply constraints experienced by textile sector and sluggish demand from regional countries, however, LSM performance is expected to remain upbeat owing to accelerated economic activity in the country.



FY16 observed significant jump in private sector credit offtake by 11% led by growing construction and manufacturing sectors. Manufacturing growth may further gain positive momentum owing to stipulated investments under CPEC. Construction and energy related projects to directly impact industrial growth. This is further reinforced by Dec 2016 growth of 14% YoY compared to 7% YoY in Dec 2015.

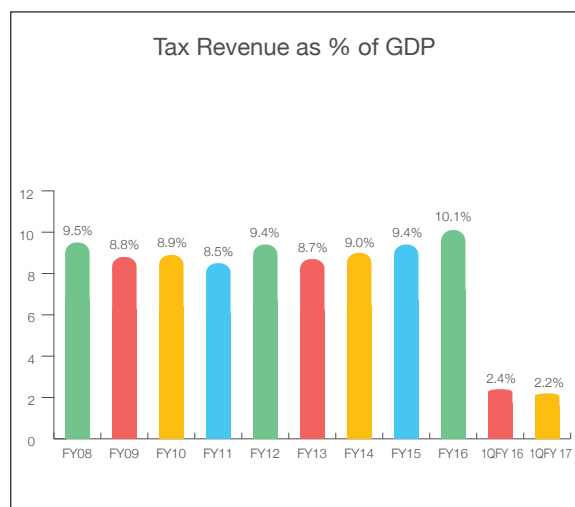
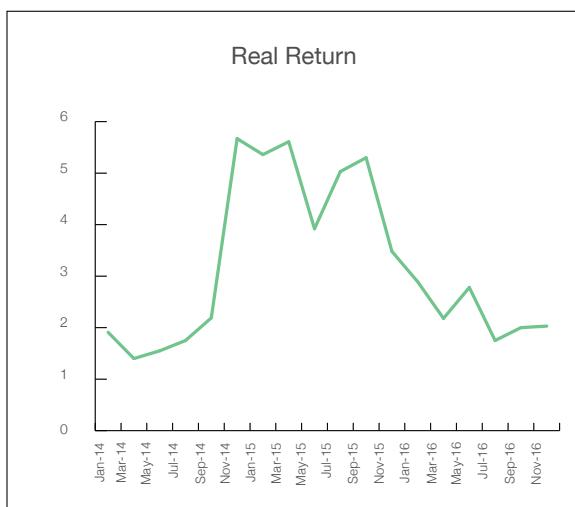
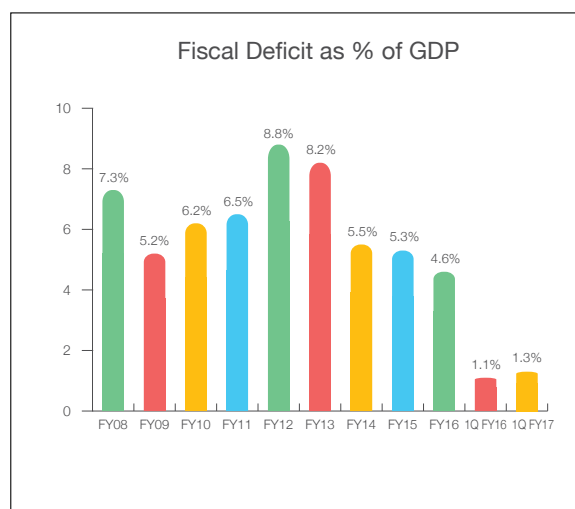
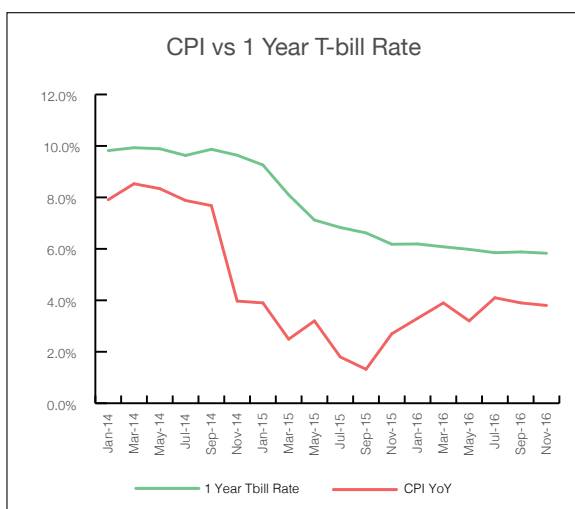


Average inflation in FY16 stood at 2.9% compared to 4.6% in FY15 owing to smooth and timely pass-through of decline in commodity prices in the form of reduced transportation and energy prices, better supply of perishable items, stable exchange rate and contained monetary expansion. On Calendar Year basis, inflation in CY16 averaged at 3.8% as compared to 2.5% in same period last year (SPLY). Moreover, SBP has set the target of 4.5-5.5% for FY16-17 and government's target inflation rate is 6% for FY16-17. Up till 1HFY17, average inflation is 3.9% compared to 2.1% SPLY led by volatile perishable food items' prices and house rent.

Rising inflation rates leave limited room for SBP to cut the discount rate as real returns are decreasing. In the wake of such scenario, SBP announced

status quo at 5.75% with respect to policy rate in November's Monetary Policy Review and highlighted that domestic demand will largely determine the inflation path going forward.

Fiscal deficit as % of GDP stood at 4.6% in FY16, slightly higher than the target of 4.3%, however lower than 5.3% recorded in FY15. This reduction was primarily attributed to: (i) 20% growth in FBR tax collections from PKR 2.6 trillion in FY15 to PKR 3.1 trillion in FY16 and (ii) slight fall in debt servicing expense by 3.1% that helped contain the growth in federal current expenditures. High fiscal deficit in 1QFY17 was primarily an outcome of low revenue generation which declined by 8% in 1QFY17 compared to 11.6% increase in SPLY due to deceleration in both tax and non-tax revenue.

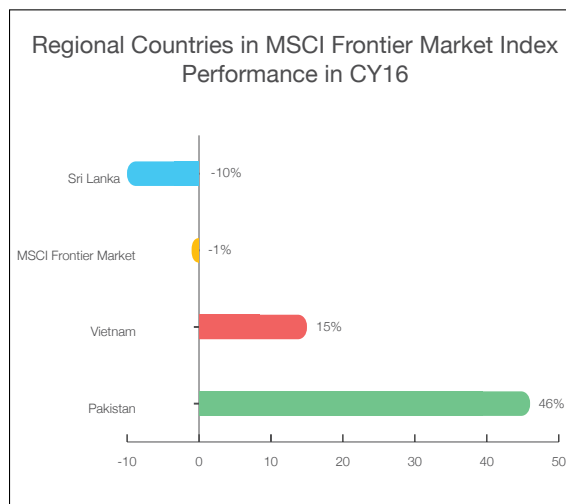
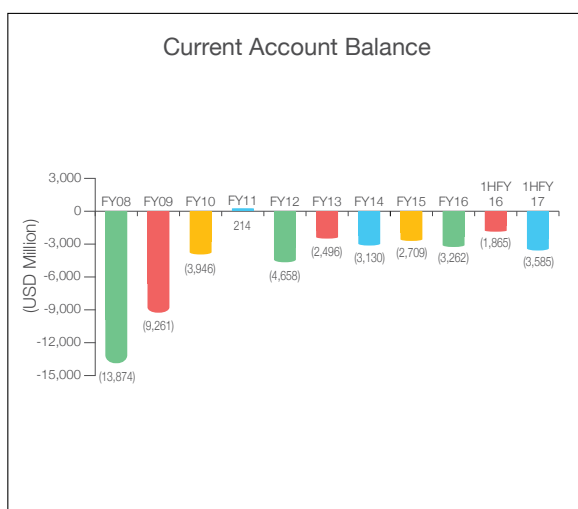
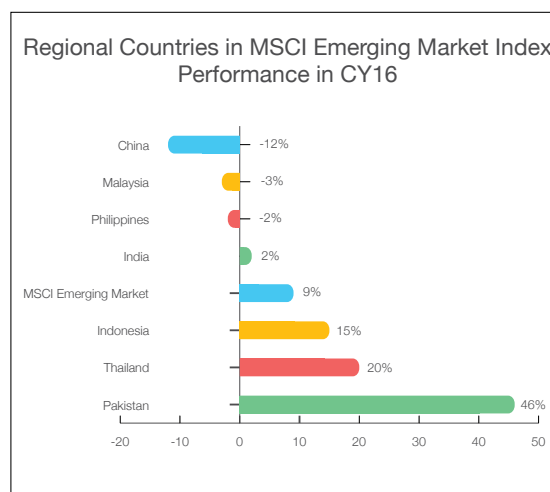
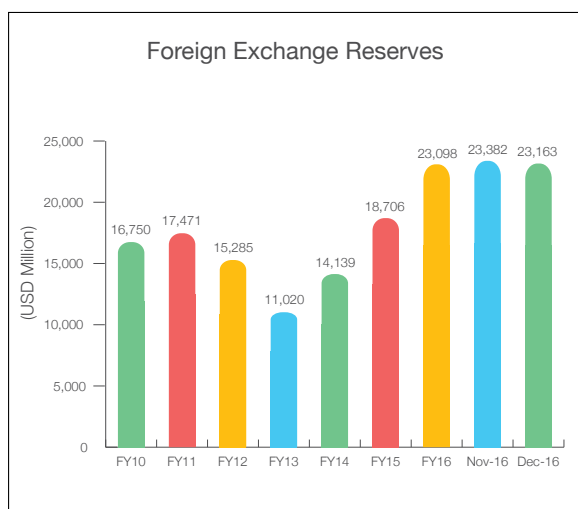


Current Account Deficit (CAD) recorded at USD 3.3 billion for FY16 compared to USD 2.7 billion in FY15 on account of decline in exports by 9% followed by only 6% growth in remittances in FY16 compared to 18% growth in remittances last year. Trade account remains the major contributor to the widening of CAD as trade deficit grew by 6.9% in FY16 compared to only 3.6% in FY15. The benefit of lower oil payments was largely offset by an increase in non-oil imports, particularly of heavy machinery for power and construction sectors and industrial raw materials (mainly steel and raw cotton). 1HFY17 CAD also inched up to USD 3.6 billion from USD 1.9 billion on account of deteriorating exports position leading to widening trade deficit coupled with absence of CSF inflows and decline in remittances.

projects and a stable political environment.

#### Stock Market Review CY16 and CY17 Outlook

KSE-100 Index emerged as Asia's best performing stock market in CY16 closing at an all-time high of 47,807, yielding a return of 45.7% compared to only 2% in CY15. On regional front, Pakistan remained top performing stock market amongst both MSCI Frontier and MSCI Emerging peers. The local bourse outperformed despite the fact that continuous foreign selling was witnessed during the year worth USD 339 million. However, the foreign selling did not take a toll on performance as local investors provided much needed support and absorbed the selling. Pakistan is trading at a P/E of 11.3x compared to an average MSCI Emerging Asian

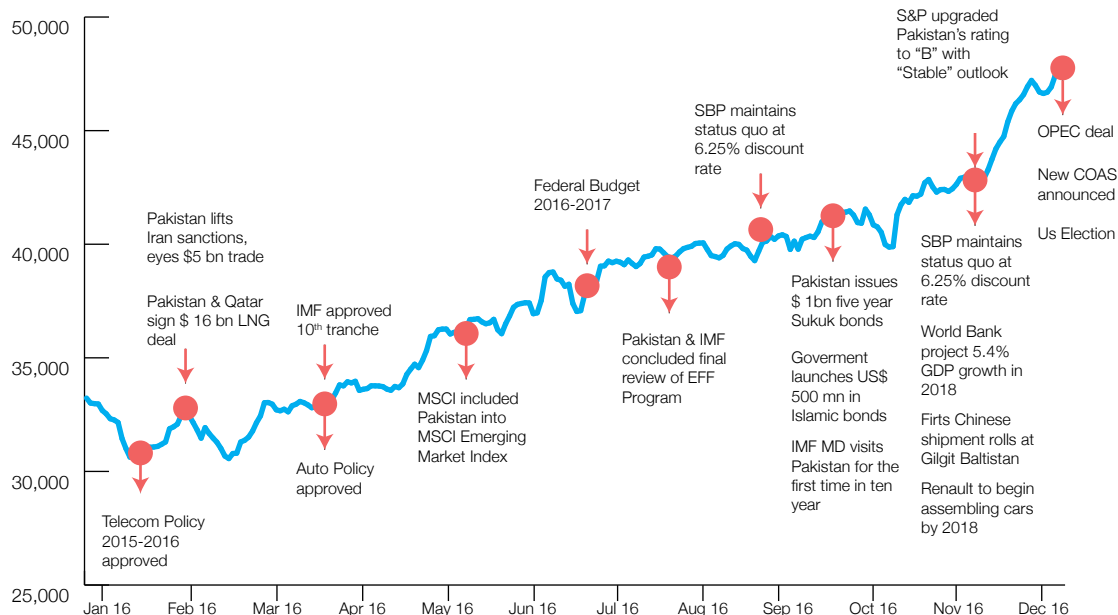


Going forward, economic activity is projected to continue its upward trajectory with government's target GDP growth at 5.7% in FY17. Prospects for domestic economy look positive in 2017 on the back of improving business confidence, better energy supply situation, progress on CPEC related

countries multiple of 16.79x signifying a discount of 32%. Moreover, KSE-100 Index looks attractive as it continues to offer highest ROE of 16.8% compared to an average of 11.0% against its regional peers as of Dec 2016.

Factors that contributed to the impressive performance comprise of (i) most awaited upgrade of Pakistani stock market from Frontier to Emerging Market, (ii) enormous local liquidity, (iii) growing economy, (iv) progress on CPEC projects and (v) S&P upgrading Pakistan's rating to "B" giving it a "Stable" outlook.

KSE-100 Index - Event Chart CY16



Foreign Portfolio Investment (FPI) recorded an outflow of US\$ 338mn during CY16. Foreign selling was observed during the four months from Jan 2016 to Apr 2016 worth US\$ 119mn due to global uncertainty. However, with MSCI announcement of including Pakistan in Emerging Market Index in June 2016, foreign interest in the stock market was observed as foreign inflows increased by US\$ 101mn between May and July 2016. Later on, geopolitical tensions and US Election generated uncertainty leading to outflows in the later months of the year. However, with rising investor confidence, locals continuously absorbed foreign selling thus providing liquidity on the bourse. Going forward, reclassification to MSCI EM Index is likely to result in some fresh liquidity from the global funds tracking the index.

Moreover, a landmark development was the sale of 40% strategic stake of PSX to a Chinese consortium valuing the exchange at US\$ 212 million which shall further attract international investors as the new partners will be expected to introduce innovative products at PSX.

Despite outflows in FPI, Average Daily Trading Volume (ADTV) on KSE 100 remained buoyant at 281 mn shares during CY16 compared to 246 mn shares in CY15 (+14% YoY) signifying greater activity. Upcoming reclassification in MSCI Emerging Index may result in further multiple rerating of the stock market.

## Worldwide Indices Performance In CY16

Country	Index				Index		Relative to World Index
	31-Dec-16	31-Dec-15	Absolute Return	USD Return	High	Low	
Russia	1,152	757	52.2%	52.2%	1,164	628	46.9%
Pakistan	47,807	32,816	45.7%	46.4%	47,807	30,565	40.4%
Brazil	60,227	43,350	38.9%	69.1%	64,925	37,497	33.6%
Thailand	1,543	1,288	19.8%	20.5%	1,553	1,225	14.5%
Indonesia	5,297	4,593	15.3%	18.1%	5,472	4,414	10.0%
Vietnam	665	579	14.8%	13.4%	689	522	9.5%
U.K.	7,143	6,242	14.4%	-4.1%	7,143	5,537	9.1%
Dow Jones	19,763	17,425	13.4%	13.4%	19,975	15,660	8.1%
Dubai	3,531	3,151	12.1%	12.0%	3,657	2,622	6.7%
S&P 500	2,239	2,044	9.5%	9.5%	2,272	1,829	4.2%
MSCI Emerging Market	862	794	8.6%	8.6%	927	689	3.3%
Nasdaq Composite	5,383	5,007	7.5%	7.5%	5,487	4,267	2.2%
Oman	5,783	5,406	7.0%	7.0%	6,020	4,867	1.6%
Germany	11,481	10,743	6.9%	3.3%	11,481	8,753	1.6%
MSCI World	1,751	1,663	5.3%	5.3%	1,774	1,469	0.0%
Saudi Arabia	7,210	6,912	4.3%	4.4%	7,257	5,416	-1.0%
MSCI Asia ex Japan	427	411	3.7%	3.7%	458	358	-1.6%
Kuwait	5,748	5,615	2.4%	1.5%	5,753	4,937	-3.0%
India	26,626	26,118	1.9%	-0.7%	29,045	22,952	-3.4%
Hong Kong	22,001	21,914	0.4%	0.3%	24,100	18,320	-4.9%
Qatar	10,437	10,429	0.1%	0.1%	11,409	8,517	-5.2%
Singapore	2,881	2,883	-0.1%	-2.1%	2,961	2,533	-5.4%
MSCI Frontier Market	499	506	-1.3%	-1.3%	519	452	-6.6%
Philippines	6,841	6,952	-1.6%	-6.8%	8,102	6,084	-6.9%
Malaysia	1,642	1,693	-3.0%	-6.9%	1,728	1,601	-8.3%
Sri Lanka	6,228	6,895	-9.7%	-13.0%	6,895	5,862	-15.0%
China	3,104	3,539	-12.3%	-18.0%	3,539	2,656	-17.6%

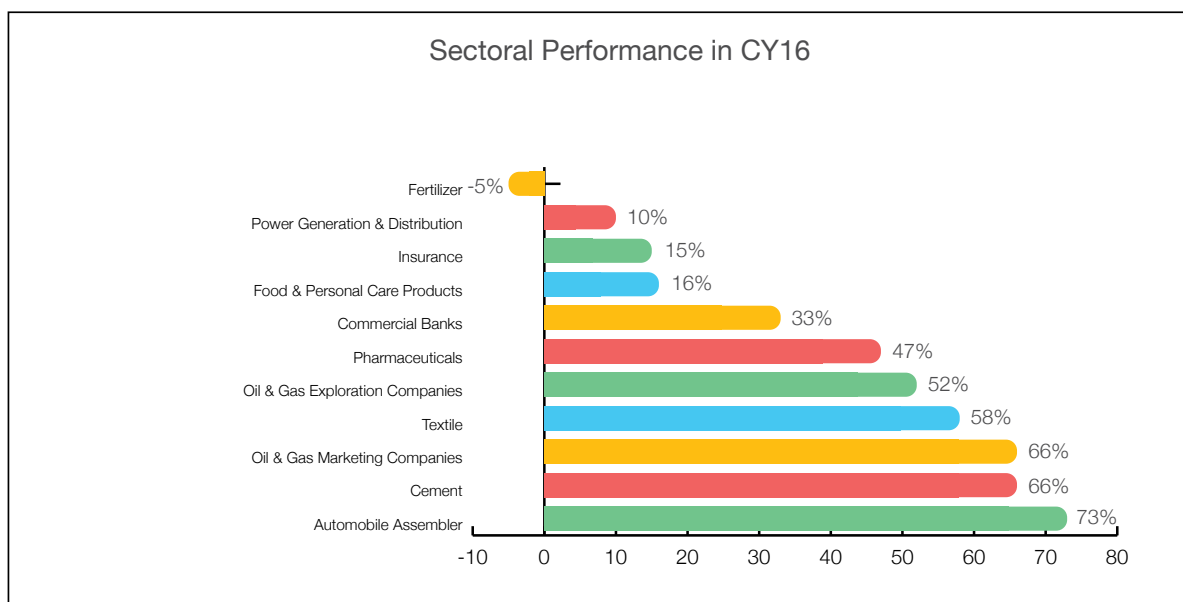
## Sector Reviews

On sectoral front, Automobile Assemblers, Cements, Oil & Gas Marketing Companies (OMCs), Textiles, Oil & Gas Exploration Companies (E&Ps) and Pharmaceuticals outperformed KSE-100 Index, whereas, Banks, Food & Personal Care Product, Insurance, Power Generation & Distribution and Fertilizers underperformed.

Attractive valuations and improving earnings outlook owing to sharp recovery in oil prices resulted in impressive performance of E&Ps. OMCs also performed well on the back of upward trajectory witnessed in oil products volume coupled with improving margins on high speed diesel and motor gasoline which are now linked with CPI inflation.

The auto industry also continued its uptrend as auto volumes registered a hefty increase of 20% YoY in FY16 on the back of decreasing interest rates thus creating favorable scenario for the sector. The pricing power of local original equipment manufacturer allows them to maintain their margins and pass-on any negative exchange rate impact.

Cement sector remained buoyant led by surge in infrastructure development initiated by the current government and early harvest of CPEC related projects. Textile sector also remained in the limelight owing to long awaited Textile Package which is expected to boost the sector profitability and increase exports going forward.



### Company Performance

During the year the company adopted an aggressive stance on the public equities and maintained its exposure at 96% (average), whereas 4% was vested towards mutual funds and Government Securities. The increase in equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves and inflation in single digits. Investments were made in textile composite, power generation & distribution, cements, commercial bank, oil and gas marketing companies and fertilizer. With a sizeable exposure towards the public equities, dividends from our equity portfolio increased by 26% to Rs.199 million for the year 2016 as opposed to Rs.157 million earned last year. Dividend income from related parties increased by 46% from Rs.105 million to Rs.154 million due to good dividend from HUBCO, DAWH and DLL. Dividend income from

others decreased by 13% from Rs.52 million to Rs.45 million due to more concentration towards growth oriented stocks. The Company also earned realized capital gain of Rs.259 million (2015: Rs.323 million) and unrealized gain of Rs.364 million (2015: Rs.223 million).

Due to appreciation in the share price of Dawood Hercules and Dawood Lawrencepur Ltd. no fresh provision for impairment in value of available for sale investments was made during the year.

During 2016 profit after tax stood at Rs.711 million as compared to Rs.335 million reported last year.

