

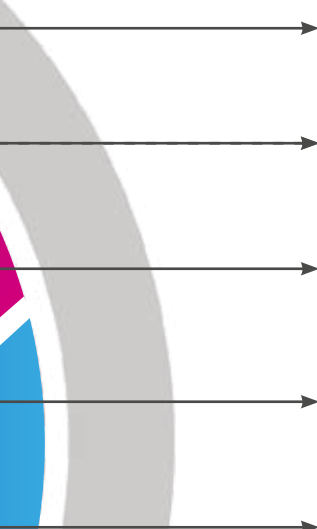


together for a
BETTER TOMORROW



Annual Report 2018





POTENTIAL IN
SELECTED SECTORS

NOTICE OF THE 59TH
ANNUAL GENERAL MEETING

DIRECTORS' REPORT

CEO'S MESSAGE

FINANCIAL STATEMENTS

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