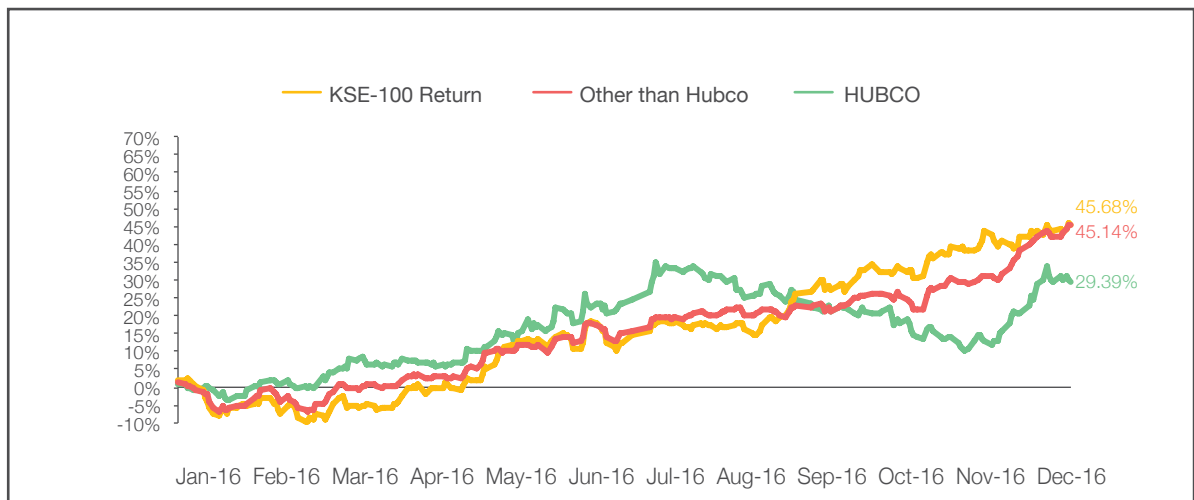
The brief summary of the financial highlights for the year ended December 31, 2016 and 2015 is as under:

Rs. in Million

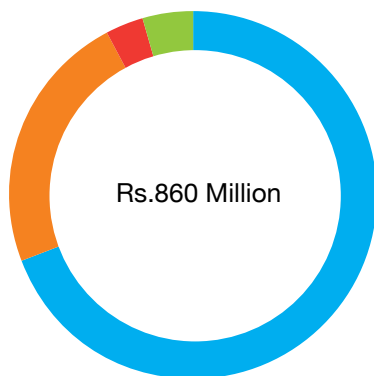
Particular	2016	2015	Change
Return on investments	202	161	25%
Gain on sale of investments - net	259	323	(20%)
Other income	35	7	400%
	496	491	1%
Unrealized appreciation	364	223	63%
	860	714	20%
Operating & administrative expenses	(113)	(218)	48%
Financial charges	(13)	-	N/A
Profit before tax	734	496	48%
Taxation	(23)	(161)	86%
Profit after tax	711	335	112%
Earnings per share – Rupees	12.13	5.71	112%



## Cyan's Equity Portfolio Performance

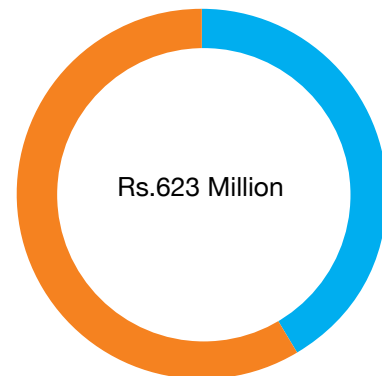


Total Income



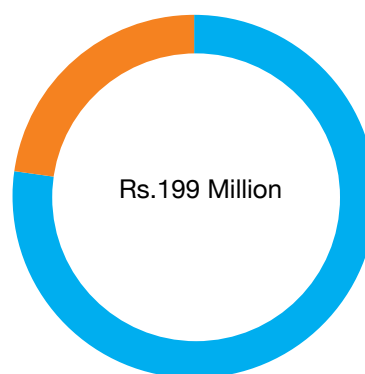
Capital Gain on Equity	596
Dividend Income	199
Capital Gain on Mutual Fund	27
Other Income	38

Capital Gain

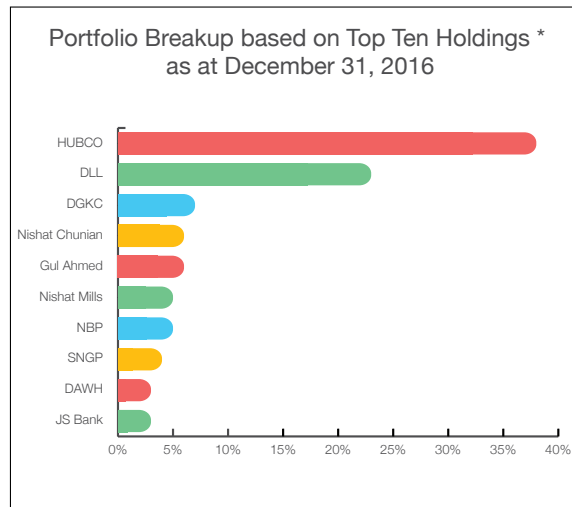


unrealized gain	364
Realized gain	259

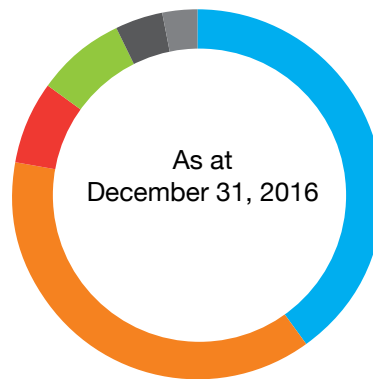
Dividend Income



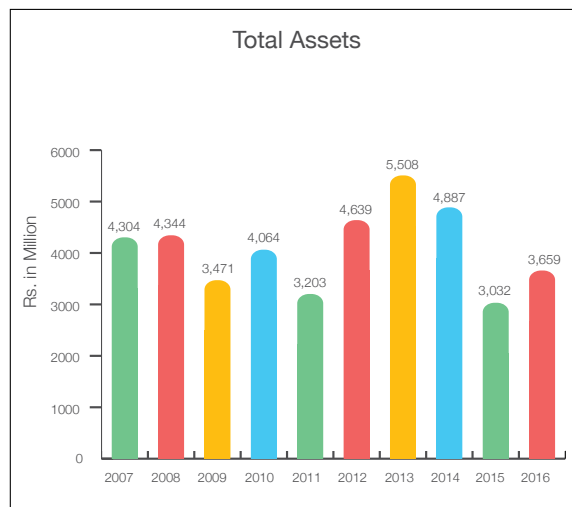
Related Party	154
Others	45



**Sector wise Breakup based on Top Ten Holdings\***



Textile Composite	40%
Power generation & Distribution	38%
Cement	7%
Commercial Banks	8%
Oil and Gas Marketing Companies	4%
Fertilizer	3%



\*Top ten holdings represent 99% of total portfolio

### Earnings per Share

During the year the company posted earnings per share of Rs.12.13 compared to earnings per share of Rs.5.71 in 2015.

### Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2016 stood at Rs.711 million compared to profit after tax of Rs.335 million last year.

The Company has announced two interim dividends of 25% each i.e. Rs.2.5 per share each thus making total payout of 50% or Rs.5 per share for its shareholders in 2016.

### 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 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.1,000 million which has been 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.3,173 million. The liquidity position of the Company remains strong with a year-end current ratio of 8.

### 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 minimised 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 substantially exposed to high rated money market funds.

### 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 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 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 presentation 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. Besides, significant progress has been made towards the implementation of certain other key applications, i.e. human resource management, risk management, enterprise general ledger and fixed assets module. We are hopeful that by the above developments, the operational capabilities of relevant department of the Company will be improved and this will support for 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 assessed 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 emphasises 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. During the year recreational and motivational activities in the form of cricket matches were organized with other institutions.

### 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.47.18 million to the National Exchequer by way of taxes, during the year 2016.

### Corporate Awards

The Company was selected amongst the Top 25 Companies for the year 2014 by Pakistan Stock Exchange (PSX) on September 16, 2016. Cyan was

selected by the PSX on the basis of comprehensive parameters, which includes dividend payouts, return on equity, compliance with Listing Regulations and sound corporate governance practices.

The Company was ranked "3rd" in "Other Sector" category for the year 2015 by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) on October 7, 2016. Cyan was selected by the ICAP and ICMAP on the basis of comprehensive parameters, which include transparency in preparing the annual reports according to international best practices, compliance with Listing Regulations and sound corporate governance practices.

### Credit Rating

On December 13, 2016 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

During the year, there were no changes in the Board of Directors of Cyan Limited.

### Conflict of Interest among BOD Members

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

### CEO Performance Review

Appointment of the Chief Executive Officer (CEO) is made by the Board of Directors for tenure of three years.

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 as 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
Shahzada Dawood(Chairman)	5	5
Kulsum Dawood (Director)	5	4
Sulaiman S. Mehdi (CEO/Director)	5	5
Ghias Uddin Khan (Director)	5	2
Hassan Reza-ur Rahim (Director)	5	3
Kamran Nishat (Director)	5	4
Shafiq Ahmed (Director)	5	5

### Board Audit Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	6	5
Ghias Uddin Khan (Member)	6	1
Hasan Reza-ur Rahim (Member)	6	4
Shafiq Ahmed (Member)	6	6

### Board Investment Committee Meetings

	No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim (Chairman)	4	3
Kulsum Dawood (Member)	4	3
Shahzada Dawood (Member)	4	4
Shafiq Ahmed (Member)	4	3

### Board HR & Remuneration Committee Meetings

	No. of meetings held	No. of meetings attended
Ghias Uddin Khan (Chairman)	1	1
Hasan Reza-Ur Rahim (Member)	1	1
Kamran Nishat (Member)	1	1

### Code of Conduct

During the year, 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 amendments made in the Code of Corporate Governance. The Code of Conduct is also placed at the Company's website.

### Corporate and Financial Reporting Framework

- 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.
- The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.
- 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.
- 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.
- 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, 2016 is Rs.17.74 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's directors are Certified Directors under Directors' Training Program from approved institutes as prescribed by SECP.

#### Ownership

As at December 31, 2016, there were 1,976 shareholders on the record of the Company.

#### Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2016, 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 57th 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, 2017. 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

Kamran Nishat  
Director

Sulaiman S. Mehdi  
CEO

Karachi: February 22, 2017



## CEO'S MESSAGE

Five years ago, the market capitalization of the Company was Rs.1.95 billion which has increased to Rs.4.52 billion on December 31, 2016.

Pakistan Stock Exchange (PSX) generated above average gains in the outgoing year 2016. Benchmark total return KSE-100 Index gained 46% (45% in US\$ terms) in 2016 compared to last 10-year average return of 20% (15% in US\$ terms) and last 20-year average return of 24% (19% in US\$ terms).

Amongst Asian markets Pakistan remained on top. Moreover it also topped the MSCI Frontier Markets. Pakistan market posted 5th highest return in the world. Strong performance of Pakistan equities in 2016 was mainly led by strong local liquidity on account of falling

interest rates and rising investor interest due to inclusion in the MSCI EM Index. Automobiles and Cements remained top performing sectors in 2016 posting market cap gains of 73% and 66%, respectively. Index heavy weight Oil & Gas Exploration sector (E&Ps) was up 52% whereas Banks were up 33%. Fertilizer sector was down 5% due to weak fertilizer demand and high inventory levels.

During the year your Company earned Rs.711 million in net income and the portfolio was up 38.66% vs KSE-100 index of 45.68%. The underperformance was primarily due to below market performance of HUBCO having a significant weight of 36% in the total portfolio. During the year the Company adopted an aggressive stance on the public equities and maintained its exposure at 96% (average),





whereas 4% was vested towards mutual funds and Government Securities. The equity portfolio was aligned towards high growth investments and to this effect investments were made in Textile Composite, Cements, Commercial Bank and Oil & Gas Marketing Companies.

### **Achieving Milestones**

The Company has announced two interim dividends of 25% each i.e. Rs.2.5 per share each thus making total payout of 50% or Rs.5 per share for its shareholders in 2016.

During five years, the market capitalization of the Company has grown from Rs.1.95 billion to Rs.4.52 billion generating return of 132%. During the last five years, the Company managed to pay a total dividend of Rs.5.30 billion which makes the total cumulative shareholders' return of 484%; whereas the benchmark KSE-100 Index managed a return of 321% during the same period reflecting Cyan's above average performance of 163%. This translates into a 5-year Compounded Annual Growth Rate (CAGR) of 42%, making the pay-back period of two years for an investor who invested in the stock five years ago.

### **Engaging New opportunities**

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

### **Economic Outlook**

The economic future looks bright and keen. As the government remains focused and committed to energy and manufacturing sectors, and with the ongoing privatization, all ingredients are there in place for a probable, sustainable high growth trajectory. We expect stock market to continue its growth trajectory in 2017 due to notable improvement on the macro-economic front, rising domestic demand, CPEC led investments, increasing local liquidity and expected foreign flows due to reclassification to MSCI's Emerging Market Index. Further, we prefer sectors which have direct exposure to infrastructure i.e. CPEC projects, which include Cements and Steels. We also like Consumers/Autos and Oil & Gas Marketing.

### **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. Together, our future is exceedingly bright. Let us continue to unearth our potential and use it for our success.

**Sulaiman S. Mehdi**  
Chief Executive Officer

Karachi: Febuary 22, 2017



## CORPORATE SOCIAL RESPONSIBILITY REPORT

Corporate Social Responsibility (CSR) is one of the core values and an integral part of the Company's overall mission. By integrating CSR into our business strategy, Cyan is helping to drive shared value amongst its stakeholders and enhance its corporate brand image community wide.

We are determined to ensure that our businesses operate in an ethical, sound and responsible manner. We strive to generate maximum social value to build a better, more sustainable realm for all.

We take great pride in having continued our CSR efforts in 2016 through contributions for various initiatives that supported the provision of better health services, quality education and preservation of Pakistan's culture.



## Healthcare

Healthcare is an essential need of the society. Pakistan needs special attention to healthcare improvements and infrastructure. 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.

In 2016, we continued supporting our belief by contributing with institutions that can help people suffering from various diseases in Pakistan. As a result, Cyan focused its support towards the following organizations:

### Fatimid Foundation

Fatimid Foundation Quetta Centre (FFQC) is the only hope for thousands of children with Thalassemia and Hemophilia who live from moment to moment. FFQC is a benchmark for all hospitals in Balochistan providing free health care facilities to these young and poor Baloch patients suffering from these incurable lifelong diseases.

Cyan participated in their “Car Sticker Campaign” to support their cause.



### Marie Adelaide Leprosy Centre

Over the last 57 years, the Marie Adelaide Leprosy Centre (MALC) has been one of Pakistan's leading institutions in the effort to eliminate leprosy, treat TB, prevent blindness and develop sustainable communities. The MALC has also been prominent in providing timely relief and rehabilitation for the victims of natural and human disasters. In 2016, Cyan contributed in their efforts to serve humanity.







## Education Initiatives

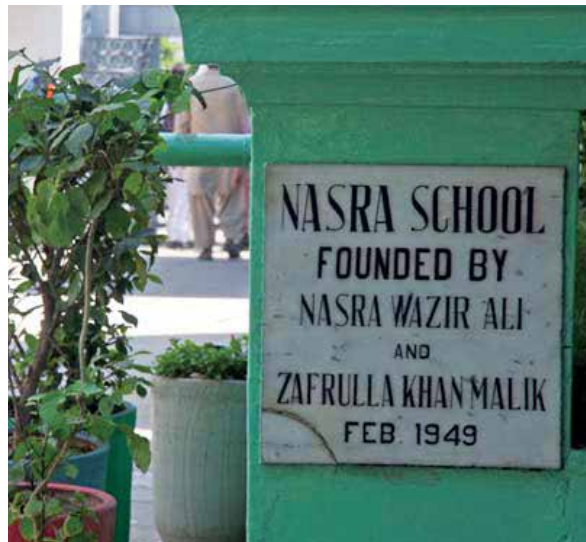
Pakistan is one of countries across the world where difficult economic conditions result in less than half of enrolled students completing primary school before they are forced to join the workforce. In addition, the quality of education at state-owned educational institutions has sharply deteriorated in the past few decades.

The company recognizes education as one of the building blocks of any nation and considers it as a priority area for its CSR activities. All these initiatives have been undertaken to benefit the society the company is operating in, so to contribute in increasing the literacy levels.

### Education Trust Nasra School

The Trust was registered in 1950 under the Trust Act of 1982. The School which started off in 1949 with 2 rooms in the Wazir Ali Home, led over a period of 65 years to the establishment of 5 purpose built campuses located in Saddar, Malir, Korangi, Super Highway and North Karachi that provide education to thousands of underprivileged boys and girls from low income families.

The Education Trust Nasra School currently enrolls 10,900 children providing education from pre-primary to Higher Secondary levels in a healthy co-educated environment. The Trust provides scholarships to 20% of deserving students and also has a commitment to educate orphans.



This year, Cyan donated to support the Trust.





## Culture and Community

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. 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. In 2016, we continued our involvement in efforts to safeguard and highlight the ethos of Pakistan for future generations.

### Department of Public Administration – University of Karachi

The University of Karachi is the biggest university in the country. It comprises eight faculties with which all the colleges of the city are affiliated.

Department of Public Administration at The University of Karachi organized a mega event on the occasion of 51st Defense Day named “A Fortress Rebuilt”, in memory of our brave soldiers who laid their lives protecting our homeland in the 1965 war against India. Cyan was one of the prominent sponsor to the mega event.







U.S. Navy  
and Marine  
THE BUREAU OF NAVAL ARCHITECTURE  
P.O. Box 100  
South San Francisco, CA 94080



WE NEVER LOOSE  
SIGHT OF OUR AIMS,  
AND CONTINUE WITH  
FOCUS

## CALENDAR OF MAJOR EVENTS

February  
2016

Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2015 and recommend 40% final cash dividend to the shareholders.

March  
2016

56th Annual General Meeting of the shareholders of the Company was held to approve financial statements for the year ended December 31, 2015 and 40% final cash dividend to the shareholders.

April  
2016

Cyan Board of Directors meeting was held to approve the first quarter accounts for the period ended March 31, 2016.

August  
2016

Cyan Board of Directors meeting was held to approve the unaudited financial statements for the half year ended June 30, 2016 and declare 25% interim cash dividend to the shareholders.

September  
2016

The Company was ranked 3rd in Best Corporate Report Award by ICAP and ICMAP. The Company was also ranked among the Top 25 Companies for the year 2014 by Pakistan Stock Exchange.

October  
2016

Cyan Board of Directors meeting was held to approve the third quarter accounts for the nine months period ended September 30, 2016.

December  
2016

Cyan Board of Directors meeting was held to discuss Corporate Strategy for the year 2017. The Board of Directors also declared 25% interim cash dividend to the shareholders.



# RISK AND OPPORTUNITY REPORT

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.

A summary, highlighting major SWOT factors, is presented below:

## SWOT ANALYSIS

### STRENGTHS

1. Successful track record of managing public equities portfolio
2. Group credibility and relationships
3. Team with diversified skill sets
4. Group foot print in multiple sectors
5. Successful history of pipe deals
6. Good understanding of high potential sectors- Retail, Food, Agriculture, Health, Education, Logistics and Pharma

### WEAKNESSES

1. High tax burden under current legal structure
2. Lean Team

### OPPORTUNITIES

1. Using network to identify new investment opportunities
2. Targeting new high potential growth sectors
3. Private Investment in Public Equities (PIPE) transactions

### THREATS

1. Key Team members getting poached

# SHAREHOLDERS' INFORMATION

## Registered Office

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

## Share Registrar Office

Technology Trade (Pvt.) Ltd.  
Dagja House, 241-C, Block-2,  
P.E.C.H.S., Off: Shahrāh-e-Quaideen  
Karachi.  
Tel # (92-21) 34391316-7 & 19, 34387960-61  
Fax # (92-21) 34391318  
Web site: [www.ttpl.com.pk](http://www.ttpl.com.pk)

## Listing on Stock Exchange

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

## Listing Fees

The annual listing fee for the financial year 2016-2017 has been paid to the stock exchange within the prescribed time limit.

## Stock Code

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

## Investor Service Centre

CYAN share department is operated by Technology Trade (Pvt.) Ltd, Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 2000 shareholders. The Investor Service Centre 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 registration function. The team is headed by Mr. M. Junaid Dagja at Registrar Office and Mr. Wahaj Ghulam Hussain, Manager Compliance and Risk Management 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. Wahaj Ghulam Hussain  
Tel# (92-21) 35634290-3  
Email: [wahaj.hussain@cyanlimited.com](mailto:wahaj.hussain@cyanlimited.com)

## Contact Person:

### Registrar Office

Mr. M. Junaid Dagja  
Tel # (92-21) 34391316-7 & 19  
Email: [junaid.dagja@ttpl.com.pk](mailto:junaid.dagja@ttpl.com.pk)

### Service Standards

Cyan has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request(s) received	
	Through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services 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 PSX Rule Book.

### Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from Thursday, 20th April 2017 to Friday, 28th April 2017 (both days inclusive).

### Investors Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

### General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, 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 161 of The Companies Ordinance, 1984 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

Updated information regarding the Company can be accessed at Cyan website [www.cyanlimited.com](http://www.cyanlimited.com). The web site contains the latest financial results of the Company.



WE THRIVE ON SETTING  
GOALS FOR US TO ACHIEVE

EXCELLENCE



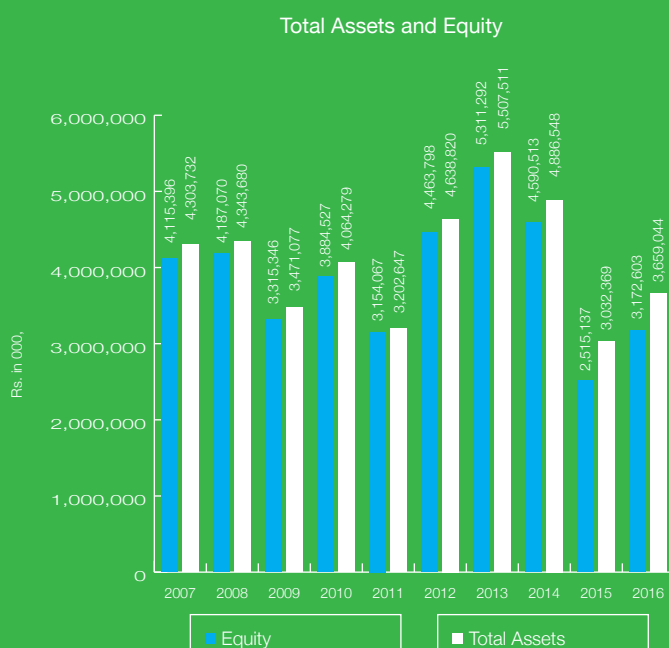
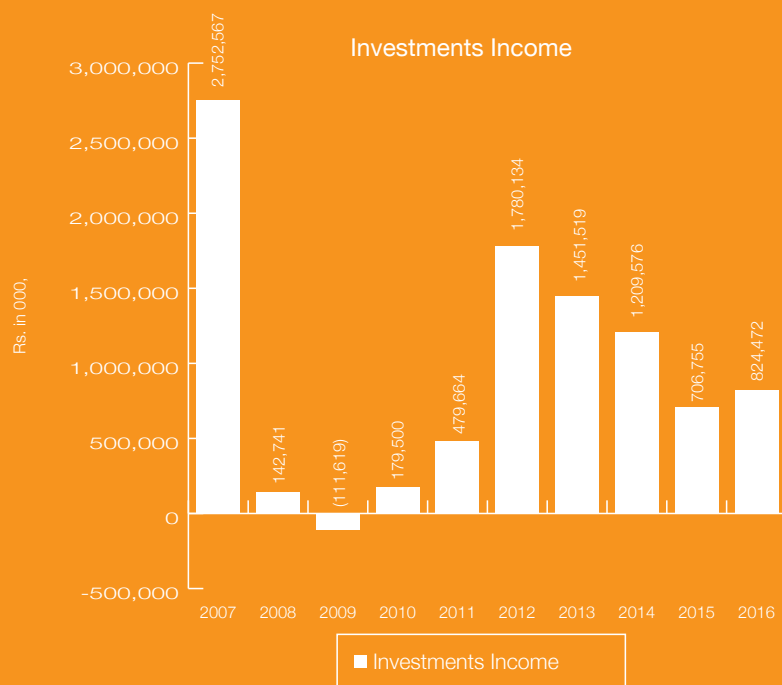
# KEY FINANCIAL HIGHLIGHTS

## TEN YEARS AT A GLANCE

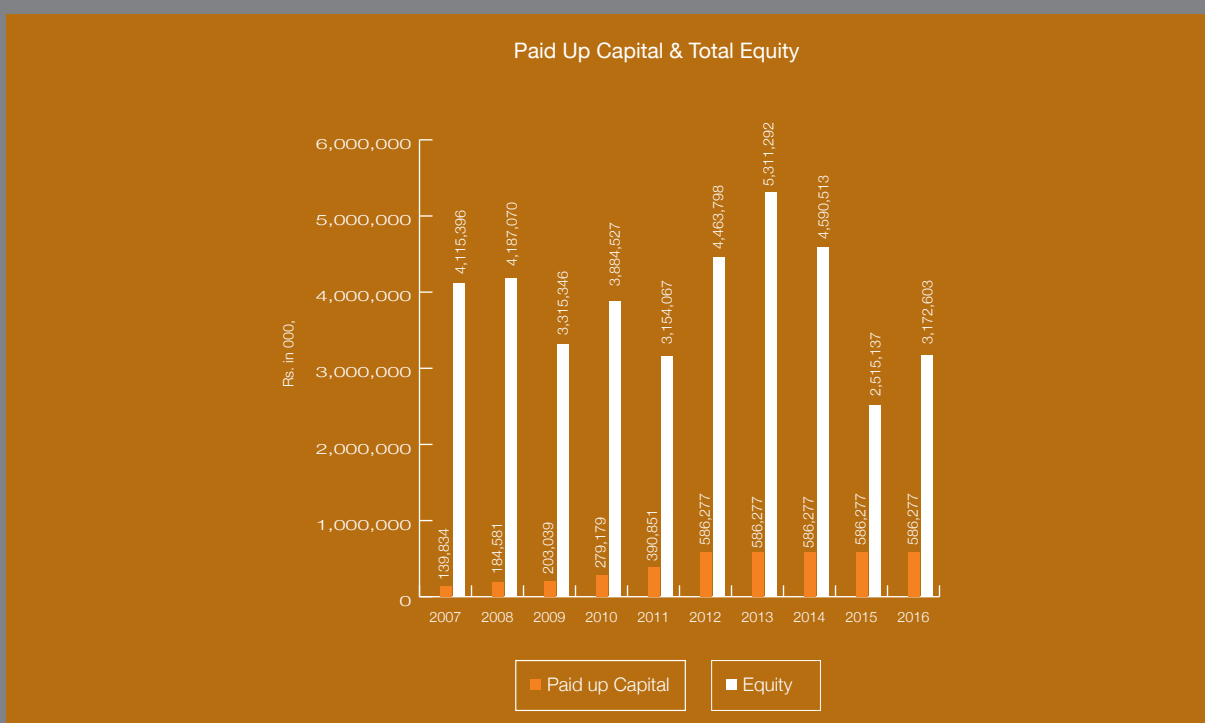
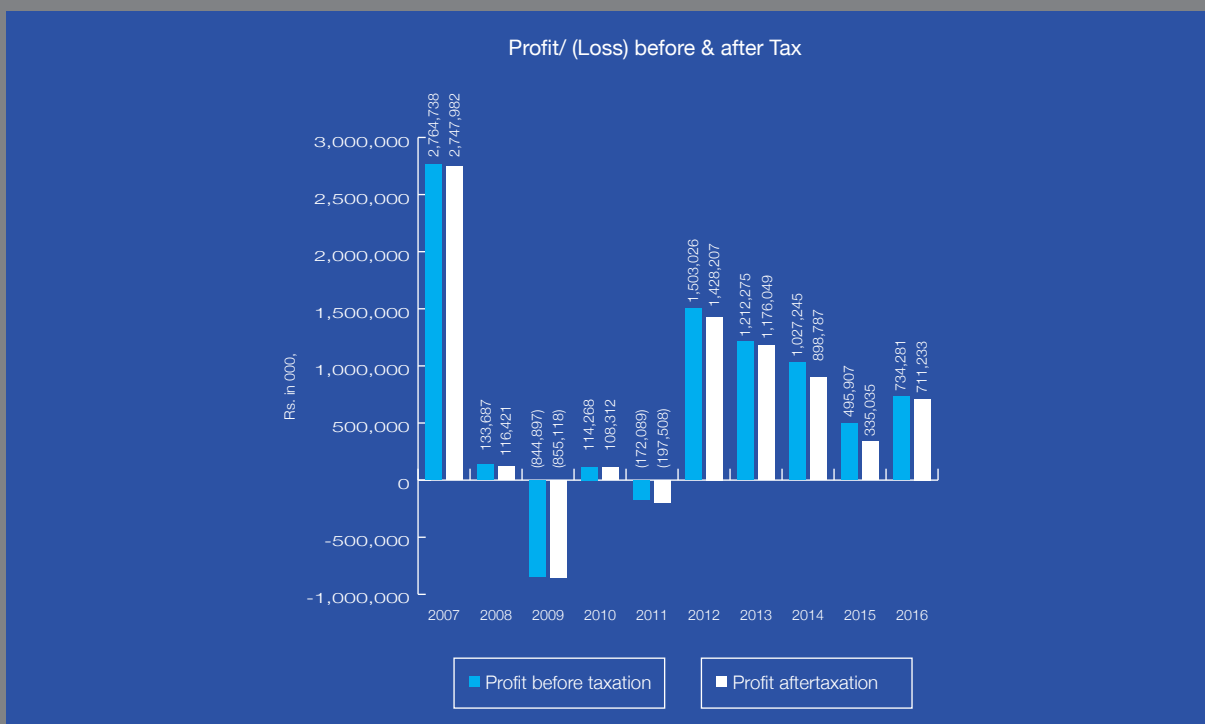
Particulars	2007	2008	2009	2010
	Rupees in '000			
<b>Earnings</b>				
Investments income / (loss)	2,752,567	142,741	(111,619)	179,500
Profit / (loss) before taxation	2,764,738	133,687	(844,897)	114,268
Profit / (loss) after taxation	2,747,982	116,421	(855,118)	108,312
<b>Pay Out Information %</b>				
Cash dividend	50	20	20	25
Stock dividend	20	20	25	50
<b>Balance Sheet</b>				
Paid up capital	139,834	184,581	203,039	279,179
Equity	4,115,396	4,187,070	3,315,346	3,884,527
Investments	4,108,830	1,991,293	3,272,032	3,927,349
Cash & cash equivalents	97,520	64,773	65,136	10,296
Fixed assets	4,103	3,187	2,558	1,944
Total assets	4,303,732	4,343,680	3,471,077	4,064,279
<b>Operating Performance</b>				
Earning / (Loss) per share (Rupees)	148.88	5.73	(30.63)	2.77
Break up value per share (Rupees)	294.31	227.13	163.29	139.14
Absolute return on investments %	68.51	3.11	(3.43)	4.57
Return on investments %	98.61	2.80	(22.80)	3.01

2011	2012	2013	2014	2015	2016
Rupees in '000					
479,664	1,780,134	1,451,519	1,209,576	706,755	824,472
(172,089)	1,503,026	1,212,275	1,027,245	495,907	734,281
(197,508)	1,428,207	1,176,049	898,787	335,035	711,233
25	40	100	675	40	50
40	50	-	-	-	-
390,851	586,277	586,277	586,277	586,277	586,277
3,154,067	4,463,798	5,311,292	4,590,513	2,515,137	3,172,603
2,947,025	4,533,865	5,383,322	4,780,356	2,825,317	3,612,508
19,230	13,494	17,835	21,844	159,891	906
1,590	26,194	22,814	18,752	15,623	14,017
3,202,647	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044
(3.37)	24.36	20.06	15.33	5.71	12.13
80.7	76	91.00	78.30	42.90	54.11
(3.00)	58.89	32.14	18.15	9.43	25.00
(5.61)	37.49	24.10	22.47	14.78	29.18

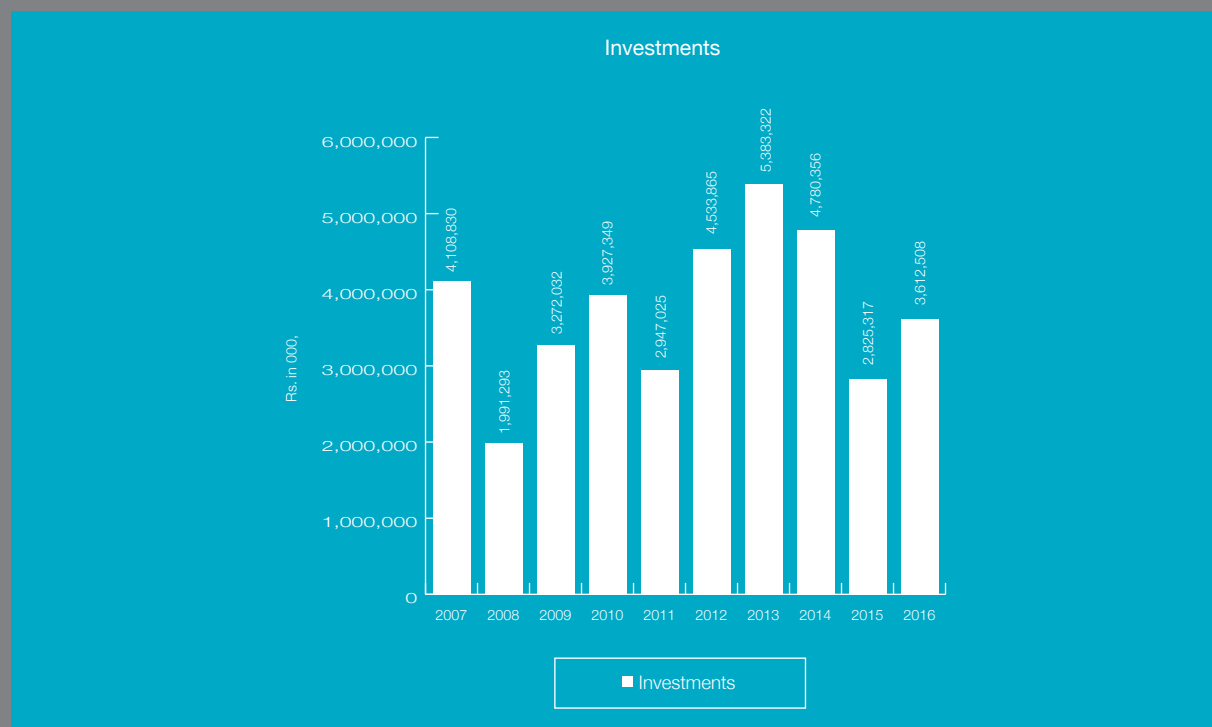
# KEY FINANCIAL HIGHLIGHTS

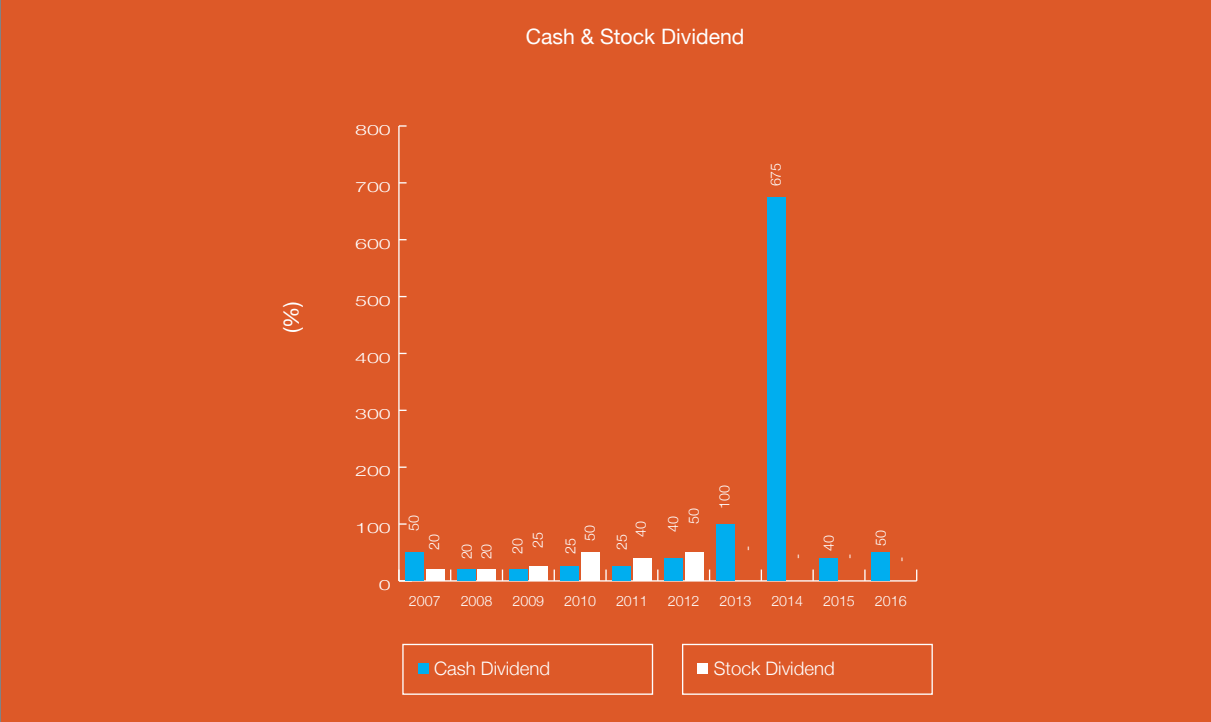






# KEY FINANCIAL HIGHLIGHTS





# RATIO ANALYSIS

Ratios	Unit	2011	2012	2013	2014	2015	2016
<b>Profitability</b>							
Profit before tax ratio	%	NA	87	83	84	70	85
Gross yield on earning assets	%	-4	38	27	25	24	24
Cost / income ratio	%	-53	13	17	16	30	15
Return on equity	%	-6	32	22	20	13	22
Return on capital employed	%	-6	37	24	18	9.43	25
<b>Liquidity Ratios</b>							
Current ratio	Times	68	30	34	18	6	8
<b>Investment / Market Ratios</b>							
Earnings / (loss) per share - Basic	Rs.	(3.37)	24.36	20.06	15.33	5.71	12.13
Price earnings ratio	Times	NA	2.18	3.84	5.60	15.60	6.35
Price to book ratio	Times	0.62	0.70	0.85	1.10	1.72	1.24
Dividend yield ratio	%	5	8	13	79	4	6.49
Dividend payout ratio	Times	NA	0.16	0.50	4.40	0.70	0.41
Dividend cover ratio	%	NA	37	50	440	70	41
<b>Market Value per share</b>							
• At the end of the year	Rs.	50	53	77	85.92	89.10	77.08
• High during the year	Rs.	116	91	85	138.50	150.50	94.90
• Low during the year	Rs.	54	48	47	71.79	65.17	62.50
<b>Capital Structure Ratios</b>							
Earning assets to total assets ratio	Times	0.93	0.98	0.98	0.99	0.99	0.99
Net assets per share	Times	81	76	91	78.30	42.90	54.11

# COMMENTS ON RATIO ANALYSIS

## **Comments on six years Profitability Ratios**

The Company started active portfolio management after the revocation of insurance license in 2011 and the same was reflected in the last four years profitability where the Company has outperformed the KSE-100 Index, a benchmark used to gauge the performance of the Company. Despite the underperformance of the Company's equity portfolio by 7.02% (38.66% vs KSE-100 Index performance of 45.68%) in CY16, the return on equity and return on capital employed increased compared to last year due to higher investment income in CY16.

## **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 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 Balance Sheet Analysis**

Total assets and equity increased by 21% and 26% in CY16 respectively over the previous year. Currently, the total asset base of the Company stands at PKR 3.66 billion growing from PKR 3.20 billion in CY11 which translated into a Compounded Annual Growth Rate (CAGR) of 23% over the period of five years including dividend payout over five years.

## **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 CY11 to CY16 from a loss of PKR198 million in CY11 to a profit of PKR 711 million in CY16. 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

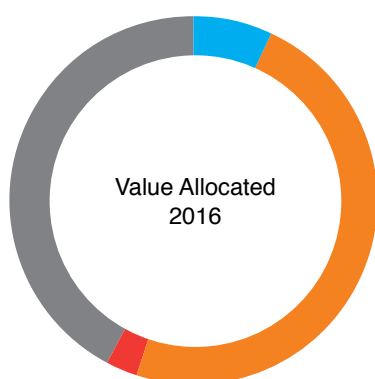
Month	High	Low	Total Volume
Cyan Share Price on the PSX			
Jan-16	90.9	77.1	598,000
Feb-16	94.90	69.55	1,818,500
Mar-16	78.9	67.10	1,214,000
Apr-16	74.1	64.50	649,000
May-16	69.70	63.00	516,000
Jun-16	68.98	62.50	238,500
Jul-16	74.00	64.00	601,000
Aug-16	74.89	69.26	977,000
Sep-16	72.87	64.51	1,018,000
Oct-16	72.00	65.55	1,235,000
Nov-16	71.99	66.00	751,000
Dec-16	82.25	70.50	1,764,000

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 increase / decrease in KSE-100 Index, the profitability of the Company would increase / decrease as a result of gains / losses on equity securities at fair value through profit or loss and available for sale. The impact of this financial performance therefore may affect share price of the Company.

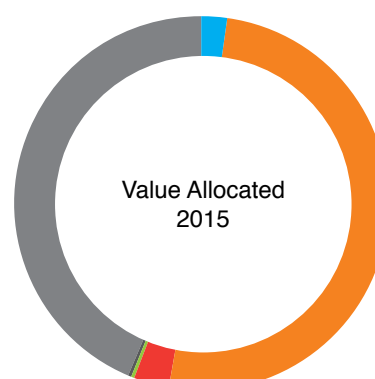
# STATEMENT OF VALUE ADDITION

Value added	2016 Rs. 000	%	2015 Rs. 000	%
Return on investments	201,844		160,841	
Capital gains	258,629		323,062	
Unrealized gain - Net	363,999		222,852	
Other income	35,882		7,319	
Gross revenue	860,354		714,074	
Less: Administrative expenses	65,698		72,610	
	794,656	100%	641,464	100%
<b>Value Allocated</b>				
<b>To Employees</b>				
Salaries, allowances and other benefits	57,697	7%	131,185	19%
<b>To Shareholders</b>				
Cash dividend	381,080	48%	2,491,678	388%
<b>To Government</b>				
Company taxation	23,048	3%	160,872	25%
<b>To Society</b>				
Workers' welfare fund	-	-	10,269	2%
<b>To expansion</b>				
Depreciation and amortization	2,678	-	4,103	1%
<b>To growth</b>				
As reserve and retained earning	330,153	42%	-2,156,643	-335%
	794,656	100%	641,464	100%



■ Salaries, allowances and other benefits  
■ Cash Dividend  
■ Company Taxation  
■ Workers' Welfare Fund  
■ Depreciation and amortization  
■ As Reserve and Retained earning

7%  
 48%  
 3%  
 -  
 -  
 42%



■ Salaries, allowances and other benefits  
■ Cash Dividend  
■ Company Taxation  
■ Workers' Welfare Fund  
■ Depreciation and amortization  
■ As Reserve and Retained earning

19%  
 388%  
 25%  
 2%  
 1%  
 -335%

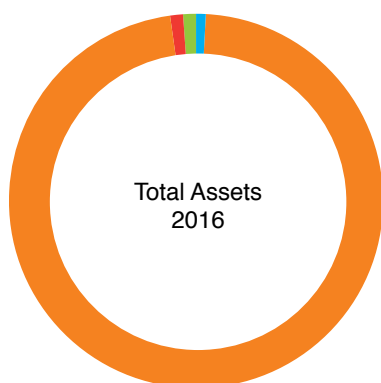




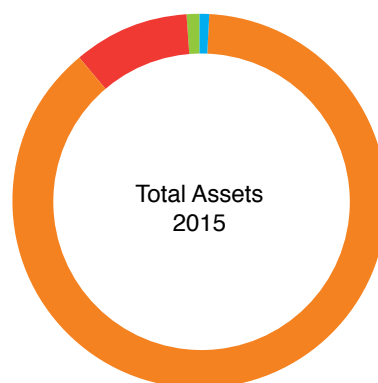


WE KEEP OUR WORDS, AND  
GAIN TRUST THROUGH  
TEAMWORK

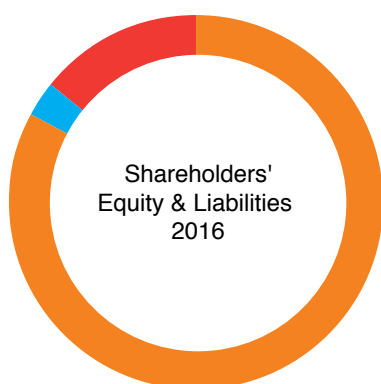
# BALANCE SHEET COMPOSITION



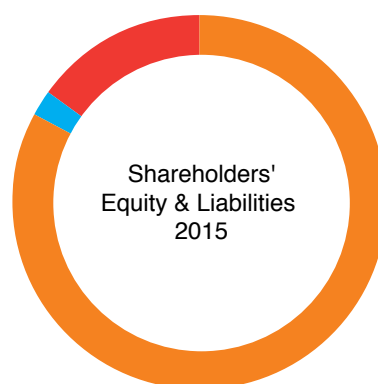
Long term assets	1%
Investments in Equities	97%
Investments in Cash, Debt and Mutual Funds	1%
Other Current assets	1%



Long term assets	1%
Investments in Equities	88%
Investments in Cash, Debt and Mutual Funds	10%
Other Current assets	1%

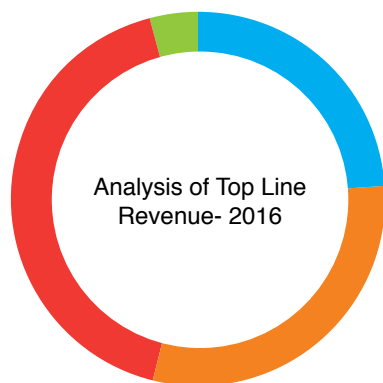


Share Capital and Reserve	83%
Non-Current Liabilities	3%
Current Liabilities	14%

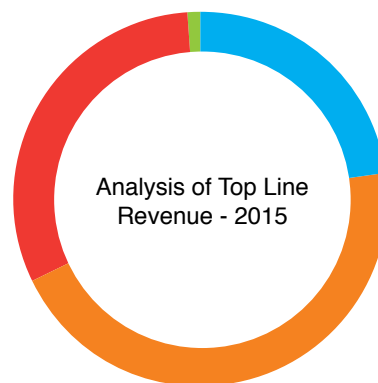


Share Capital and Reserve	83%
Non-Current Liabilities	2%
Current Liabilities	15%

# ANALYSIS OF PROFIT AND LOSS ACCOUNT



Return on investments	24%
Gain on sale of investments - net	30%
Unrealised appreciation on re-measurement of investments	42%
Other income	4%



Return on investments	23%
Gain on sale of investments - net	45%
Unrealised appreciation on re-measurement of investments	31%
Other income	1%

# HORIZONTAL ANALYSIS

## Balance Sheet

Particulars	2011	2012	2013
	Rupees in '000		
Cash and bank deposits	8,330	13,494	17,835
Loan to employee	7,892	7,492	6,960
Investments	2,947,025	4,533,865	5,383,322
Deferred tax	3,437	-	-
Premiums due but unpaid	24	13	-
Amounts due from other insurers / reinsurers	17,638	28,780	18,144
Accrued investment income	691	1,471	400
Reinsurance recoveries against outstanding claims	25,352	5,406	5,406
Taxation - payments less provision	5,104	-	-
Advances, prepayments deposit & sundry receivables	185,583	22,105	52,630
Fixed assets	1,590	26,194	22,814
<b>Total Assets</b>	<b>3,202,666</b>	<b>4,638,820</b>	<b>5,507,511</b>
Issued, subscribed and paid up share capital	390,851	586,277	586,277
Unappropriated profit	2,592,494	3,688,477	4,395,503
Reserves	133,088	133,088	133,088
Remeasurement of post employees benefits	(36)	(610)	(1,726)
Surplus on Revaluation - AFS investments	37,670	56,566	198,150
Provision for outstanding claims [including IBNR]	29,002	9,025	9,025
Deferred liabilities	1,959	4,824	8,858
Deferred tax	-	20,103	26,890
Amounts due to other insurers / reinsurers	3,038	1,725	587
Accrued expenses	4,870	75,543	85,037
Other creditor and accruals	383	36,590	25,573
Accrued mark-up	-	-	-
Short term running finance	-	-	-
Taxation - net	-	15,873	31,448
Unclaimed dividend	9,347	11,339	8,801
<b>Total Shareholders' Equity and Liabilities</b>	<b>3,202,666</b>	<b>4,638,820</b>	<b>5,507,511</b>

2014	2015	2016	12 Over 11	13 Over 12	14 Over 13	15 Over 14	16 Over 15
Rupees in '000			Percentage Change				
21,844	159,891	906	61.99%	32.17%	22.48%	631.97%	-99.43%
16,020	14,060	12,315	-5.07%	-7.10%	130.17%	-12.25%	-12.41%
4,780,356	2,825,317	3,612,508	53.85%	18.74%	-11.20%	-40.90%	27.86%
-	-	-	-100.00%	-	-	-	-
-	-	-	-45.83%	-100.00%	-	-	-
2,464	2,464	2,464	63.17%	-36.96%	-86.42%	-	-
-	-	-	112.88%	-72.81%	-100.00%	-	-
5,406	5,406	5,406	-78.68%	-	-	-	-
-	-	-	-	-	-	-	-
41,706	9,608	11,428	-88.09%	138.09%	-20.76%	-76.96%	18.94%
18,752	15,623	14,017	1547.42%	-12.90%	-17.80%	-16.69%	-10.28%
4,886,548	3,032,369	3,659,044	44.84%	18.73%	-11.27%	-37.94%	20.67%
586,277	586,277	586,277	50.00%	-	-	-	-
3,535,458	1,378,815	1,708,968	42.28%	19.17%	-19.57%	-61.00%	23.94%
133,088	133,088	133,088	-	-	-	-	-
(3,697)	(3,480)	(2,611)	-	182.95%	114.19%	5.87%	-24.97%
339,387	420,437	746,881	50.16%	250.30%	71.28%	23.88%	77.64%
8,805	8,805	8,805	-68.88%	-	-2.44%	-	-
9,377	8,369	10,528	146.25%	83.62%	5.86%	-10.75%	25.80%
16,171	45,166	13,803	100.00%	33.76%	-39.86%	179.30%	-69.44%
587	587	587	-43.22%	-65.97%	-	-	-
68,880	136,190	20,400	1451.19%	12.57%	-19.00%	97.72%	-85.02%
28,337	109,105	27,712	9453.52%	-30.11%	10.81%	285.04%	-74.60%
-	-	1,796	-	-	-	-	-
-	-	183,265	-	-	-	-	-
143,659	179,522	187,197	100.00%	98.12%	356.81%	24.96%	4.28%
20,219	29,488	32,348	21.31%	-22.38%	129.74%	45.84%	9.70%
4,886,548	3,032,369	3,659,044	44.84%	18.73%	-11.27%	-37.94%	20.67%



# VERTICAL ANALYSIS

## Balance Sheet

Particulars	2011	2012	2013	2014
	Rupees in '000			
Cash and bank deposits	8,330	13,494	17,835	21,844
Loan to Employee	7,892	7,492	6,960	16,020
Investments	2,947,025	4,533,865	5,383,322	4,780,356
Deferred tax	3,437	-	-	-
Premiums due but unpaid	24	13	-	-
Amounts due from other insurers / reinsurers	17,638	28,780	18,144	2,464
Accrued investment income	691	1,471	400	-
Reinsurance recoveries against outstanding claims	25,352	5,406	5,406	5,406
Taxation - payments less provision	5,104	-	-	-
Advances, prepayments deposit & sundry receivables	185,583	22,105	52,630	41,706
Fixed assets	1,590	26,194	22,814	18,752
<b>Total Assets</b>	<b>3,202,666</b>	<b>4,638,820</b>	<b>5,507,511</b>	<b>4,886,548</b>
Issued, subscribed and paid up share capital	390,851	586,277	586,277	586,277
Unappropriated profit	2,592,494	3,688,477	4,395,503	3,535,458
Reserves	133,088	133,088	133,088	133,088
Remeasurement of post employees benefits	(36)	(610)	(1,726)	(3,697)
Surplus on revaluation - AFS investments	37,670	56,566	198,150	339,387
Provision for outstanding claims [including IBNR]	29,002	9,025	9,025	8,805
Deferred liabilities	1,959	4,824	8,858	9,377
Deferred tax	-	20,103	26,890	16,171
Amounts due to other insurers / reinsurers	3,038	1,725	587	587
Accrued expenses	4,870	75,543	85,037	68,880
Other creditor and accruals	383	36,590	25,573	28,337
Accrued mark-up	-	-	-	-
Short term running finance	-	-	-	-
Taxation - net	-	15,873	31,448	143,659
Unclaimed dividend	9,347	11,339	8,801	20,219
<b>Total Shareholders' Equity and Liabilities</b>	<b>3,202,666</b>	<b>4,638,820</b>	<b>5,507,511</b>	<b>4,886,548</b>



2015	2016	2011	2012	2013	2014	2015	2016
Rupees in '000			Percentage Change				
159,891	906	0.26%	0.29%	0.32%	0.45%	5.27%	0.02%
14,060	12,315	0.25%	0.16%	0.13%	0.33%	0.46%	0.34%
2,825,317	3,612,508	92.02%	97.74%	97.75%	97.83%	93.17%	98.73%
-	-	0.11%	-	-	-	-	-
-	-	-	-	-	-	-	-
2,464	2,464	0.55%	0.62%	0.33%	0.05%	0.08%	0.07%
-	-	0.02%	0.03%	0.01%	-	-	-
5,406	5,406	0.79%	0.12%	0.10%	0.11%	0.18%	0.15%
-	-	0.16%	-	-	-	-	-
9,608	11,428	5.79%	0.48%	0.96%	0.85%	0.32%	0.31%
15,623	14,017	0.05%	0.56%	0.41%	0.38%	0.52%	0.38%
3,032,369	3,659,044	100%	100%	100%	100%	100%	100.00%
586,277	586,277	12.20%	12.64%	10.65%	12.00%	19.33%	16.02%
1,378,815	1,708,968	80.95%	79.51%	79.81%	72.35%	45.47%	46.71%
133,088	133,088	4.16%	2.87%	2.42%	2.72%	4.39%	3.64%
(3,480)	(2,611)	-	-	-0.03%	-0.08%	-0.11%	-0.07%
420,437	746,881	1.18%	1.22%	3.60%	6.95%	13.86%	20.41%
8,805	8,805	0.91%	0.19%	0.16%	0.18%	0.29%	0.24%
8,369	10,528	0.06%	0.10%	0.16%	0.19%	0.28%	0.29%
45,166	13,803	-	0.43%	0.49%	0.33%	1.49%	0.38%
587	587	0.09%	0.04%	0.01%	0.01%	0.02%	0.01%
136,190	20,400	0.15%	1.63%	1.54%	1.41%	4.49%	0.56%
109,105	27,712	0.01%	0.79%	0.46%	0.58%	3.60%	0.76%
-	1,796	-	-	-	-	-	0.05%
-	183,265	-	-	-	-	-	5.00%
179,522	187,197	-	0.34%	0.57%	2.94%	5.92%	5.12%
29,488	32,348	0.29%	0.24%	0.16%	0.41%	0.97%	0.88%
3,032,369	3,659,044	100%	100%	100%	100%	100%	100.00%

# HORIZONTAL & VERTICAL ANALYSIS

## Horizontal Analysis (Profit and Loss Account)

Particulars	2011	2012	2013
	Rupees in '000		
Net premium revenue	(4,503)	-	-
Net claims	9,588	(37)	-
Expenses	(19,647)	(978)	(768)
Net commission	1,727	-	-
Investment income	479,664	1,780,134	1,451,519
Provision for impairment	(601,097)	(50,506)	-
Other income	2,597	5,938	5,595
Financial charges	(225)	(209)	(235)
General and administration expenses	(40,193)	(231,316)	(243,836)
Taxation	(25,419)	(74,819)	(36,226)
Profit / (Loss) after tax	(197,508)	1,428,207	1,176,049
Earnings / (Loss) per share - Rupees (Basic)	(3.37)	24.36	20.06

## Vertical Analysis (Profit and Loss Account)

Particulars	2011	2012	2013	2014
	Rupees in '000			
Net premium revenue	(4,503)	-	-	-
Net claims	9,588	(37)	-	-
Expenses	(19,647)	(978)	(768)	-
Net commission	1,727	-	-	-
Investment income	479,664	1,780,134	1,451,519	1,209,576
Provision for impairment	(601,097)	(50,506)	-	-
Other income	2,597	5,938	5,595	17,901
Financial charges	(225)	(209)	(235)	(140)
General and administration expenses	(40,193)	(231,316)	(243,836)	(200,092)
Taxation	(25,419)	(74,819)	(36,226)	(128,458)
Profit / (Loss) after tax	(197,508)	1,428,207	1,176,049	898,787

2014	2015	2016	12 Over 11	13 Over 12	14 Over 13	15 Over 14	16 Over 15
Rupees in '000			Percentage Change				
-	-	-	-	-	-	-	-
-	-	-	-100.39%	100%	-	-	-
-	-	-	-95.02%	-21.47%	100%	-	-
-	-	-	-	-	-	-	-
1,209,576	706,755	824,472	271.12%	-18.46%	-16.67%	-41.57%	16.66%
-	-	-	-91.60%	100%	-	-	-
17,901	7,319	35,882	128.65%	-5.78%	219.95%	-59.11%	390.26%
(140)	(83)	(13,040)	-7.11%	12.44%	-40.43%	-40.71%	15610.84%
(200,092)	(218,084)	(113,033)	475.51%	5.41%	-17.94%	8.99%	-48.17%
(128,458)	(160,872)	(23,048)	194.34%	-51.58%	254.61%	25.23%	-85.67%
898,787	335,035	711,233	-823.11%	-17.66%	-23.60%	-62.7%	112.00%
15.33	5.71	12.13	-822.85%	-17.65%	-23.60%	-62.7%	112.00%

2015	2016	2011	2012	2013	2014	2015	2016
Rupees in '000			Percentage Change				
-	-	2.28%	-	-	-	-	-
-	-	-4.85%	-	-	-	-	-
-	-	9.95%	-0.07%	-0.07%	-	-	-
-	-	-0.87%	-	-	-	-	-
706,755	824,472	-242.86%	124.64%	123.42%	134.58%	210.95%	115.92%
-	-	304.34%	-3.54%	-	-	-	-
7,319	35,882	-1.31%	0.42%	0.48%	1.99%	2.18%	5.04%
(83)	(13,040)	0.11%	-0.01%	-0.02%	-0.02%	-0.02%	-1.83%
(218,084)	(113,033)	20.35%	-16.20%	-20.73%	-22.26%	-65.09%	-15.89%
(160,872)	(23,048)	12.87%	-5.24%	-3.08%	-14.29%	-48.02%	-3.24%
335,035	711,233	100%	100%	100%	100%	100.00%	100.00%

# SUMMARY OF SIX YEARS CASH FLOW AT A GLANCE

	2011	2012	2013	2014	2015	2016
	Rupees in '000					
Cash & Cash equivalents at the beginning of the year	(25,924)	8,330	13,494	17,835	24,844	<b>162,891</b>
Net Cash used in operating activities	10,189	8,251	(491,672)	(1,692,674)	(2,520,881)	<b>(505,975)</b>
Net Cash flow from investing activities	24,065	(3,087)	496,013	1,699,683	2,658,928	<b>163,725</b>
Net increase / (decrease) in cash & cash equivalent	34,254	5,164	4,341	7,009	138,047	<b>(342,250)</b>
Cash & Cash equivalents at the end of the year	8,330	13,494	17,835	24,844	162,891	<b>(179,359)</b>

# QUARTERLY ANALYSIS

For the Year Ended December 31, 2016

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	Rupees in 000				
Revenue	39,879	308,442	212,135	299,898	860,354
Return on investments	75,700	48,630	14,163	63,351	201,844
Gains on sale of investments - net	42,253	17,457	105,391	93,528	258,629
Other income	2,288	918	602	32,074	35,882
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(80,362)	241,437	91,979	110,945	363,999
Profit after taxation	14,426	309,097	147,896	239,814	711,233
Net assets	2,250,893	2,718,933	2,789,458	3,172,603	3,172,603

## Analysis of Quarterly results

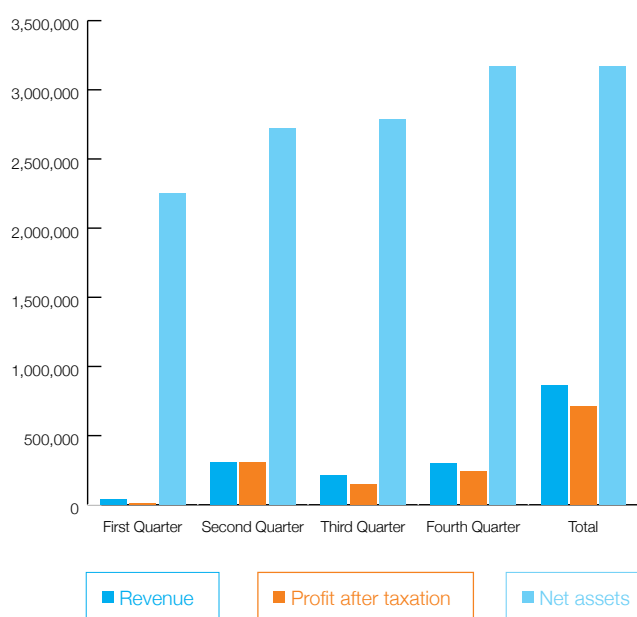
Significant portion of the Company's investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically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

### Operating revenues:

During the year under review, the Company earned Rs.860 million of gross revenue. This was primarily due to dividend income, realized and unrealized gain on investments. During the second and third quarters realized gain were the main contributors.

### Profit after tax:

Except first quarter, remaining quarters were the best performing; contributing Rs.697 million to profitability.







WE TAKE GUIDANCE FROM  
THE BEST AND VALUE  
LEADERSHIP



## BOARD OF DIRECTORS



Shahzada Dawood  
Chairman

Shahzada Dawood serves as a Director on the Boards of Dawood Corporation (Pvt) Ltd, Dawood Hercules Corporation Ltd, Engro Corporation Ltd, Engro Eximp & Agri Products (Pvt) Ltd, Engro Polymer & Chemicals Limited, Engro Vopak Terminal Ltd, Patek (Pvt) Ltd, Sirius (Pvt) Ltd and Cyan Limited.

He also serves as a Director of Dawood Lawrencepur Ltd and The Hub Power Company Ltd. He is a Trustee of The Dawood Foundation, which is one of the largest public charitable trusts in Pakistan, supporting education and health initiatives.

He is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, and an LLB from Buckingham University, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He joined the Board in 2015.



Kulsum Dawood  
Director

Mrs. Kulsum Dawood is a Trustee on the Board of Dawood Foundation, a philanthropic organization of The Dawood Group. Mrs. Dawood is also a Trustee of the Family Welfare Co-operative Society, an organization geared for the betterment of under-privileged Pakistani young women and member of DIL (Developments in Literacy) to work for the literacy in Pakistan.

Mrs Dawood takes her social and civic responsibilities seriously. She has supported various charities in healthcare, education and economic development. She is a member of SOS, a charity known for the care of orphans, as well as a Depilex Smile Again Foundation, an NGO for the treatment and rehabilitation of burn victims. She supports other charitable organizations such as CARE (Cooperation for Advancement, Rehabilitation & Education), The Lahore Hospital Welfare Society, The Pakistan Society for the Welfare of Mentally Retarded Children and All Pakistan Women's Association. Mrs Dawood has also served as the President of Women's Voluntary Service and the Punjab Women's Swimming Association (2000-2005).

She has attended Family Business courses from the world's leading Business Schools, The International Institute for Management Development (IMD), in Switzerland in 2004 and 2005 and the Institute European d'Administration des Affaires (INSEAD) in 2007. She regularly attends the World Economic Forum Annual Meetings in Davos.



Kamran Nishat

Director

Kamran Nishat joined the Board of Directors of Cyan Limited in 2014. He also serves on the board of Briogene Private Limited, Apollo Pharma Limited and ABL Asset Management Company Limited. He began his career at Al Ghazi Tractors in 1984 and held top management positions in reputable organizations across various sectors including Automotive, Textiles, Leather, Distribution and Consulting. He currently serves as CEO & Managing Director at Muller & Phipps Pakistan which is the largest and oldest cross industry Market Expansion Services Provider of the country. The company's topline exceeds PKR 60 billion and its core function is to enable partner organizations to enter, establish and grow their market shares' in key business sectors of Pakistan including Pharma, FMCG, Hospital Care and Telecommunications.

He is a Fellow member of Institute of Chartered Accountants of Pakistan, member Executive Committee & Chairman Finance & Taxation subcommittee at The American Business Council of Pakistan, member of Information Technology Committee (South) of ICAP and Vice President of Karachi Chapter, Information Systems Audit and Control Association.



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 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 Limited. He also served on the Board of Directors of Cyan Limited during the period April 2011 to April 2014. 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 Karachi University. Shafiq is also a certified director from Pakistan Institute of Corporate Governance.



Ghias Uddin Khan\*

Director

Ghias Khan is the President and Chief Executive Officer of Engro Corporation. Prior to his appointment as the President he headed the Corporate Office for the Chairman of Dawood Hercules Corporation Limited (DHCL) – Mr. Hussain Dawood – and is the Chairman's principal aide on a range of matters of institutional importance including but not limited to board governance, Chairman's communications, managing external relationships and special projects.

Prior to joining DHCL, Ghias served as the CEO of Inbox Business Technologies – a leading end-to-end Information Technology solution provider. He co-founded this company in 2001 and helped grow it to become the largest IT company in Pakistan with more than 1,900 employees. The turnover of the company for the year ended December 31st 2015 was over PKR 4 billion.

Ghias Khan is a graduate of the prestigious Institute of Business Administration (IBA) Karachi and began his career as a financial consultant at Indosuez W.I. Carr Securities in 1999. He then moved to Intel Pakistan Corporation in order to explore a career in Information Technology. With the vision to create the largest technology company in Pakistan Ghias Khan, along with three other partners, embarked on an entrepreneurial venture in 2001 and setup Inbox Business Technologies.

Along with Chairmanship of Engro subsidiaries, he also serves on the board of Cyan Limited and Dawood Lawrancepur Limited, and has in the past served on the board of Young Presidents Organization (YPO) Pakistan Chapter, Elixir Securities Pakistan Private Limited and Sindh Engro Coal Mining Company. In the past he has also served as the Co-Chairman of the Task Force set up by the Planning Commission of Pakistan for Information & Communication Technology. He joined the Engro Corporation board in 2016.



Inam ur Rahman\*

Director

Mr. Inam ur Rahman joined the Cyan Limited Board in March 2017. Inam was appointed Chief Executive Officer of Dawood Hercules Corporation Limited in December 2016. Earlier he has been on the Boards of Sui Northern Gas Pipelines Limited, Sindh Engro Coal Mining Company Limited, Thar Power Company Limited, The Hub Power Company Limited and Laraib Energy Limited. For the past seven years, he was Chief Executive Officer at Dawood Lawrencepur Limited and Tenaga Generasi Limited. He also set up the renewable energy business for the group under the name Reon Energy Limited.

He was adjunct faculty at the Lahore University of Management Sciences during 2004 and 2009. He holds an MBA from the Lahore University of Management Sciences and a B.S. in Electrical Engineering from the University of Engineering and Technology. His passion is to make all energy renewable and free in the world.

\*Board of Directors accepted the resignation of Mr. Ghias Uddin Khan and appointed Mr. Inam Ur Rahman with effect from March 29, 2017



**Hasan Reza-Ur-Rahim**  
Director

Mr. Rahim is an accomplished professional who has over 30 years of domestic and international experience in the Banking and Financial Services industry. Most recently he served as the Executive Director, in-charge of the Chairman's Office of the Dawood Hercules Group, one of the largest entrepreneurial groups in Pakistan having a market capitalization of over USD 3.5 Billion on the Pakistan Stock Exchange. He currently serves on the Boards of Dawood Hercules Corporation Limited (flagship investment holding company) and Dawood Lawrencepur Limited (renewable energy investment holding company).

He has also held several senior roles in international banks and has been instrumental in implementing new business initiatives and establishing novel client coverage platforms. At JPMorgan he set up and headed the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, prior to which he also was the Senior Country Officer in Pakistan and was a part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD5.0 billion, Sovereign Debt and Bond issues of over USD2.0 billion in the Telecom, Airlines, O&G and Petrochemical industries.

Previously, Mr. Rahim has worked with MashreqBank psc, ANZ Grindlays Bank plc, and Exxon Chemical Pakistan Limited. He was also posted to Zurich, Singapore, Bahrain and Dubai and received his degree from the University of Delaware in USA.



**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).

## MANAGEMENT TEAM



Faisal Nadeem Mangrora  
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 passed his Chartered Management Accountancy (CMA) exams from the Chartered Institute of Management Accountants (CIMA), UK. He has completed his articleship from Ernst & Young International (EY) and 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. 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.



Narender Lakhwani  
Investment Associate

Mr. Narender Lakhwani is a Team Lead – Growth Equity at Cyan Limited. He joined Cyan in December 2015 and has been the core member of Management Investment Committee. Mr. Lakhwani started his career in 2009 and has significant experience of capital markets. He has worked in the areas of investment analysis, private equity, asset management and business development. Prior to joining Cyan, he served as the senior member of the investments and business development teams at Magnus Investment Advisors Limited.

Mr. Lakhwani holds a Master of Finance degree from Melbourne Business School. He is also a CFA Charter holder and a member of CFA Institute.

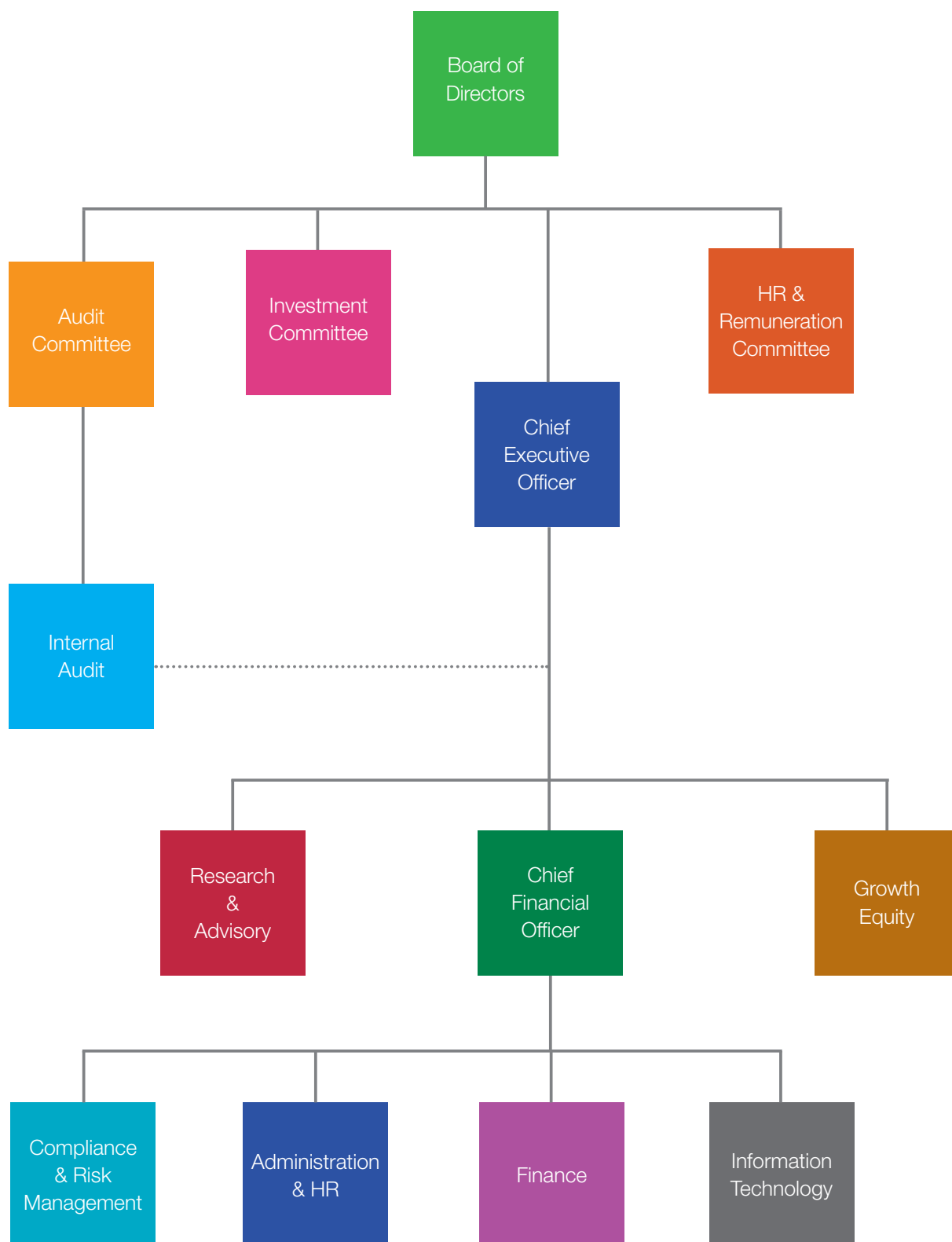


Ali Akber Zafar  
Investment Associate

Mr. Ali has 5 years of diversified experience covering the corporate finance and private equity domains. He is currently employed as an Investment Associate at Cyan and Co-leads the Growth Equity Team. He is also on the Board of Pebbles (Pvt.) Ltd, the real estate arm of the Dawood Group.

He was previously associated with Ernst & Young where he advised the GoP in formulating a post-privatization tariff mechanism for standalone power distribution companies, a task that has never been undertaken in Pakistan. Other landmark deals he has worked on include Pakistan's first ever Basel III compliant tier-II Sukuk as well as the privatizations of PPL, FESCO and NPGC. He holds a BSc (Honors) degree from the University of Nottingham and is a CFA Level II Candidate.

# 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. Hasan Reza Ur Rahim	Member
• Mr. Ghias Uddin Khan	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

- i 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;
- ii The Committee shall evaluate on an annual basis, the qualification, independence, performance and scope of work of the external auditor; and
- iii 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:

- i Ascertain that the integrity of internal control system including financial and operational controls, risk management, accounting system and reporting structure are adequate and effective;
- ii Determine the appropriateness of measures to safeguard the Company's assets;
- iii 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;
- iv 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;
- v 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
- vi Monitor the compliance with the best practices of corporate governance and identification of significant violations thereof.

### c. Internal Audit Function

The Committee shall:

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



#### d. Financial Reporting

- i 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;
- ii Significant accounting and reporting issues, including professional and regulatory pronouncements and assess their impact on the company's financial statements;
- iii Legal matters which could significantly impact the financial statements;
- iv Annual financial statements and assess whether the financial statements reflect appropriate accounting principles;
- v The judgments made in preparing the company's financial statements, including any valuation of assets and liabilities, litigation, and other commitments and contingencies;
- vi Significant or unusual events or transactions or adjustments resulting from the audit;
- vii The going-concern assumption; and
- viii Changes in accounting policies & practices and compliance with applicable accounting standards.

#### e. Other responsibilities

Other responsibilities of the Committee shall also include:

- i Review of preliminary announcements of results prior to publication;
- ii 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);
- iii Review of management letter issued by external auditors and management's response thereto;
- iv Ensuring coordination between the internal and external auditors of the Company;
- v 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;

- vi Consideration of any other issue or matter as may be assigned by the Board of Directors;
- vii Appointment of the Head of Internal Audit shall be made by the BOD subject to recommendation of the Committee; and
- viii Details of all related party transactions shall be placed before the Audit Committee; and 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. Ghias Uddin Khan    | Chairman |
| • Mr. Hasan Reza-Ur Rahim | Member   |
| • Mr. Kamran Nishat       | Member   |

#### Terms of Reference

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

- i To develop the compensation philosophy for Executive Management and present the recommendations to the Board for approval;
- ii 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;
- iii 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;
- iv To review, establish and recommend to the Board, approval of the compensation of each member of the Executive Management;
- v To recommend to the Board for consideration, approval and establishment of stock option plan, incentive plan 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.

#### Board Investment Committee

The Board Investment Committee is composed of the following Directors:

- Mr. Hasan Reza-Ur Rahim Chairman
- Mrs. Kulsum Dawood Member
- Mr. Shahzada Dawood Member
- Mr. Shafiq Ahmed Member

#### 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/benchmark approved by the BOD; and
- v Performance vis-a-vis industry performance.





WE INSIST ON DOING THE  
RIGHT THING, ABIDING BY  
THE LAW AIMING

GOVERNANCE

# 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, endeavours 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 have 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.

# 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 2016

## Board of Directors

S. No.	Name	Dates						
		22/2/16	19/4/16	17/8/16	25/10/16	16/12/16	No. of meetings held	No. of meetings attended
1	Shahzada Dawood	√	√	√	√	√	5	5
2	Kulsum Dawood	√	√	√		√	5	4
3	Ghias Uddin Khan	√	√				5	2
4	Hassan Reza-ur Rahim	√		√	√		5	3
5	Kamran Nishat		√	√	√	√	5	4
6	Shafiq Ahmed	√	√	√	√	√	5	5
7	Sulaiman S. Mehdi	√	√	√	√	√	5	5

## Board Audit Committee

S. No.	Name		Dates						
		14/1/16	19/2/16	18/4/16	16/8/16	20/10/16	15/12/16	No. of meetings held	No. of meetings attended
1	Kamran Nishat	√	√	√	√		√	6	5
2	Shafiq Ahmed	√	√	√	√	√	√	6	6
3	Ghias Uddin Khan		√					6	1
4	Hasan Reza Ur Rahim	√	√		√	√		6	4

**Board Investment Committee**

S. No.	Name	Dates				No. of meetings held	No. of meetings attended
		14/1/16	19/2/16	28/10/16	16/12/16		
1	Hasan Reza-ur Rahim	√	√	√		4	3
2	Kulsum Dawood	√	√		√	4	3
3	Shahzada Dawood	√	√	√	√	4	4
4	Shafiq Ahmed	√		√	√	4	3

**Board HR & Remuneration Committee**

S. No.	Name	Dates	No. of meetings held	No. of meetings attended
1	Ghias Uddin Khan	√	1	1
2	Kamran Nishat	√	1	1
3	Hasan Reza-ur Rahim	√	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 victimisation 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 2016 to the Audit Committee.

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2016, 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, 2016, 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 in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and 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 AUDIT

- 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, 2016 and shall retire on the conclusion of the 57th 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 57th Annual General Meeting scheduled for April 28, 2017 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, 2017.

Karachi, February 22, 2017

**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 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 interest on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Kamran Nishat
Executive Director	Sulaiman S. Mehdi
Non-Executive Directors	Shahzada Dawood Kulsum Dawood Ghias Uddin Khan 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 a Banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. No casual vacancy occurred on the Board during the year.
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 and also placed it on the Company's website.
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 the criteria specified by SECP.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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 four members, of whom three 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 one is an independent director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is 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 stock exchange(s).
22. Material/price-sensitive information has been disseminated among all market participants at once through stock exchange.
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.

Karachi: February 22, 2017

Sulaiman S. Mehdi  
CEO

# AUDITORS' 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, 2016 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations 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, 2016.

Chartered Accountants  
Dated: February 23, 2017  
Karachi:



# FINANCIAL STATEMENTS

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Cyan Limited as at December 31, 2016 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, 2016 and of the profit, its comprehensive income, 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: Rashid A. Jafer  
Dated: February 23, 2017  
Karachi



# Statement of Financial Position

As at December 31, 2016

	Notes	2016 (Rupees in '000)	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	13,751	15,593
Intangible assets	7	266	30
Long term loans	8	9,985	11,712
Long term deposits		2,500	2,500
		<u>26,502</u>	<u>29,835</u>
<b>Current assets</b>			
Short term investments	9	3,612,508	2,825,317
Long term loans - current portion	8	2,330	2,348
Trade and other receivables	10	11,619	10,981
Advances and short-term prepayments	11	5,179	3,997
Cash and bank balances	12	906	159,891
		<u>3,632,542</u>	<u>3,002,534</u>
<b>TOTAL ASSETS</b>		<u><b>3,659,044</b></u>	<u><b>3,032,369</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 100,000,000 (2015: 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		1,708,968	1,378,815
Reserves	14	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(2,611)	(3,480)
Surplus on revaluation of available-for-sale investments		746,881	420,437
		<u>3,172,603</u>	<u>2,515,137</u>
<b>Non-current liabilities</b>			
Deferred liability - gratuity	15	10,528	8,369
Deferred taxation	16	13,803	45,166
		<u>24,331</u>	<u>53,535</u>
<b>Current liabilities</b>			
Creditors, accrued expenses and other liabilities	17	89,852	284,175
Accrued mark - up	18	1,796	-
Short term borrowing	19	183,265	-
Taxation - net		187,197	179,522
		<u>462,110</u>	<u>463,697</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,659,044</b></u>	<u><b>3,032,369</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

The annexed notes 1 to 38 form an integral part of these financial statements

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Profit and Loss Account

For the year ended December 31, 2016

	Notes	2016 (Rupees in '000)	2015
Return on investments	21	201,844	160,841
Gain on sale of investments - net	22	258,629	323,062
Other income	23	35,882	7,319
		<u>496,355</u>	<u>491,222</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	24	<u>363,999</u> 860,354	<u>222,852</u> 714,074
<b>EXPENSES</b>			
Operating and administrative expenses	25	(113,033)	(218,084)
Financial charges		(13,040)	(83)
		<u>(126,073)</u>	<u>(218,167)</u>
<b>Profit before taxation</b>		<u>734,281</u>	<u>495,907</u>
Taxation - current year	26.1	(54,856)	(94,882)
- prior year	26.1	-	(37,423)
- deferred	26.1	31,808	(28,567)
		<u>(23,048)</u>	<u>(160,872)</u>
<b>Net profit for the year</b>		<u><u>711,233</u></u>	<u><u>335,035</u></u>
----- Rupees -----			
<b>Basic and diluted earnings per share</b>	34	<u><u>12.13</u></u>	<u><u>5.71</u></u>

The annexed notes 1 to 38 form an integral part of these financial statements

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Statement of Comprehensive Income

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
Profit after taxation	711,233	335,035
Items that may be reclassified subsequently to profit or loss		
Surplus on revaluation of available-for-sale securities	326,444	81,050
Items that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligation - net of tax	869	217
Total comprehensive income for the year	<u>1,038,546</u>	<u>416,302</u>

The annexed notes 1 to 38 form an integral part of these financial statements

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Statement of Changes in Equity

For the year ended December 31, 2016

	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, 2015.	586,277	10,535	2,553	120,000	3,535,458	(3,697)	339,387	4,590,513
Total comprehensive income for the year ended December 31, 2015								
Net profit for the year	-	-	-	-	335,035	-	-	335,035
Other comprehensive income	-	-	-	-	-	217	81,050	81,267
Transactions with owners recorded directly in equity								
Final dividend of Rs.42.5 per share for the year ended December 31, 2014	-	-	-	-	(2,491,678)	-	-	(2,491,678)
Balance as at December, 31 2015.	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
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

The annexed notes 1 to 38 form an integral part of these financial statements

**Sulaiman S. Mehdi**  
Chief Executive

**Kamran Nishat**  
Director

# Statement of Cash Flows

For the year ended December 31, 2016

	Note	2016 (Rupees in '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		734,281	495,907
<b>Adjustment for non cash charges and other items:</b>			
Depreciation		2,645	3,025
Amortisation		33	1,078
Gain on sale of property and equipment		(7)	(23)
Capital gain on sale of investments - net		(258,629)	(323,062)
Amortisation of premium on government securities		(2,909)	(3,565)
Financial charges		13,040	83
Net unrealized gain on revaluation of investments classified as at fair value through profit or loss		(363,999)	(222,852)
		(609,826)	(545,316)
<b>Operating profit / (loss) before working capital changes</b>		<b>124,455</b>	<b>(49,409)</b>
<b>(Increase) / Decrease in operating assets</b>			
Trade and other receivables		(638)	33,869
Long term loans		1,745	1,960
Advances and short-term prepayments		(1,182)	(1,771)
		(75)	34,058
<b>(Decrease) / Increase in operating liabilities</b>			
Deferred liability		3,473	(363)
Trade and other payables		(197,183)	73,767
		(193,710)	73,404
<b>Net cash (used in) / generated from operations</b>		<b>(69,330)</b>	<b>58,053</b>
Taxes paid		(47,181)	(96,442)
Financial charges paid		(11,244)	(83)
Dividend paid		(378,220)	(2,482,409)
<b>Net cash used in operating activities</b>		<b>(505,975)</b>	<b>(2,520,881)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		7,742,419	15,064,804
Investment in securities		(7,577,629)	(12,404,925)
Capital expenditure incurred		(1,166)	(1,036)
Proceeds from sale of property and equipment		101	85
<b>Net cash generated from investing activities</b>		<b>163,725</b>	<b>2,658,928</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(342,250)</b>	<b>138,047</b>
Cash and cash equivalents at the beginning of the year		162,891	24,844
<b>Cash and cash equivalents at the end of the year</b>	12.2	<b>(179,359)</b>	<b>162,891</b>

The annexed notes 1 to 38 form an integral part of these financial statements

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 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 Ordinance, 1984). 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, and the requirements of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984 or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Companies Ordinance 1984 or the directives of the SECP prevail.

### 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 / amortization 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 26)

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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.

## 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 new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

## 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% (2015: 10%) of the basic salary.

#### 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 services received, whether or not billed to the Company.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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 or increase in holding 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.

All investments are initially recognised at cost, being the fair value of consideration given including transaction cost associated with the investment except in the case of fair value through profit or loss investments where transaction costs are charged to the profit and loss account when incurred.

Unquoted investments, for which an active market does not exist and fair value cannot be reasonably calculated, are carried at cost. Impairment in value, if any, is taken through the profit and loss account in the current year.

### 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

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as 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.

### 4.4.3 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are stated at amortized cost. Impairment in value, if any, is taken to the profit and loss account.



# Notes to and forming part of the financial statements

For the year ended December 31, 2016

Premiums and discounts on investments are amortized using the effective interest rate method and taken to the profit and loss account.

## 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.

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.

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.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 4.9 Property and equipment

### 4.9.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and impairment loss, 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 amortization and impairment loss, 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.

### 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.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 4.11 Revenue recognition

### Return on Investments

- i) Dividend income on equity securities is recognised in the profit or loss account when the right to receive the dividend is established.
- ii) 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.
- iii) 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.
- iv) Income on government securities is recognised on time proportion basis using the effective yield method.
- v) Income on long term loans, bank deposits and placements is recognised on accrual basis.

## 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.

## 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

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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

	2016							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2016	
	As at January 1, 2016	Additions / (disposals)	As at December 31, 2016	As at January 1, 2016	For the year / (on disposals)	As at December 31, 2016		
	----- (Rupees in '000) -----							
Furniture and fixtures	15,773	-	15,773	4,608	1,120	5,728	10,045	10%
Office equipment	9,773	897 (633)	10,037	6,265	1,341 (539)	7,067	2,970	33% & 50%
Vehicles	3,067	-	3,067	2,147	184	2,331	736	20%
	28,613	897 (633)	28,877	13,020	2,645 (539)	15,126	13,751	

	2015							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2015	
	As at January 1, 2015	Additions / (disposals)	As at December 31, 2015	As at January 1, 2015	For the year / (on disposals)	As at December 31, 2015		
	----- (Rupees in '000) -----							
Furniture and fixtures	15,754	19	15,773	3,369	1,239	4,608	11,165	10%
Office equipment	8,926	1,017 (170)	9,773	4,817	1,556 (108)	6,265	3,508	15 %, 33% & 50%
Vehicles	3,067	-	3,067	1,917	230	2,147	920	20%
	27,747	1,036 (170)	28,613	10,103	3,025 (108)	13,020	15,593	

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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

	2016				
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Method of disposal
	----- (Rupees in '000) -----				
Book value not exceeding Rs. 50,000 each					
Office equipment	633	539	94	101	Various

## 7 INTANGIBLE ASSETS

	2016						Rate (%)	
	Cost			Accumulated amortization				Written down value as at December 31, 2016
	As at January 1, 2016	Additions / (disposals)	As at December 31, 2016	As at January 1, 2016	For the year / (on disposals)	As at December 31, 2016		
	(Rupees in '000)							
Computer software	6,799	269	7,068	6,769	33	6,802	266	33.33%
		-			-			
	6,799	269	7,068	6,769	33	6,802	266	
		-			-			
	2015						Rate (%)	
	Cost			Accumulated amortisation				Written down value as at December 31, 2015
	As at January 1, 2015	Additions / (disposals)	As at December 31, 2015	As at January 1, 2015	For the year / (on disposals)	As at December 31, 2015		
	(Rupees in '000)							
Computer software	6,799	-	6,799	5,691	1,078	6,769	30	
		-			-			33.33%
	6,799	-	6,799	5,691	1,078	6,769	30	
		-			-			

## 7.1 Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs 6.72 million (2015: Rs 6.70 million).

	Note	2016 (Rupees in '000)	2015
<b>8 LONG TERM LOANS</b>			
Considered good			
-due from executives	8.1	12,315	14,042
-due from other employees	8.2	-	18
		12,315	14,060
Current portion of long-term loans		(2,330)	(2,348)
		9,985	11,712

## 8.1 House loans given to chief executive officer and chief financial officer 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, 2016

- 8.2 All employees, on completion of one continuous year of service with the Company, are entitled to apply for personal / emergency loan payable in 24 to 36 equal monthly instalments. Annual mark-up on this loan is charged at a rate of 3 months KIBOR + 2%.

	Note	2016	2015
8.3	Following is the movement of long term loans to employees:	(Rupees in '000)	
<b>Long term</b>			
Opening balance		14,060	16,020
Amount disbursed		-	530
Repayments		(2,348)	(3,226)
Add: Interest receivable		603	736
Closing balance	8.4	<u>12,315</u>	<u>14,060</u>

- 8.4 The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs. 14.04 million (2015: Rs. 15.85 million).

## 9 SHORT-TERM INVESTMENTS

Investments comprise of the following:

- Held-to-maturity investments	9.1	44,367	44,077
- Available-for-sale investments	9.2	864,822	548,028
- Investments carried at fair value through profit or loss	9.3	2,700,319	2,230,212
- Loans and receivables	9.4	3,000	3,000
		<u>3,612,508</u>	<u>2,825,317</u>
		<u>3,612,508</u>	<u>2,825,317</u>

### 9.1 Held-to-maturity investments

Face value (Rupees)	Coupon rate (%)	Particulars		
45,000,000	6.2	Treasury Bills Tenure - 1 Year	<u>44,367</u>	<u>44,077</u>

Market value as at December 31, 2016 of Government Securities is Rs. 44.361 million (2015: Rs. 44.20 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.

	Note	Market Value	
		2016	2015
9.2	Available-for-sale investments	(Rupees in '000)	
Un-quoted shares	9.2.1	-	-
Mutual funds and quoted shares	9.2.2	-	38,301
Un-quoted debentures	9.2.3	-	-
Quoted shares - related parties	9.2.4	<u>864,822</u>	<u>509,727</u>
		<u>864,822</u>	<u>548,028</u>

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 9.2.1 Un-quoted Shares

On quoted Shares

Name of investee company	Note	Number of Shares		Cost	
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
----- (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				-	-

9.2.1.1 Unquoted company in which the Company has made investment is in the process of liquidation, therefore, the name of the respective Chief Executive is not available.

## 9.2.2 Mutual Funds and Quoted Shares

Name of fund	Number of Units		Cost		Market value	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-16	31-Dec-15	31-Dec-15
----- (Rupees in '000) -----						
National Investment Unit Trust (NIT)	-	240,500	-	-	-	15,208
Golden Arrow Selected Stock Fund	-	2,405,532	-	-	-	23,093
			-	-	-	38,301

## 9.2.3 Un-quoted debentures

Name of investee company	Number of Bonds		Cost	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
----- (Rupees in '000) -----				
Hyson Sugar Mills Limited	240,500	240,500	60	60
			60	60
Less: Provision for Impairment			(60)	(60)
Carrying Value			-	-

## 9.2.4 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost		Market value	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-16	31-Dec-15	31-Dec-15
----- (Rupees in '000) -----						
<b>Fertilizer</b>						
Dawood Hercules Corporation Limited	794,380	794,380	47,652	114,653		94,643
Equity held: 0.17% (2015: 0.17%)						
<b>Textile Composite</b>						
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,110	750,169		415,084
Equity held: 5.02% (2015: 5.02%)						
			269,762	864,822		509,727
Less: Provision for Impairment			(151,821)			
Carrying Value			117,941			
Market Value as at December 31, 2016			864,822			
Unrealised gain			746,881			

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

9.3 Investments carried at fair value through Profit or loss	Note	Market Value	
		2016	2015
		(Rupees in '000)	
Quoted shares	9.3.1	2,697,752	2,124,447
Mutual funds	9.3.2	2,567	105,765
		<u>2,700,319</u>	<u>2,230,212</u>

## 9.3.1 Quoted Shares

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-16	31-Dec-15	31-Dec-16	31-Dec-16	31-Dec-15		
----- (Rupees '000) -----							
Refinery							
Pakistan Refinery Limited	-	500,000	-	-	22,605		
Oil and Gas Marketing Companies							
Hascol Petroleum Limited	-	1,091,200	-	-	157,406		
Sui Northern Gas Pipeline Limited	1,648,000	-	120,520	134,427	-	3.72%	0.26%
Sui Southern Gas Co. Limited	-	2,000,000	-	-	74,700		
			120,520	134,427	232,106	3.72%	
Engineering							
Aisha Steel Mills Limited	5,000,000	-	81,588	78,650	-	2.18%	1.84%
Textile Spinning							
Hira Textile Mills Limited	4,600,000	-	62,510	60,490	-	1.67%	5.31%
Cement							
D.G Khan Cement Company Limited	1,000,000	250,000	202,630	221,730	36,898	6.14%	0.23%
Dewan Cement Limited	-	1,500,000	-	-	19,425		
Maple Leaf Cement Company Limited	-	1,000,000	-	-	74,580		
Thatta Cement Limited	500,000	-	19,278	19,690	-	0.55%	0.50%
			221,908	241,420	130,903	6.69%	
Textile Composite							
Nishat Mills Limited	1,000,000	-	112,082	152,270	-	4.22%	0.28%
Nishat Chunian Limited	3,000,000	-	140,781	187,290	-	5.18%	1.25%
Gul Ahmad Textile Mills Limited	3,600,000	1,000,000	161,443	184,212	36,240	5.10%	1.21%
			414,306	523,772	36,240	14.50%	
Automobile Parts and Accessories							
General Tyre and Rubber Company of Pakistan Limited	-	200,000	-	-	34,316		
Automobiles Assembler							
Honda Atlas Cars (Pakistan) Limited	-	101,200	-	-	24,181		
Technology & Communication							
Media Times Limited	5,000,000	-	25,587	24,750	-	0.69%	2.80%
TRG Pakistan Limited	-	10,000,000	-	-	346,500		
			25,587	24,750	346,500	0.69%	



# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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-16	31-Dec-15	31-Dec-16	31-Dec-16	31-Dec-15			
----- (Rupees ‘000)-----								
Power Generation & Distribution								
The Hub Power Company Limited (related party)	10,000,000	10,000,000	1,026,000	1,234,800	1,026,000	34.18%	0.86%	
Equity held: 0.86% (2015: 0.86%)								
Pakgen Power Limited	-	500,000	-	-	14,715			
Japan Power Generation Limited	-	3,000,000	-	-	11,880			
			1,026,000	1,234,800	1,052,595	34.18%		
Commercial Banks								
Askari Bank Limited	2,000,000	-	50,614	49,900	-	1.38%	0.16%	
Bank of Punjab Limited	2,490,000	-	43,325	43,949	-	1.22%	0.16%	
JS Bank Limited	10,000,000	-	97,118	108,100	-	2.99%	0.93%	
MCB Bank Limited	200,000	100,000	46,931	47,564	21,684	1.32%	0.02%	
National Bank of Pakistan	2,002,000	-	143,348	149,930	-	4.15%	0.09%	
United Bank Limited	-	350,000	-	-	54,232			
			381,336	399,443	75,916	11.06%		
Cable and Electrical Goods								
Pak Elektron Limited	-	500,000	-	-	31,270			
TPL Trakker Limited	-	1,000,000	-	-	14,930			
			-	-	46,200			
Pharmaceutical								
GlaxoSmithKline Pakistan Limited	-	200,000	-	-	44,004			
Insurance								
Adamjee Insurance Company Limited	-	500,000	-	-	28,255			
IGI Insurance Limited	-	214,000	-	-	50,626			
			-	-	78,881			
			2,333,755	2,697,752	2,124,447	74.69%		
Unrealised gain on quoted shares			363,997					

**9.3.1.1** 3 million shares (2015: 5 million shares) of The Hub Power Company Limited having market value of Rs. 370.44 million (2015: Rs. 513 million) as at December 31, 2016 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

**9.3.1.2** 4 million (market value: Rs. 493.92 million) ordinary shares of HUBCO are pledged against running finance facility obtained from Bank Al Habib Limited as disclosed in note 19.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 9.3.2 Mutual Funds

Name of fund	Note	Number of Units		Carrying Value	Market value	
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-16	31-Dec-15
					(Rupees '000)	
AKD Cash Fund		-	487,282	-	-	25,108
Atlas Money Market Fund		-	67,602	-	-	35,118
Meezan Islamic Income Fund		-	323,378	-	-	17,023
NAFA Government Securities Liquid Fund	9.3.2.1	246,349	236,220	2,565	2,567	2,462
NAFA Money Market Fund		-	2,572,465	-	-	26,054
Carrying Cost as at December 31, 2016				2,565	2,567	105,765
Market Value as at December 31, 2016				2,567		
Unrealised gain on mutual funds				2		

9.3.2.1 223,871 units (2015: 223,871 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.332 million (2015: Rs.2.333 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

	Note	2016	2015
		(Rupees in '000)	
9.4 Loans and receivables			
Deposits maturing within one month	9.4.1	3,000	3,000
9.4.1 Term Deposit Receipts carry mark-up at 5.25% (2015: 5.5%) per annum and maturity on January 28, 2017.			
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
Sundry receivables	10.2	3,748	3,110
		11,619	10,981
10.1 Amounts due from other insurers / reinsurers - unsecured			
Considered good - foreign		542	542
- local		1,923	1,923
Considered doubtful		74	74
		2,539	2,539
Provision against amounts due from other insurers / reinsurers		(74)	(74)
		2,465	2,465
10.2 Sundry receivable			
Profit on bank deposits			
- Saving accounts		6	23
- Term deposits		1	2
Others		3,741	3,085
		3,748	3,110
11 ADVANCES AND SHORT-TERM PREPAYMENTS			
Advances and deposits		3,339	2,271
Prepayments		1,298	934
Club Membership - employees (related party)		542	792
		5,179	3,997

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	Note	2016 (Rupees in '000)	2015
<b>12 CASH AND BANK BALANCES</b>			
Cash in hand		20	6
Saving accounts	12.1	<u>886</u>	<u>159,885</u>
		<u>906</u>	<u>159,891</u>
<b>12.1</b>	These include balances amounting to Rs. 0.878 million placed under mark-up arrangement with mark-up ranging between 4.0% to 5.5% (December 31, 2015: 5.5% to 7%) per annum and balances amounting to Rs. 0.008 million placed under Shariah permissible modes with profit rates of 3.03% per annum (2015: Nil).		
<b>12.2 Cash and cash equivalents</b>			
Cash and cash equivalents for the purpose of cash flow statement comprises of the following:			
- Cash and bank balances		906	159,891
- Short term borrowing		(183,265)	-
- Term deposit receipts	9.4	<u>3,000</u>	<u>3,000</u>
		<u>(179,359)</u>	<u>162,891</u>
<b>13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>			
		2016 (Number of shares)	2015
		250,000	250,000
		250,000	Ordinary shares of Rs. 10 each fully paid in cash
		58,377,722	58,377,722
		58,377,722	Ordinary shares of Rs. 10 each issued as fully paid bonus shares
		<u>58,627,722</u>	<u>58,627,722</u>
		2016 (Rupees in '000)	2015
		2,500	2,500
		2,500	Ordinary shares of Rs. 10 each
		583,777	583,777
		<u>586,277</u>	<u>586,277</u>
<b>13.1</b>	As at December 31, 2016, related parties hold 41,470,337 (2015: 41,470,337) ordinary shares of Rs. 10 each.		
<b>14 RESERVES</b>			
Capital reserves			
- Reserve for exceptional losses	14.1	10,535	10,535
- Capital gain reserve		<u>2,553</u>	<u>2,553</u>
		13,088	13,088
Revenue reserve			
- General reserve		<u>120,000</u>	<u>120,000</u>
		<u>133,088</u>	<u>133,088</u>
<b>14.1</b>	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.		

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 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, 2016. 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.

	2016	2015
a. Valuation discount rate	10.50%	10.00%
b. Salary increase rate	10.50%	10.00%
c. Average expected service length of employees (in years)	3.61	2.65
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.		

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:

	2016 (Rupees in '000)	2015
Present value of defined benefit obligations	10,528	8,369

### 15.3 Reconciliation of payable to defined benefit plan

Present value of Defined Benefit Obligation	10,528	8,369
Net actuarial gains / (losses) not recognised	-	-
Balance at the end of the year	10,528	8,369

### 15.4 Movement in net liability recognized in the balance sheet

At January 1	8,369	9,377
Current service cost	2,646	2,388
Interest expense / (income)	836	924
	11,851	12,689
Remeasurements:		
- Gain from change in demographic assumptions	-	-
- Gain from change in financial assumptions	24	-
- Experience adjustments	(1,338)	(645)
	(1,314)	(645)
Benefit payments	(9)	(3,675)
At December 31	10,528	8,369

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

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

	2016			2015		
	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
	----- In percentage -----					
Discount rate	0.5%	-7.24%	7.94%	0.5%	-7.45%	8.19%
Salary increase rate	0.5%	8.15%	-7.48%	0.5%	8.39%	-7.69%

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 15.25 years.

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

At December 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	310	302	871	66,349	67,832
	2016	2015	2014	2013	2012
	----- Rupees in '000 -----				
Defined benefit obligation	10,528	8,369	9,377	8,858	4,824
Fair value of plan assets	-	-	-	-	-
(Surplus) / Deficit	10,528	8,369	9,377	8,858	4,824
Remeasurement (Gain) / Loss on obligation	(1,314)	(645)	3,033	1,717	884
Remeasurement (Gain) / Loss on plan assets	-	-	-	-	-
	(1,314)	(645)	3,033	1,717	884

- 15.7.2** Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 3.59 million as per the actuarial valuation report of the Company as of December 31, 2016.

- 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, 2016.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	Note	2016	2015
		(Rupees in '000)	
<b>16 DEFERRED TAXATION</b>			
<b>Deductible temporary differences</b>			
Staff gratuity		3,158	2,594
Leave encashment		862	846
		<u>4,020</u>	<u>3,440</u>
<b>Taxable temporary differences</b>			
Revaluation of investments		(16,982)	(47,761)
Accelerated tax depreciation		(841)	(845)
		<u>(17,823)</u>	<u>(48,606)</u>
		<u>(13,803)</u>	<u>(45,166)</u>
<b>16.1 Reconciliation of deferred tax liability</b>			
Opening balance		(45,166)	(16,171)
Recognised in profit and loss account		31,808	(28,567)
Recognised in equity		(445)	(428)
Closing balance		<u>(13,803)</u>	<u>(45,166)</u>
<b>17 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Amounts due to other insurers / reinsurers			
- Discontinued Operations	17.1	587	587
Accrued expenses	17.2	20,400	136,190
Provision for outstanding claims - Discontinued Operations		8,805	8,805
Payable against purchase of investment - net		24,911	74,311
Other creditors and accruals	17.3	2,801	34,794
Unclaimed dividend		32,348	29,488
		<u>89,852</u>	<u>284,175</u>
<b>17.1 Amounts due to other insurers / reinsurers</b>			
Foreign companies		-	-
Local companies		587	587
		<u>587</u>	<u>587</u>
<b>17.2</b>	The amount includes balance of compensated absences of key management personnel amounting to Rs 2.87 million as at December 31, 2016 (2015: Rs 2.50 million).		
		2016	2015
		(Rupees in '000)	
<b>17.3 Other creditors and accruals</b>			
Workers' Welfare Fund		-	31,718
Premium refundable to policy holders - Discontinued Operations		171	171
Brokerage payable		2,034	1,673
Sundry creditors		596	1,232
		<u>2,801</u>	<u>34,794</u>

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 18 ACCRUED MARK - UP

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

	Note	2016	2015
		(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 (2015: Rs.500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 months KIBOR plus 0.85% per annum (2015: 3 month KIBOR + 0.85% per annum) and will expire on March 31, 2017. The amount drawn against this facility was Rs. 183.265 million (2015: Nil) as at December 31, 2016.

19.2 The Company has a facility of Rs.500 million (2015: Nil) under Share Murabaha arrangement with Bank Islami Pakistan Limited. The facility carries profit calculated at relevant KIBOR plus 0.8% per annum and has expired on December 31, 2016.

## 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 banks

2,800 5,205

## 21 RETURN ON INVESTMENTS

### Held-to-maturity

Amortisation on

- Treasury bills

2,909 3,565

### Available-for-sale and held for trading

Dividend income:

- Related parties

- Others

21.1	153,727	105,327
21.2	45,208	51,949
	198,935	157,276

201,844 160,841

### 21.1 Dividend income - related parties

The Hub Power Company Limited  
Dawood Hercules Corporation Limited  
Dawood Lawrencepur Limited

125,000	95,000
13,902	10,327
14,825	-
153,727	105,327

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
<b>21.2 Dividend income - others</b>		
Adamjee Insurance Company Limited	750	8,748
Agriauto Industries Limited	1,901	-
DG Khan Cement Company Limited	-	500
Attock Refinery Limited	750	-
Fauji Fertilizer Company Limited	-	1,970
Gul Ahmed Textile Mills Limited	5,489	1,500
General Tyre & Rubber Company of Pakistan Limited	-	810
Golden Arrow Selected Stock Fund	-	8,299
IGI Insurance Limited	760	400
I.C.I Pakistan Limited	-	495
Hascol Petroleum Limited	880	-
Habib Bank Limited	2,625	711
Habib Metropolitan Bank Limited	-	12,288
Kohat Cement Company Limited	-	400
Lalpir Power Limited	-	2,235
Maple Leaf Cement Factory Limited	1,125	-
Millat Tractors Limited	1,500	1,250
MCB Bank Limited	-	400
Mughal Iron & Steel Industries Limited	-	375
National Bank of Pakistan	7,500	-
Nishat (Chunian) Limited	7,500	-
Nishat Mills Limited	5,000	-
The National Investment Units Trust	-	1,022
Oil & Gas Development Company Limited	740	58
Pak Elektron Limited	2,501	321
Pakgen Power Limited	500	-
Pakistan Oilfields Limited	3,750	-
Pakistan State Oil Company Limited	-	400
Pakistan Telecommunication Company	-	6,750
United Bank Limited	1,800	2,850
NAFA Government Securities Liquid Fund	137	167
	<u>45,208</u>	<u>51,949</u>
<b>22</b>	There were certain shares that were held by the Company which are included in the All Share Islamic Index. Capital gain on sale of these investments amounted to Rs.123.45 million (December 31, 2015: Rs.134.95 million).	
<b>23 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on bank deposits	23.1	3,448
<b>Income from non-financial assets</b>		
Gain on sale of property and equipment		7
Income from long term loans		604
Others	23.2	31,823
		<u>35,882</u>
<b>23.1</b>	These include income of Rs. 0.015 million (December 31, 2015: Nil) earned on deposit with Bank Islami Pakistan Limited as per arrangements permissible under Shariah.	



# Notes to and forming part of the financial statements

For the year ended December 31, 2016

**23.2** During the current year, the Company made a formal assessment and based on the advice of its tax consultant concluded that Sindh Workers Welfare Fund (SWWF) is not applicable on the Company as the entity is not an 'industrial establishment' as defined under the SWWF Act 2014 and therefore does not fall under the scope for levy of SWWF. Accordingly, the Company has reversed the charge booked in respect of SWWF in prior years amounting to Rs. 31.7 million.

**24** There are certain shares held by the Company which are included in the All Share Islamic Index. Unrealised gain on these shares amounts to Rs.282.41 million (December 31, 2015: Rs.199.77 million).

	Note	2016 (Rupees in '000)	2015
<b>25 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	25.1 & 25.2	57,697	131,185
Levy, cess and insurance		1,114	1,089
Rent, rates and taxes		7,824	6,853
Depreciation		2,645	3,025
Amortisation		33	1,078
Legal and professional charges		2,050	12,526
Printing and stationery		2,581	2,167
Utilities		1,889	1,680
Vehicle running expenses		170	194
Advertisement, promotion and event expenses		493	2,697
Security guards expenses		998	907
Auditors' remuneration	25.3	907	769
Entertainment		2,633	2,758
Travelling and communication expenses		1,957	2,213
Fees and subscription		4,229	3,540
Postage and telegram		385	356
Books and periodicals		13	10
Repairs, renewal and decoration		1,171	878
Workers' welfare fund		-	10,269
Brokerage, commission and advisory expense		18,719	21,830
Bank and settlement charges		1,991	1,960
Employee training fee		376	2,453
Due diligence charges		-	4,075
Research expense		1,961	2,371
Other expenses		1,197	1,201
		<u>113,033</u>	<u>218,084</u>

**25.1** This includes Rs. 2.48 million (2015: Rs. 2.12 million) in respect of employees' provident fund.

**25.2** This includes Rs. 3.48 million (2015: Rs. 3.31 million) in respect of employees' gratuity fund.

## **25.3 Auditors' remuneration**

Annual audit fee	411	352
Review and certifications	324	280
	<u>735</u>	<u>632</u>
Sindh sales tax on services	59	38
Out of pocket expenses	113	99
	<u>907</u>	<u>769</u>

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 26 TAXATION

Tax returns have been filed up to the Tax year 2016 (Accounting year December 31, 2015) 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:

The Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2006 on account of disallowance of exempt capital gain and provision for incurred but not reported (IBNR) resulting in an additional tax liability of Rs. 31.818 million. Against the said order an appeal was filed before the Commissioner Inland Revenue, (Appeal-1) Karachi. The Commissioner Inland Revenue (Appeals-1) deleted disallowance of exempt capital gain but did not allow provision for incurred but not reported (IBNR) having an impact of increase in tax liability of Rs. 0.821 million. The Company has filed an appeal against the said order for Rs.0.821 million (IBNR) before the Appellate Tribunal Inland Revenue.

Against the order of the Deputy Commissioner of Inland Revenue for the Tax year 2007, the Commissioner Inland Revenue (Appeal-I) LTU Karachi had deleted various additions on which the Department had gone into appeal before the learned Appellate Tribunal Inland Revenue which dismissed their appeals. Further, it had referred back various additions i.e. disallowances of management and general expenses, capitalization of short term finance and provision for IBNR to the assessing officer for re-examination against which the Company has filed appeal before the learned Appellate Tribunal Inland Revenue and the Tribunal had referred back the matter for adjudication to the Commissioner Inland Revenue. Moreover a Miscellaneous application was filed with the Appellate Tribunal Inland Revenue for disallowance of amortisation of computer software and non-deduction of withholding tax from commission. The Commissioner Inland Revenue filed appeal in the High Court of Sindh against the order of the learned Appellate Tribunal Inland Revenue on deletion of addition on account of proration of expenses allocated under section 67 of the Income Tax Ordinance, 2001, 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.

The Additional Commissioner Inland Revenue (ACIR) passed order on June 27, 2014 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008 on account of disallowance of provision for incurred but not reported claims (IBNR), taxing dividend income separately and levying minimum tax resulting in an additional tax liability of Rs.0.144 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals-1) LTU, Karachi.

For the tax year 2010, the Deputy Commissioner Inland Revenue (DCIR) passed order on July 25, 2014 under section 122(1) of the Income Tax Ordinance, 2001 on account of disallowance of provision for incurred but not reported claims (IBNR), apportionment of management expenses against dividend income and taxing dividend income separately resulting in an additional tax liability of Rs.8.886 million. Further the DCIR has not allowed credit for taxes deducted / paid aggregating to Rs.19.758 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals-1) LTU, Karachi.

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.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
<b>26.1 Provision for taxation</b>		
Current year	(54,856)	(94,882)
Prior years	-	(37,423)
Deferred	31,808	(28,567)
	<u>(23,048)</u>	<u>(160,872)</u>
<b>26.2 Tax expense</b>	<u>(23,048)</u>	<u>(160,872)</u>
	<u>(23,048)</u>	<u>(160,872)</u>
<b>26.3 Relationship between tax expense and accounting profit</b>		
Profit for the year before taxation	<u>734,281</u>	<u>495,907</u>
Tax effect of reduction in tax rate	(1,507)	(2,076)
Tax at the applicable rate of 31% (2015: 32%)	227,627	158,690
Tax effect of capital loss / (gain) exempt from tax	(7,189)	-
Tax effect of capital loss / (gain) taxed at a lower rate	(39,593)	(84,252)
Tax effect of dividend income taxed at a lower rate	(43,061)	(36,416)
Tax effect of unrealised gain taxed at lower rate	(95,858)	(71,313)
Reversal of prior year charge	-	37,423
Tax effect of (income) / expenses that are not considered in determining taxable income	(17,101)	158,211
Others	(270)	605
	<u>23,048</u>	<u>160,872</u>

## 27 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
Fees	-	-	1,850	1,150	-	-	1,850	1,150
Managerial remuneration	16,028	103,900*	-	-	18,120	39,149*	34,148	143,049
House rent, conveyance, and other allowances	7,376	7,152	-	-	8,595	7,834	15,971	14,986
Contribution to provident fund	1,135	1,100	-	-	1,113	837	2,248	1,937
	<u>24,539</u>	<u>112,152</u>	<u>1,850</u>	<u>1,150</u>	<u>27,828</u>	<u>47,820</u>	<u>54,217</u>	<u>161,122</u>
Number of persons	1	1	4	4	9	10	14	15

## 28 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:

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
Rent paid	7,824	6,853
Dividend received	153,727	105,327
Dividend paid	255,208	1,668,671
Brokerage	-	746
Commission income from related party on sale of property	-	3,900
Contribution to provident fund	2,479	2,117
Charge for staff retirement gratuity scheme	3,482	3,312
<b>Key management personnel and close family members</b>		
Dividend paid	14,349	17,850
Remuneration	52,367	159,972*
Director fee	1,850	1,150
Employee loan issued	-	530
Employee loan recovery	2,348	3,226
Disposal of office equipment	-	38
Prepaid club membership amortized during the year.	250	250
<b>Balances</b>		
Employee loan to Chief Executive Officer	3,940	4,881
Employee loan to other Executives	8,375	9,179
Receivable from related parties	755	-
Payable to related parties	5,094	700

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

\*These amounts have been restated to include variable compensation based on performance on accrual basis. Previously, variable compensation was disclosed on paid basis.

## 29 FINANCIAL STRUCTURE /MODE

### Conventional mode:

#### Assets

Short term investments	3,000	3,000
Cash and bank balances	878	159,885

#### Liabilities

Short term borrowings	183,265	-
-----------------------	---------	---

### Shariah compliant mode:

#### Assets

Cash and bank balances	8	-
------------------------	---	---

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 30 FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2016, 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, 2016-----				
	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-----				
Loan to employees	12,315	-	-	-	12,315
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	11,619	-	-	-	11,619
Advances	3,881	-	-	-	3,881
Cash and bank balances	906	-	-	-	906
Investments	3,000	44,367	864,822	2,700,319	3,612,508
	34,221	44,367	864,822	2,700,319	3,643,729

	----- As at December 31, 2016 -----		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	-----Rupees in '000-----		
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

-----As at December 31, 2015-----					
	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-----				
Loan to employees	14,060	-	-	-	14,060
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	10,981	-	-	-	10,981
Advances	3,063	-	-	-	3,063
Cash and bank balances	159,891	-	-	-	159,891
Investments	3,000	44,077	548,028	2,230,212	2,825,317
	193,495	44,077	548,028	2,230,212	3,015,812

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

	-----As at December 31, 2015-----		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	-----Rupees in '000-----		
<b>Financial liabilities</b>			
Deferred liability	-	8,369	8,369
Creditors, accrued expenses and other liabilities	-	252,457	252,457
Accrued mark-up	-	-	-
	-	260,826	260,826

## 31 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.

### 31.1 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.

### 31.2 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 and 9.2.3 to these financial statements. Investments amounting to Rs. 44.367 million (2015: Rs. 44.077 million) relate to Government Securities and are not considered as credit risk due to government guarantee.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 31.2.1 Exposure to credit risk

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

Financial assets	Note	2016 (Rupees in '000)	2015
Long term loan	31.2.1.4	12,315	14,060
Long term deposits		2,500	2,500
Trade and other receivables	31.2.1.1	11,619	10,981
Advances		3,881	3,063
Cash and bank balances	31.2.1.3	906	159,891
Investments		3,612,508	2,825,317
		<u>3,643,729</u>	<u>3,015,812</u>

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

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
	----- (Rupees in '000) -----					
Not past due	3,748	-	3,748	3,110	-	3,110
Past due but not impaired	7,871	-	7,871	7,871	-	7,871
Past due and impaired	74	(74)	-	74	(74)	-
	<u>11,693</u>	<u>(74)</u>	<u>11,619</u>	<u>11,055</u>	<u>(74)</u>	<u>10,981</u>

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

	2016 (Rupees in '000)	2015
Foreign	542	542
Domestic	1,923	1,923
	<u>2,465</u>	<u>2,465</u>

31.2.1.3 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:

2016	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	830
Bank Islami Pakistan 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>
2015	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	1,109
Bank AL Habib Limited	A1+	AA+	PACRA	155,655
Summit Bank Limited	A-1	A	JCR - VIS	3,083
Bank Al Falah Limited	A1+	AA	PACRA	16
Allied Bank Limited	A1+	AA+	PACRA	22
				<u>159,885</u>

31.2.1.4 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, 2016

## 31.3 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.

	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)	-	-	-
	102,176	102,176	(91,648)	-	-	(10,528)

	2015					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
	(Rupees in '000)					
<b>On balance sheet financial liabilities and others</b>						
Deferred liability	8,369	8,369	-	-	-	(8,369)
Creditors, accrued expenses and other liabilities	252,457	252,457	(252,457)	-	-	-
Accrued mark-up	-	-	-	-	-	-
	260,826	260,826	(252,457)	-	-	(8,369)

## 31.4 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.

### 31.4.1 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:



# Notes to and forming part of the financial statements

For the year ended December 31, 2016

Financial Assets	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2016	2015	2016	2015
<b>Fixed rate instruments</b>				
- Government Securities	44,367	44,077	6.20%	7.76%
- TDR	3,000	3,000	5.25%	5.5%
<b>Variable rate instruments</b>				
- Saving accounts	886	159,885	3.03% to 5.5%	5.5% to 7%

## 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 have increase or decrease net assets by Rs.0.009 million (2015: Rs.1.60 million). The analysis assumes that all other variables remain constant.

### 31.4.1.1 Maturity profile of financial assets and liabilities

	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) -----						
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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
<b>On-balance sheet gap (a)</b>		<u>4,585</u>	<u>45,998</u>	<u>9,985</u>	<u>3,480,985</u>	<u>3,541,553</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<u>4,585</u>	<u>45,998</u>	<u>9,985</u>	<u>3,480,985</u>	<u>3,541,553</u>
<b>Cumulative interest rate sensitivity gap</b>		4,585	50,583	60,568		

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

2015						
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and up to one year	More than one year			
----- (Rupees in '000) -----						
Financial assets						
Loan to employees	6% & 11.47%	717	1,631	11,712	-	14,060
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	3,063	3,063
Investments	5.5% to 7.76%	3,000	44,077	-	2,778,240	2,825,317
Trade and other receivables		-	-	-	10,981	10,981
Cash and bank balances	5.5% to 7%	159,885	-	-	6	159,891
		163,602	45,708	11,712	2,794,790	3,015,812
Financial liabilities						
Deferred liability		-	-	-	8,369	8,369
Creditors, accrued expenses and other liabilities		-	-	-	252,457	252,457
Accrued mark-up		-	-	-	-	-
		-	-	-	260,826	260,826
On-balance sheet gap (a)		163,602	45,708	11,712	2,533,964	2,754,986
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		163,602	45,708	11,712	2,533,964	2,754,986
Cumulative interest rate sensitivity gap		163,602	209,310	221,022		

## 31.4.2 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, 2016, net profit for the year would increase / decrease by Rs. 35.128 million (2015: Rs. 26.875 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, 2016 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE-100 index.

## 31.4.3 Foreign currency risk

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

For the year ended December 31, 2016

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.

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.

- 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:

150 Cyan Limited

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 33 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.

	2016	2015
	(Rupees in '000)	
<b>34 EARNINGS PER SHARE – basic and diluted</b>		
Net profit for the year attributable to ordinary shareholders	<u>711,233</u>	<u>335,035</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>58,627,722</u>	<u>58,627,722</u>
	(Rupees)	
Basic earnings per share	<u>12.13</u>	<u>5.71</u>

## 35 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, 2016:

	2016	2015
	(Rupees in '000)	
Size of the fund - Total assets	<u>20,269</u>	<u>15,076</u>
Cost of investments made	<u>20,196</u>	<u>14,762</u>
Percentage of investments made	<u>99.64%</u>	<u>98%</u>
Fair value of investments	<u>20,196</u>	<u>14,762</u>

### 35.1 The break-up of fair value of investments is

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Cash and Bank deposits	<u>20,196</u>	<u>100%</u>	<u>14,762</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.

# Notes to and forming part of the financial statements

For the year ended December 31, 2016

## 36 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2016 and 2015 respectively are as follows:

	2016	2015
	No of employees	
Average number of employees during the year	<u>16</u>	<u>16</u>
Number of employees as at December 31	<u>16</u>	<u>17</u>

## 37 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.

## 38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 22, 2017 by the Board of Directors of the Company.

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Pattern of Shareholding

As at December 31, 2016

Disclosure Requirement under the Code of Corporate Governance

S. No.	Categories of Shareholders	Share held	Percentage
1	<b>Directors &amp; CEO</b> (including holding of their spouses and minor children) Hussain Dawood Shahzada Dawood Kulsum Dawood	6,895,867 4,688,356 1,787,511 420,000	11.76
2	<b>Associated Companies, undertakings and related parties.</b> 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	<b>NIT &amp; ICP</b> Investment Corporation of Pakistan IDBL (ICP Unit)	570 40 530	-
4	<b>Banks Development Financial Institutions, Non Banking Financial Institutions.</b> United Bank Limited Union Bank Limited Habib Bank Limited	22,042 2,233 18,388 1,421	0.04
5	<b>Insurance Companies</b> Reliance Insurance Company Limited	21,658 21,658	0.04
6	<b>Modarabas and Mutual Funds</b> Growth Mutual Funds Limited	1,194 1,194	-
7	<b>Public Sector Companies and Corporation</b> Ghee Corporation of Pakistan Limited Burma Oil Mills Limited Pakistan Industrial Development Corporation	38,805 2,820 7,740 28,245	0.07
8	<b>Others</b>	241,826	0.41
9	<b>General Public</b> a. Local b. Foreign	12,142,934 12,038,025 104,909	20.71
	<b>Total</b>	<b>58,627,722</b>	100.00
	<b>Shareholders holding 5% or more voting rights</b> Dawood Corporation (Pvt) Limited Hussain Dawood	36,364,680 4,688,356	62.03 8.00

# Pattern of Shareholding

As at December 31, 2016

No. of Shareholders	Shareholding Range		Total Shares held
	From	To	
337	1	100	7,041
374	101	500	159,304
386	501	1000	366,405
566	1001	5000	1,489,869
138	5001	10000	1,052,144
47	10001	15000	597,591
28	15001	20000	510,743
19	20001	25000	420,933
21	25001	30000	602,583
6	30001	35000	198,250
8	35001	40000	309,022
4	40001	45000	167,336
5	45001	50000	242,201
3	50001	55000	156,963
3	55001	60000	176,616
2	60001	65000	129,000
3	65001	70000	200,449
2	70001	75000	140,653
3	75001	80000	234,204
3	80001	85000	245,813
1	90001	95000	93,744
1	95001	100000	100,000
1	100001	105000	104,200
2	110001	115000	223,127
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
<b>1,976</b>			<b>58,627,722</b>

# Pattern of Shareholding

As at December 31, 2016

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	6,895,867	11.76
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	104,909	0.18
9	Others	22	241,826	0.41
10	Individuals	1,933	12,038,025	20.53
		<b>1,976</b>	<b>58,627,722</b>	<b>100</b>



# 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
COO	Chief Operating 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 16	Calendar Year 2016
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 16	Fiscal Year 2016
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product

Abbreviation	Description
GoP	Government of Pakistan
HR	Human Resource
1HFY16	First Half Year 2016
2HCY 16	Second Half Calendar Year 2016
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 Accountants
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

- (i) کمپنی کے پاس موجود پروڈیٹ فنڈ کی سرمایہ کاریوں کی مالیت آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون 2016 تک 17.74 ملین ہے۔  
 (j) ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات یا نا بالغ بچوں کی جانب سے اس سال حصص کی کوئی تجارت نہیں کی گئی۔  
 (k) کمپنی کے تمام ڈائریکٹرز SECP کی تصریحات کے مطابق منظور کردہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفائیڈ ڈائریکٹرز ہیں۔

#### ملکیت

31 دسمبر 2016 تک کمپنی کے ریکارڈز پر حصص یافتگان کی تعداد 1,976 تھی۔

#### حصص یافتگی کی ساخت

31 دسمبر 2016 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 57 ویں سالانہ اجلاس عام میں اپنی تقرری کی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2017 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 کر دی 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

کمپنی فعال انداز سے پورٹ فولیو مینجمنٹ بزنس اور کارپوریٹ فنانس ایڈوائزری بزنس حاصل کر رہی ہے اور مجموعی منظر نامہ مثبت ہے۔ اپنے سی ای او کی قیادت میں مینجمنٹ ٹیم اپنے حصص یافتگان کو بہترین رسک ایڈجسٹ منافع فراہم کرنے کے لئے پرعزم ہے۔

#### اظہار تشکر

ہم اپنے تمام شریکان کار، بالخصوص اپنے قابل 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، انتھک محنت اور کمپنی کی ترقی کے لئے ان کی کاوشوں کو سراہتے ہیں۔

بورڈ سیکرٹریز اینڈ ایگزیکٹو 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

سلیمان الیس مہدی  
سی ای او

کامران نشاط  
ڈائریکٹر

کراچی: 22 فروری 2017

## بورڈ آف آڈٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
6	5	کامران نشاط (چیئر مین)
6	1	غیاث الدین خان (ممبر)
6	4	حسن رضا الرحیم (ممبر)
6	6	شفیق احمد (ممبر)

## بورڈ انویسٹمنٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
4	3	حسن رضا الرحیم (چیئر مین)
4	3	کلثوم داؤد (ممبر)
4	4	شہزادہ داؤد (ممبر)
4	3	شفیق احمد (ممبر)

## بورڈ HR اور مشاہرہ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
1	1	غیاث الدین خان (چیئر مین)
1	1	حسن رضا الرحیم (ممبر)
1	1	کامران نشاط (ممبر)

## ضابطہ اخلاق

دوران سال، بورڈ آف آڈٹریٹرز نے ڈائریکٹرز اور ملازمین کے لئے ایک ضابطہ اخلاق اختیار کیا ہے اور کوڈ آف کارپوریٹ گورننس میں کی گئی ترمیم 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

- 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۔
- کمپنی کی کمپنیز آرڈیننس 1984 کی ضروریات کے مطابق کھاتوں کی کتابیں باقاعدہ طور پر مرتب کی ہیں۔
- 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۔
- 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۔
- انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کی موثر انداز سے جانچ اور اطلاق کو یقینی بنایا گیا ہے۔
- 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۔
- کمپنی نے پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقہ کار پر عمل درآمد کیا ہے۔
- ٹیکسز، 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۔

متعلقہ فریقین سے لین دین  
اس سال کے دوران شریک کارکنوں/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  
سیان لمیٹڈ کے بورڈ آف ڈائریکٹرز میں اس سال کوئی تبدیلی نہیں کی گئی۔

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 نمٹایا 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۔  
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 ریکارڈز 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 ہو گئی 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 سربمہر گیس میں مرتب رکھنے کے فرائض انجام دیتا ہے۔ اس مقام پر ہر بکس اور کیبنٹ بار کوڈڈ ہے جس سے بھرپور اور مؤثر 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 چیئر مین 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	
5	5	شہزادہ داؤد (چیئر مین)
4	5	کلثوم داؤد (ڈائریکٹر)
5	5	سلیمان ایس مہدی (سی ای او/ڈائریکٹر)
2	5	غیاث الدین خان (ڈائریکٹر)
3	5	حسن رضا الرحیم (ڈائریکٹر)
4	5	کامران نشاط (ڈائریکٹر)
5	5	شفیق احمد (ڈائریکٹر)

## 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 کاراندہ 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۔ اس سال دیگر اداروں کے ساتھ کرکٹ میچز کی صورت میں تفریحی اور تحریر کی سرگرمیاں منعقد کی گئیں۔

## 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 کاموں 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 2016 کے دوران ٹیکسوں کی شکل میں قومی خزانے میں 47.18 ملین روپے کا خاصا بڑا حصہ ڈالا ہے۔

## کارپوریٹ ایوارڈز

16 ستمبر 2016 کو کمپنی کو پاکستان اسٹاک ایکسچینج کی جانب سے 2014 کی 25 بہترین کمپنیوں میں شامل کیا گیا۔ KSE کی جانب سے سیان کو وسیع دائرہ ہائے کار کی بدولت منتخب کیا گیا جس میں ڈیویڈنڈز کی ادائیگیاں، ایکویٹی پر منافع، درج شدہ ضوابط کی تعمیل اور ایسا کرنے کے لئے دوسرے ملازمین کی حوصلہ افزائی جیسے عوامل شامل ہیں۔

کمپنی کو 7 اکتوبر 2016 کو انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور انسٹیٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) کی جانب سے سال 2015 میں "Other Sector" کی کیٹیگری کے لئے تیسری پوزیشن دی گئی۔ ICAP اور ICMAP کی جانب سے سیان کو وسیع دائرہ ہائے کار کی بدولت منتخب کیا گیا جس میں بہترین بین الاقوامی طریقوں کے مطابق سالانہ رپورٹس کی تیاری میں شفافیت، درج شدہ ضوابط کی تعمیل اور کاروباری انتظام کے موزوں طریقے شامل ہیں۔

## کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 13 دسمبر 2016 کو سیان لمیٹڈ (CL) کی اینٹیلی ریٹنگ A/A-1 (A/A-one) کی دوبارہ توثیق کی ہے۔ ریٹنگ کے آثار "مستحکم" ہیں۔

## 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 کے اطلاق 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، انٹر پرائز جرنل لیجر اور فکسڈ اسسٹس موڈیول وغیرہ۔ ہمیں امید ہے کہ مندرجہ بالا پیش رفت کے بعد کمپنی کے متعلقہ شعبے کی عمل کار صلاحیتوں میں بہتری آئے گی اور یہ انٹرئل کنٹرول اور موثر مینجمنٹ انفارمیشن سسٹم کے ارتقاء میں معاون ثابت ہوگی۔

## ہیومن ریسورسز ڈویلپمنٹ، ٹریننگ اور سکیشن 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 بیچ مارک سروے کا استعمال کرتے ہوئے ادارے کی تنظیمی ساخت اور تائید کو مزید مستحکم کیا جاتا ہے۔

عملی 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 ارتقاء 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 منشی اور ملازمت کی تصریحات متعین کی جاتی ہیں جن کی بنیاد پر کمپنی کے حساس اور نہایت اہم عہدوں کے لئے جانشینی کا منصوبہ تیار کیا جاتا ہے۔

## انٹرئل کنٹرول

انٹرئل کنٹرول کے لائحہ عمل کا اطلاق بورڈ کی جانب سے قائم کردہ ایک خود مختار بیرونی انٹرئل آڈٹ فنکشن کے ذریعے موثر انداز سے کیا گیا ہے جو ایکسٹرئل آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا انٹرئل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس کی تائید 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 تراثاٹوں اور کمپنی کے درمیان ہر سطح پر حصص یافتگان کے سرمائے کی حفاظت کو یقینی بنایا ہے۔ انٹرئل آڈٹ فنکشن نے کمپنی 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۔ ایکسٹرئل 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 بیرونی 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

### بچوں کی فلاح و بہبود

### ثقافتی ورثہ کا تحفظ

### امدادی سرگرمیاں

## رسک منجمنٹ 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 سیکورٹیز 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 حصول 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۔ لہذا سیکورٹیز میں ٹرانزیکشنز بشمول کلیئرنگ کمپنی آف پاکستان کا نظام استعمال کرتے ہوئے ترسیل کے بعد تعین/اداکی جاتی ہیں۔ ان ٹرانزیکشنز میں نا دہندگی 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 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 منجمنٹ کا مقصد منافع میں اضافہ کے ساتھ قابل قبول گنجائش کے اندر رہتے ہوئے مارکیٹ رسک ایکسپوژر کی تنظیم اور اس پر قابو پانا ہے تاہم کمپنی کو شرح سود اور ایکویٹی پر آئس 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۔

## انٹرسٹ 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 ایکسپوژر 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 سیکورٹیز میں سرمایہ کاریوں سے پیدا ہونے والے پرائس رسک کا انتظام کرنے کے لئے کمپنی اپنے پورٹ فولیو کو کموزوں اسٹاکس کے درمیان متنوع بناتی ہے۔

## فاریں کرنسی رسک

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

## 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، کمپنی کے 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 پریزنٹیشن تیار کی گئی ہے تاکہ انہیں کمپنی کی مجموعی کارکردگی میں قدم بہ قدم ساتھ رکھا جائے۔

## فی حصص آمدنی

اس سال کے دوران کمپنی کی فی حصص آمدنی 2015 کے 5.71 روپے فی حصص کے مقابلے میں 12.13 روپے فی حصص رہی۔

## تخصیص اور ڈیویڈنڈ

31 دسمبر 2016 کو ختم ہونے والے سال کے لئے کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے 335 ملین روپے کے مقابلے میں 711 ملین روپے رہا۔ کمپنی نے دو عبوری ڈیویڈنڈ بحساب 25% یعنی 2.5 روپے فی حصص تقسیم کئے چنانچہ 2016 میں اپنے حصص یافتگان کو مجموعی طور پر 50% یعنی 5 روپے فی حصص کے حساب سے ڈیویڈنڈ تقسیم کیا۔

## مقاصد اور کاروباری حکمت عملی

کمپنی کی گزشتہ پانچ سال کی مستحکم اور تسلی بخش کارکردگی کا انحصار ہمارے کاروباری مقاصد کے حصول پر ہے۔ ہم اچھے اثاثہ جات کے معیاری پورٹ فولیو میں اضافے اور ذرائع آمدنی کے ایک متنوع مجموعے کے ذریعے کمپنی کو مضبوط بنیادوں پر استوار کرنے کے لئے پرعزم ہیں۔ دستیاب ریسوز سرگرمیوں کو مؤثر انداز سے کام میں لانا اور متعلقہ رسک کا بندوبست اور اس میں تخفیف کرتے ہوئے منفعت میں ہر ممکن اضافہ کرنا ہماری کاروباری حکمت عملی کے بنیادی عناصر ہیں۔

## لکویڈیٹی، نقدی کا بہاؤ اور مالیاتی انتظامات

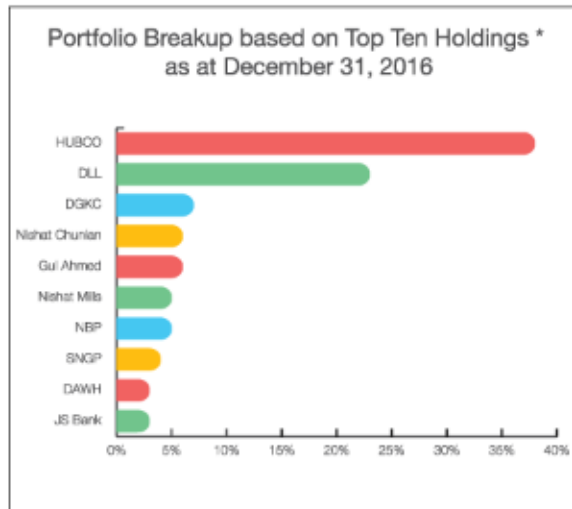
کمپنی نقدی کے انتظام (Cash Management) کے ایک مؤثر نظام کی حامل ہے جو پرعزم اور اہل ملازمین کی ٹیم کے ذریعے چلایا جاتا ہے جو پیشگی منصوبے تیار کرتی ہے اور کمپنی کی نقدی کی ضروریات کی مسلسل نگرانی کرتی ہے۔

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 1,000 ملین روپے کی رنگ فنانس فیسلٹی بھی موجود ہے جسے اس سال استعمال کیا گیا اور جیسے اور جہاں کوئی سرمایہ کاری کا موقع پیدا ہوگا، اسے استعمال کیا جائے گا۔

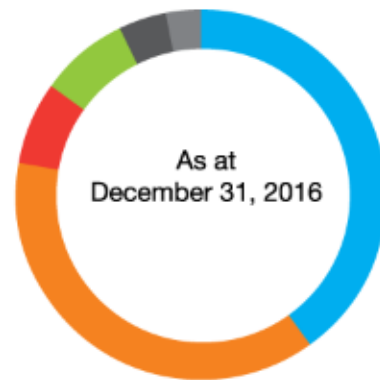
## سرمائے کی ترتیب

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 رقوم 3,173 ملین روپے تھیں، کمپنی کی لکویڈیٹی کی صورت حال سال کے اختتام تک 8 کی حالیہ تناسب کے ساتھ مستحکم ہے۔

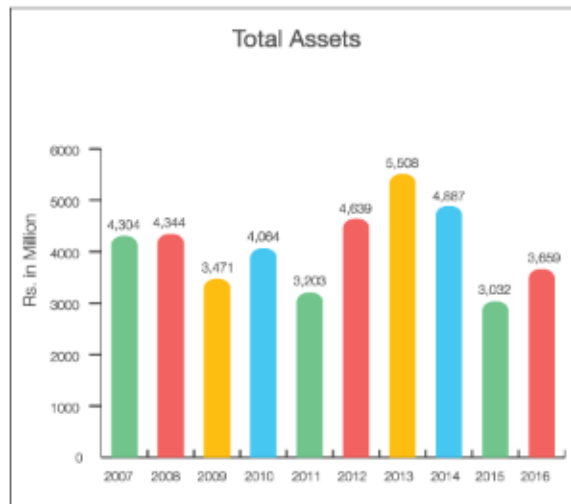




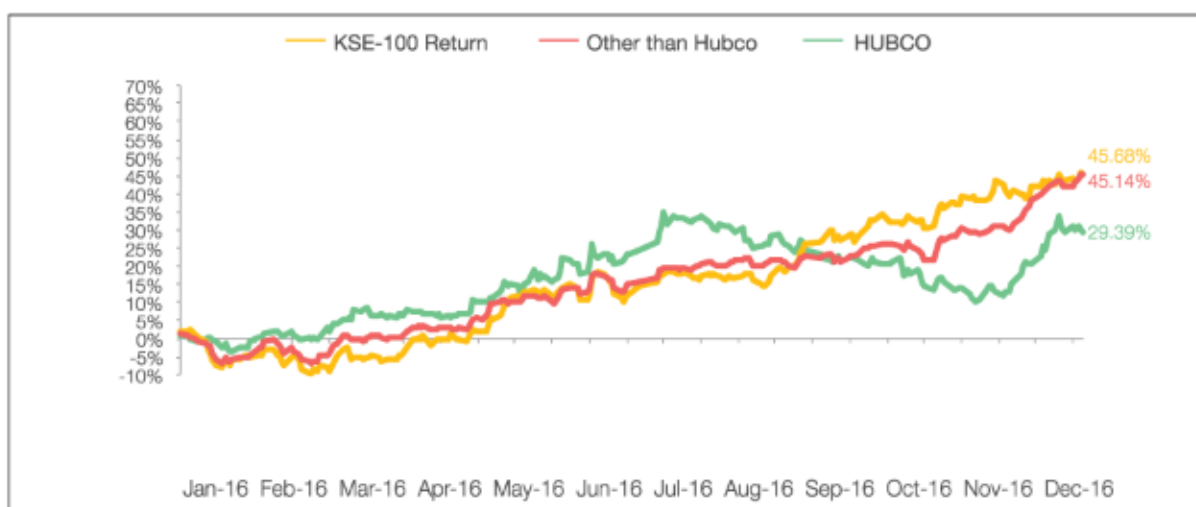
**Sector wise Breakup based on Top  
Ten Holdings\***



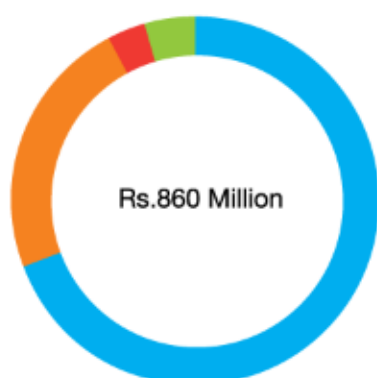
Textile Composite	40%
Power generation & Distribution	38%
Cement	7%
Commercial Banks	8%
Oil and Gas Marketing Companies	4%
Fertilizer	3%



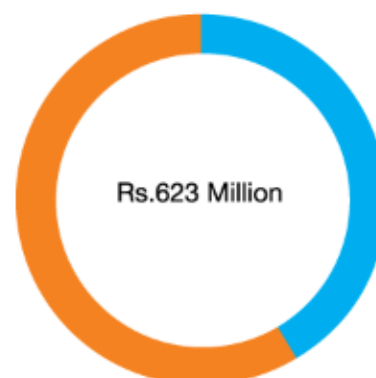
## Cyan's Equity Portfolio Performance



Total Income



Capital Gain



■ Capital Gain on Equity  
■ Dividend Income  
■ Capital Gain on Mutual Fund  
■ Other Income

596  
 199  
 27  
 38

■ unrealized gain  
■ Realized gain

364  
 259

Dividend Income



■ Related Party  
■ Others

154  
 45

آٹوموبائل کی صنعت میں اضافے کا رجحان جاری رہا اور مالی سال 2016 میں 20% سال بہ سال کا زبردست اضافہ رجسٹرڈ کیا گیا جس کی وجہ شرح سود میں کمی تھی جس نے اس شعبے کے لئے سازگار ماحول پیدا کیا۔ مقامی OEMs نے مستحکم قیمتوں کی بدولت اپنا منافع برقرار رکھا اور آپریشنز کے منفی اثرات کو ختم کیا۔

سیمنٹ کا شعبہ حوصلہ افزائی کا باعث رہا جس کی وجہ حالیہ حکومت کی جانب سے شروع کئے جانے والے انفراسٹرکچر کی ترقی کے اقدامات اور CPEC سے متعلق منصوبوں کی ابتدائی پیداوار تھی۔ ٹیکسٹائل کا شعبہ بھی طویل عرصے سے متوقع ٹیکسٹائل ایکٹ کے باعث بدستور توجہ کا مرکز ہے جس سے اس شعبہ کی منفعت اور آگے چل کر برآمدات میں اضافے کی توقع ہے۔

### کمپنی کی کارکردگی

#### سرمایہ کاری

اس سال کمپنی نے پبلک ایکٹیویٹیز کے حوالے سے جرأت مندانہ موقف اختیار کیا اور اپنا ایکسپوژر 96% (اوسط) کی سطح پر برقرار رکھا، جبکہ بقیہ 4% میوچل فنڈز اور حکومتی سکیورٹیز کے لئے متعین کیا۔ ایکٹیویٹی ایکسپوژر میں اضافے کی بنیاد بننے والے عوامل میں بنیادی میکرو اکنامک اشاریوں میں مجموعی بہتری، بالخصوص غیر ملکی زرمبادلہ کے ذخائر اور مفرد ہندسوں میں افراط زر شامل تھے۔ اس سلسلے میں ٹیکسٹائل کمپوزٹ، بجلی کی پیداوار اور ترسیل، سیمنٹ، کمرشل بینک، تیل اور گیس مارکیٹنگ کمپنیز اور فریٹ لائزر میں سرمایہ کاری کی گئی۔ پبلک ایکٹیویٹیز میں خاصے بڑے ایکسپوژر کے باعث ہمارے ایکٹیویٹی پورٹ فولیو سے ڈیویڈنڈ کی آمدنی گزشتہ سال کے 157 ملین روپے کے مقابلے میں سال 2016 میں 26% اضافے کے ساتھ 199 ملین روپے ہو گئی۔ DAWH، HUBCO اور DLL کی جانب سے بہتر ڈیویڈنڈ کے باعث متعلقہ پارٹیوں سے ہماری ڈیویڈنڈ آمدنی 46% اضافے کے بعد 105 ملین روپے سے بڑھ کر 154 ملین روپے ہو گئی۔ دیگر ذرائع سے ڈیویڈنڈ آمدنی ارتقاء پذیر اسٹاکس کی جانب زیادہ توجہ کے باعث 13% کمی کے بعد 52 ملین روپے سے کم ہو کر 45 ملین روپے ہو گئی۔ کمپنی نے 259 ملین روپے کا موصول شدہ اضافہ (2015:323 ملین روپے) اور 364 ملین روپے کا غیر موصول شدہ اضافہ (2015:223 ملین روپے) بھی حاصل کیا۔

داؤد ہرکیولس اور داؤد لانس پور لیٹنڈ کے حصص کی قیمت میں اضافے کے باعث اس سال کے دوران برائے فروخت سرمایہ کاریوں کی قدر میں کمی کے لئے کوئی نیا انتظام نہیں کیا گیا۔

2016 کے دوران بعد از ٹیکس منافع گزشتہ سال کے 335 ملین روپے کے مقابلے میں 711 ملین روپے رہا۔

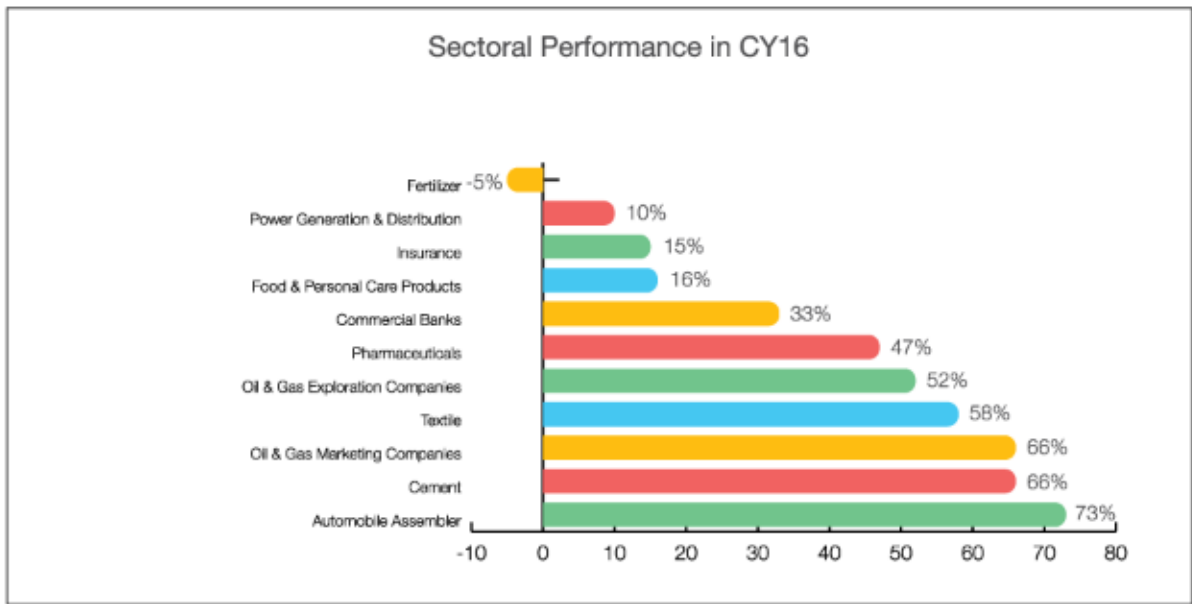
31 دسمبر 2016 اور 2015 کو ختم ہونے والے سالوں کے لئے مالیاتی نکات کا مختصر خلاصہ درج ذیل ہے۔

تبدیلی کی شرح	2015	2016	
25%	161	202	سرمایہ کاریوں پر منافع
(20%)	323	259	سرمایہ کاریوں کی فروخت کی آمدنی۔ خالص
400%	7	35	دیگر آمدنی
1%	491	496	
63%	223	364	غیر موصول شدہ اضافہ
20%	714	860	
48%	(218)	(113)	عمل کاری اور انتظامی اخراجات
-	-	(13)	مالیاتی چارجز
48%	496	734	منافع قبل از ٹیکس
86%	(161)	(23)	ٹیکس
112%	335	711	منافع بعد از ٹیکس
112%	5.71	12.13	آمدنی فی حصص۔ روپے

### شعبہ جاتی جائزے:

شعبہ جاتی سطح پر آٹوموبائل اسمبلر، سیمنٹ، OMC، ٹیکسٹائل، E&P اور فارماسیوٹیکل میں کے ایس ای-100 انڈیکس میں بہتر کارکردگی سامنے آئی جبکہ بینک، فوڈ اور پرسنل کیئر، انشورنس، توانائی اور فریٹلائزر کے شعبوں میں کارکردگی کم رہی۔

تیل کی قیمتوں کی تیز تر وصولی کی وجہ سے پرکشش تخصیص مالیت اور بڑھتی ہوئی آمدنی کے آثار کا نتیجہ E&Ps کی متاثر کن کارکردگی کی صورت میں برآمد ہوا۔ تیل کی مصنوعات کے حجم میں اضافے کے رجحان اور HSD اور MOGAS میں بڑھتے ہوئے منافع، جسے اب CPI افراط زر سے جوڑا گیا ہے، کے سبب OMCs نے بھی بہتر کارکردگی کا مظاہرہ کیا۔



کرتا ہے۔ مزید برآں، کے ایس ای-100 انڈیکس پر کشش نظر آتا ہے کیونکہ اس نے دسمبر 2016 تک دیگر ایشیائی ممالک کے اوسطاً 11.0% کے مقابلے میں سب سے زیادہ 16.8% منافع (ROE) کی پیشکش کا سلسلہ جاری رکھا ہے۔

متعدد عوامل جو اس متاثر کن کارکردگی میں معاون ثابت ہوئے وہ یہ ہیں (i) پاکستان اسٹاک مارکیٹ کی فرٹیکس سے ایمرجنگ مارکیٹ کے درجے میں ترقی جس کا شدت سے انتظار تھا (ii) وسیع مقامی لکویڈٹی (iii) روز افزوں ترقی کرتی معیشت (iv) سی پیک منصوبوں پر پیش رفت اور (v) S&P کی جانب سے پاکستان کی ریٹنگ کی مستحکم آٹار کے ساتھ ”B“ درجے میں بہتری۔

## کے ایس ای-100 انڈیکس۔ واقعات کا خاکہ کیلنڈر سال 2016

KSE-100 Index - Event Chart CY16

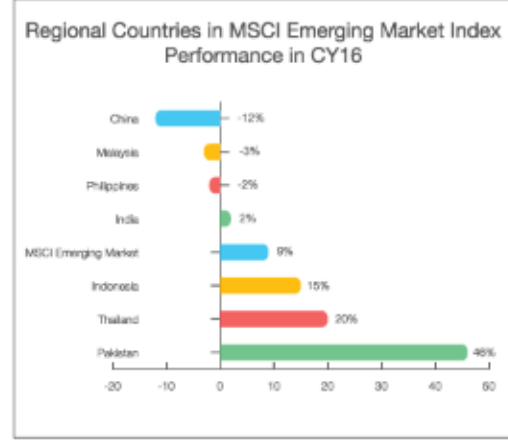
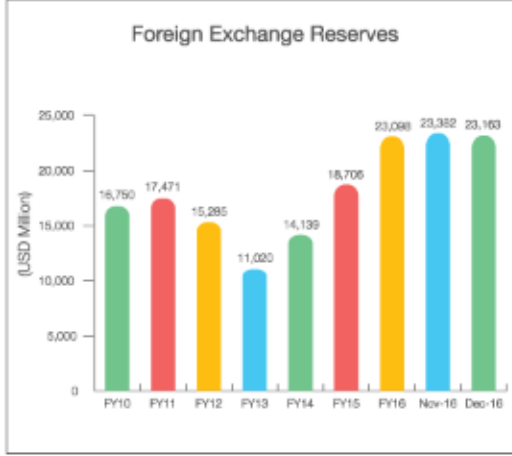


فارن پورٹ فولیو انوسٹمنٹ (FIPI) میں کیلنڈر سال 2016 کے دوران 338 ملین امریکی ڈالر کا خارجی بہاؤ سامنے آیا۔ عالمی غیر یقینی صورت حال کے باعث جنوری 2016 سے اپریل 2016 تک چار ماہ کے دوران 119 ملین امریکی ڈالر کی غیر ملکی فروخت ریکارڈ کی گئی۔ تاہم جون 2016 میں MSCI کی جانب سے پاکستان کو ایمرجنگ مارکیٹ میں شامل کرنے کے اعلان کے بعد اسٹاک مارکیٹ میں غیر ملکی دلچسپی دیکھنے میں آئی اومنی اور جولائی 2016 کے دوران غیر ملکی داخلی بہاؤ میں 101 ملین امریکی ڈالر کا اضافہ ہوا۔ اس کے بعد جغرافیائی سیاسی کشیدگی اور امریکی انتخابات نے غیر یقینی صورت حال کو جنم دیا جو سال کے اگلے مہینوں میں خارجی بہاؤ کا سبب بنی۔ تاہم سرمایہ کاروں کے بڑھتے ہوئے اعتماد کے ساتھ مقامی سرمایہ کاروں نے مسلسل غیر ملکی فروخت کو ضم کر لیا اور اس طرح اسٹاک مارکیٹ میں لکویڈٹی کی فراہمی ممکن ہوئی۔ آگے چل کر MSCI ایمرجنگ مارکیٹ کی دوبارہ درجہ بندی کے نتیجے میں انڈیکس پر نظر رکھنے والے عالمی فنڈز کی جانب سے اضافی لکویڈٹی کی توقع ہے۔

مزید برآں، ایک اور اہم پیشرفت پاکستان اسٹاک ایکسچینج کے 40% تزویراتی حصے کی ایک چینی کنسورٹیم کو 212 ملین امریکی ڈالر ایکسچینج ریٹ سے فروخت تھی جو مستقبل میں مزید سرمایہ کاروں کو متوجہ کرے گی کیونکہ نئے شراکت داران سے توقع ہے کہ وہ پاکستان اسٹاک ایکسچینج میں جدید مصنوعات اور طریقے متعارف کروائیں گے۔

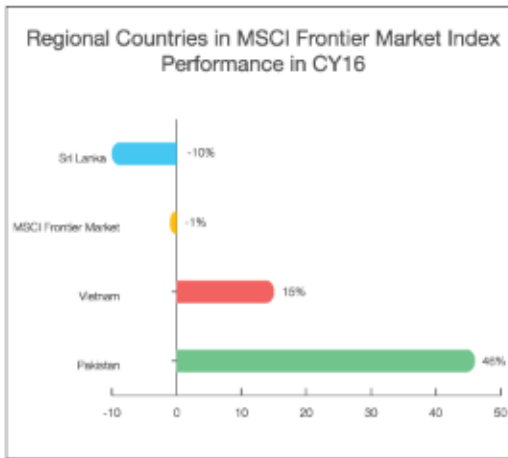
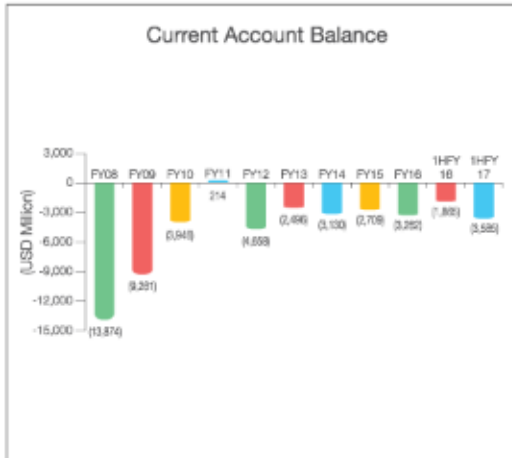
FIPI میں خارجی دباؤ کے باوجود، کے ایس ای 100 کا اوسط روزانہ تجارتی حجم (ADTV) کیلنڈر سال 2015 کے 246 ملین حصص کے مقابلے میں کیلنڈر سال 2016 میں 281 ملین حصص کی خوش آئند سطح پر موجود رہا (14% اضافہ سال بہ سال) جس سے غیر معمولی حد تک زیادہ سرگرمی کی نشاندہی ہوتی ہے۔ MSCI ایمرجنگ مارکیٹ انڈیکس کی آئندہ ہونے والی دوبارہ درجہ بندی اسٹاک مارکیٹ کی مزید مضاعفتی (Multiple) درجہ بندی کا باعث بن سکتی ہے۔

تجارتی اکاؤنٹ نے بھی کرنٹ اکاؤنٹ کے خسارے کی توسیع میں ایک اہم کردار ادا کرنے کا سلسلہ جاری رکھا۔ جب مالی سال 2016 میں تجارتی خسارہ مالی سال 2015 کے محض 3.6% کے مقابلے میں بڑھ کر 6.9% ہو گیا۔ تیل کی کم ادائیگیوں کا فائدہ نان آئل درآمدات، خاص طور پر توانائی اور تعمیرات کے شعبوں کے لئے بھاری مشینری اور صنعتی خام مال (خاص طور پر اسٹیل اور خام روٹی) میں اضافے کی وجہ سے متوازن رہا۔



مالی سال 2017 کی پہلی ششماہی میں کرنٹ اکاؤنٹ کے خسارے میں اضافہ ہوا جو 1.9 ارب امریکی ڈالر سے بڑھ کر 3.6 ارب امریکی ڈالر ہو گیا جس کی بنیادی وجوہات میں درآمدات کی زوال پذیر صورت حال جو تجارتی خسارے میں اضافے کا باعث بنی اور اس کے ساتھ ساتھ کولیشن سپورٹ فنڈ کی عدم موجودگی اور ترسیلات زر میں نمایاں کمی شامل تھیں۔

مزید برآں، مالی سال 2017 میں مجموعی قومی پیداوار GDP میں اصل اضافے کے حکومت کے طے کردہ 5.7% کے ہدف کے ساتھ معاشی سرگرمی میں اضافے کا عمل برقرار رہنے کا امکان ہے۔ بڑھتے ہوئے کاروباری اعتماد، توانائی کی فراہمی کی بہتر صورت حال، سی پیک سے متعلق منصوبوں میں پیش رفت اور مستحکم سیاسی صورت حال کی بدولت 2017 میں مقامی معیشت کے آثر مثبت نظر آتے ہیں۔

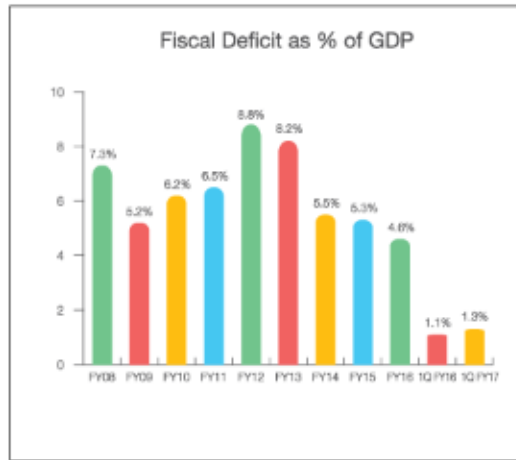
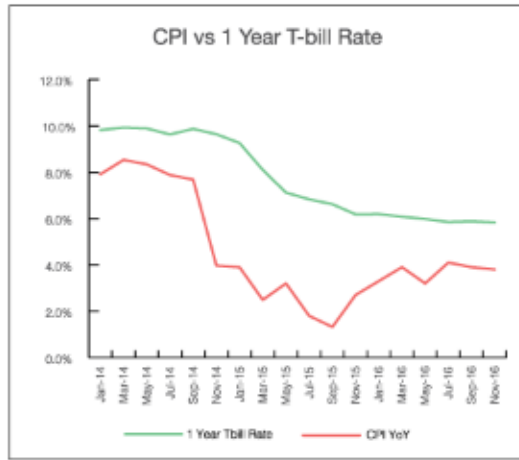


#### اسٹاک مارکیٹ سال 2016 اور 2017 کا اندازہ

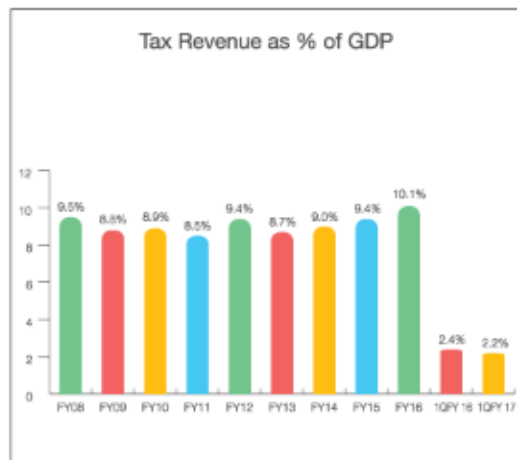
کیلنڈر سال 2016 میں کے ایس ای-100 انڈیکس ایشیا کی بہترین کارکردگی کی حامل مارکیٹ کے طور پر ابھری اور تاریخ کی بلند ترین سطح 47,807 پر بند ہوئی اور کیلنڈر سال 2015 کے محض 2% کے مقابلے میں 45.7% کا نفع کمایا۔ مقامی سطح پر پاکستان، MSCI فرنیئر اور MSCI ایمرجنگ، دونوں درجوں میں بہترین کارکردگی کی حامل اسٹاک مارکیٹ رہی۔ مقامی اسٹاک انڈیکس نے بہتر کارکردگی کا مظاہرہ کیا جو دیکھ اس سال کے دوران 339 ملین امریکی ڈالر کی مسلسل غیر ملکی فروخت دیکھنے میں آئی۔ تاہم غیر ملکی فروخت کارکردگی پر اثر انداز نہیں ہوئی کیونکہ مقامی سرمایہ کاروں نے ہر ممکن تعاون کیا اور فروخت کو ضم کر لیا۔ پاکستان MSCI ایمرجنگ ایشیائی ممالک کے اوسط ملٹی پل 16.79x کے مقابلے میں 11.3x کے P/E ملٹی پل پر تجارت کر رہا ہے جو 32% ڈس کاؤنٹ کی نشاندہی

مالی سال 2016 میں افراط زر کی اوسط شرح مالی سال 2015 کے 4.6% کے مقابلے میں 2.9% پر برقرار رہی جس کی وجہ نقل و حمل اور توانائی کی قیمتوں میں کمی کے باعث اشیائے صرف کی قیمتوں میں ہموار اور بروقت فراہمی، مستحکم زرمبادلہ کے ذخائر اور محدود مالیاتی اضافہ تھی۔ کیلنڈر سال کے حساب سے، کیلنڈر سال 2016 میں افراط زر کی اوسط شرح گزشتہ سال کی اسی مدت کے 2.5% کے مقابلے میں 3.8% مزید برآں، اسٹیٹ بینک آف پاکستان نے مالی سال 2016-17 کے لئے افراط زر کا ہدف 4.5-5.5% مقرر کیا ہے جبکہ مالی سال 2016-17 کے لئے حکومت کا مقرر کردہ افراط زر کا ہدف 6% ہے۔ مالی سال 2017ء کی پہلی ششماہی تک اوسط افراط زر گزشتہ سال کی اسی مدت کے 2.1% کے مقابلے میں 3.9% ہے جس کی وجہ اشیائے خورد و نوش کی غیر مستحکم قیمتیں اور جگہ کے کرائے ہیں۔

بڑھتی ہوئی افراط زر کی شرح کے باعث اسٹیٹ بینک آف پاکستان کے پاس ڈسکاؤنٹ رٹس میں کمی کی گنجائش بہت کم ہے کیونکہ اصل منافعوں میں کمی واقع ہو رہی ہے۔ اس صورت حال کے تناظر میں اسٹیٹ بینک آف پاکستان نے نومبر میں مالیاتی پالیسی کے جائزے میں پالیسی شرح کے حوالے سے 5.75% کی غیر مبدل حالت کو برقرار رکھنے کا اعلان کیا ہے اور نشاندہی کی ہے کہ مالیاتی خسارہ مجموعی قومی پیداوار (GDP) کے فیصد کے اعتبار سے مالی سال 2016 میں 4.6% کی سطح پر برقرار ہے، جو کہ 4.3% کے ہدف سے قدرے زیادہ ہے، تاہم مالی سال 2015 میں ریکارڈ کئے گئے 5.3% مالی خسارے سے کم ہے۔



اس کمی کی بنیادی وجوہات میں: (i) ایف بی آر کی ٹیکس وصولیوں میں 20% اضافہ جو مالی سال 2015 کے 2.6 ٹریلین پاکستانی روپے سے بڑھ کر مالی سال 2016 میں 3.1 ٹریلین پاکستانی روپے ہو گیا (ii) قرضوں کی ادائیگی کے اخراجات میں 3.1% کی کمی جس سے حالیہ وفاقی اخراجات کو محدود کرنے میں مدد ملی۔ پیداوار میں اضافہ شدہ مالیاتی خسارہ جس میں مالی سال 2017 کی پہلی سہ ماہی میں 8% کمی ہوئی جبکہ گزشتہ سال کی اسی مدت میں ٹیکس اور ٹرانزیکشن آمدنی میں کمی کی وجہ سے اس میں 11.6% تک اضافہ دیکھنے میں آیا تھا۔



کرنٹ اکاؤنٹ کا خسارہ (CAD) مالی سال 2015 کے 2.7 ارب امریکی ڈالر کے مقابلے میں مالی سال 2016 میں 3.3 ارب امریکی ڈالر ریکارڈ کیا گیا جس کا سبب بننے والے عوامل میں درآمدات میں 9% کمی اور اس کے حاصل مالی سال 2016 میں ترسیلات زر میں گزشتہ سال کے 18% اضافے کے مقابلے میں 6% کا اضافہ تھا۔



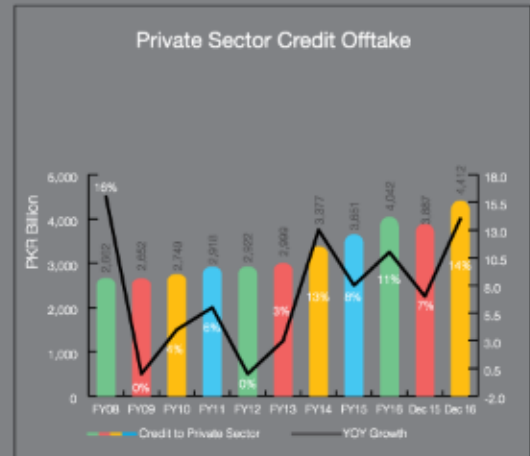
## ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے 57 ویں آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

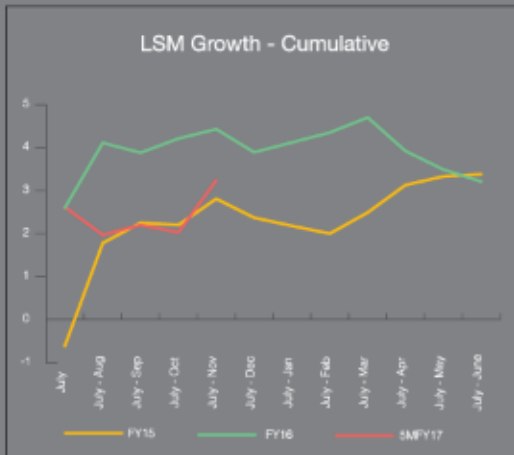
### معیشت کا جائزہ

پاکستانی معیشت نے مالی سال 2016 میں غیر معمولی کارکردگی کا مظاہرہ کیا اور اصل مجموعی قومی پیداوار (GDP) میں بین الاقوامی مندی کے باوجود 4.7% کی آٹھ سال کی بلند ترین رفتار سے اضافہ ہوا۔ صنعتی شعبے کی متاثر کن کارکردگی، نجی شعبے میں قرضوں کے حصول کا امید افزاء رجحان، افراط زر کی شرح میں کمی، منضبط مالی خسارہ، زرمبادلہ کی مستحکم شرح اور غیر ملکی زرمبادلہ کی مضبوط سطح جیسے عوامل اس اضافے میں معاون ثابت ہوئے۔ مسلسل جاری زبردست تعمیری سرگرمیاں، اشیائے صرف کی طلب میں مسلسل اضافہ اور بین الاقوامی منڈی میں بنیادی خام مال کی قیمتوں میں کمی مالی سال 2016 میں 6.8% صنعتی ترقی کا بنیادی عنصر رہی۔

مالی سال 2016 میں بڑے پیمانے کی پیداوار (LSM) میں 3.2% اضافہ دیکھنے میں آیا جس کو گاڑیوں، ادویات، سینٹ اور تعمیر سے متعلق سرگرمیوں سے مدد ملی۔ اگرچہ مالی سال 2017 کے پانچ ماہ میں ٹیکسٹائل کے شعبے کو درپیش محدود فراہمی کے مسائل اور خطے کے ممالک کی سست رو طلب بڑے پیمانے کی پیداوار (LSM) کی ترقی پر اثر انداز ہوئی تاہم بڑھتی ہوئی معاشی سرگرمیوں کے باعث اس شعبے کی کارکردگی میں اضافے کی توقع ہے۔



مالی سال 2016 میں تعمیری اور پیداواری شعبے میں نمایاں ترقی کے باعث نجی شعبے میں قرضوں کے حصول میں 11% کا اہم اضافہ دیکھنے میں آیا۔ CPEC کے تحت طے شدہ سرمایہ کاریوں کے باعث پیداواری شعبے کی ترقی مثبت رفتار سے جاری رہنے کی توقع ہے۔ تعمیرات اور توانائی سے متعلق منصوبے صنعتی ترقی پر براہ راست اثر انداز ہوں گے۔ ان تمام عوامل کو دسمبر 2016ء میں 14% سال بہ سال اضافہ سے استحکام حاصل ہوا جو کہ دسمبر 2015 میں 7% سال بہ سال تھا۔





This page left blank intentionally.

# Proxy Form

cyan Limited

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 Dawood Center, Karachi on April 28, 2017 at 3:00 pm and at any adjournment  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Witness 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. or \_\_\_\_\_  
Passport No. \_\_\_\_\_  
Address \_\_\_\_\_

Signature on Revenue  
Stamps of Rupees Five

Signature should agree with specimen  
signature with the Company.

Witness 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. or \_\_\_\_\_  
Passport No. \_\_\_\_\_  
Address \_\_\_\_\_

## 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.

Please  
affix correct  
postage

**cyan**<sub>Limited</sub>

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

## نمائندگی کا فارم

## سیان لمیٹڈ

سیان لمیٹڈ کا ستاواں سالانہ اجلاس عام

میں / ممبر / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_

ضلع \_\_\_\_\_ بحیثیت ممبر سیان لمیٹڈ، / ممبر / مسماۃ ساکن \_\_\_\_\_

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے ۵۷ سالانہ اجلاس عام جو کہ داؤد سینٹر کراچی میں بتاریخ ۲۸ اپریل ۲۰۱۷ بروز جمعہ بوقت دوپہر ۳:۰۰ بجے منعقد ہو رہا ہے اور اس کے کسی ملوث شدہ اجلاس میں ووٹ ڈالے۔

دستخط \_\_\_\_\_ بروز \_\_\_\_\_ ۲۰۱۷

گواہ (۱)

دستخط گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

قومی شناختی کارڈ نمبر یا: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

مطلوبہ (پانچ روپے کا)  
ریونیوٹکٹ چپاں کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے  
ضروری ہیں۔

گواہ (۲)

دستخط گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

قومی شناختی کارڈ نمبر یا: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

نوٹس:

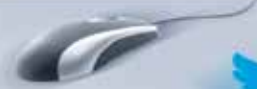
- کمپنی کا ایسا حصص یافتگان / ممبر جو اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت اور ووٹ ڈالنے کے لیے نامزد کر سکتا ہے۔
- تمام نامزد گئیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی سیکرٹری، رجسٹرڈ آفس چوتھی منزل، داؤد سینٹر، ایم-ٹی-خان روڈ، کراچی، کو اجلاس 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:
  - نامزدگی فارم دو اشخاص کی گواہی، پتے اور قومی شناختی کارڈ نمبر کے ساتھ پُر ہونے چاہیں۔
  - نامزدگی فارم کے ساتھ سادہ حصص یافتگان اور مجاز وکیل کے شناختی کارڈ کی تصدیق شدہ نقول منسلک ہونی چاہیں۔
  - 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 ڈائریکٹرز کی قرار داد یا مختار نامہ بمعہ نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ کمپنی ہذا میں جمع کروائیں۔

Please  
affix correct  
postage

**cyan**<sub>Limited</sub>

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








www.jamapunji.pk










**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

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

Website: [www.cyanlimited.com](http://www.cyanlimited.com)



4th Floor, Dawood Centre, M.T. Khan Road, Karachi-75530  
Ph: (92-21) 35684019, 35681491 Fax: (92-21) 35680218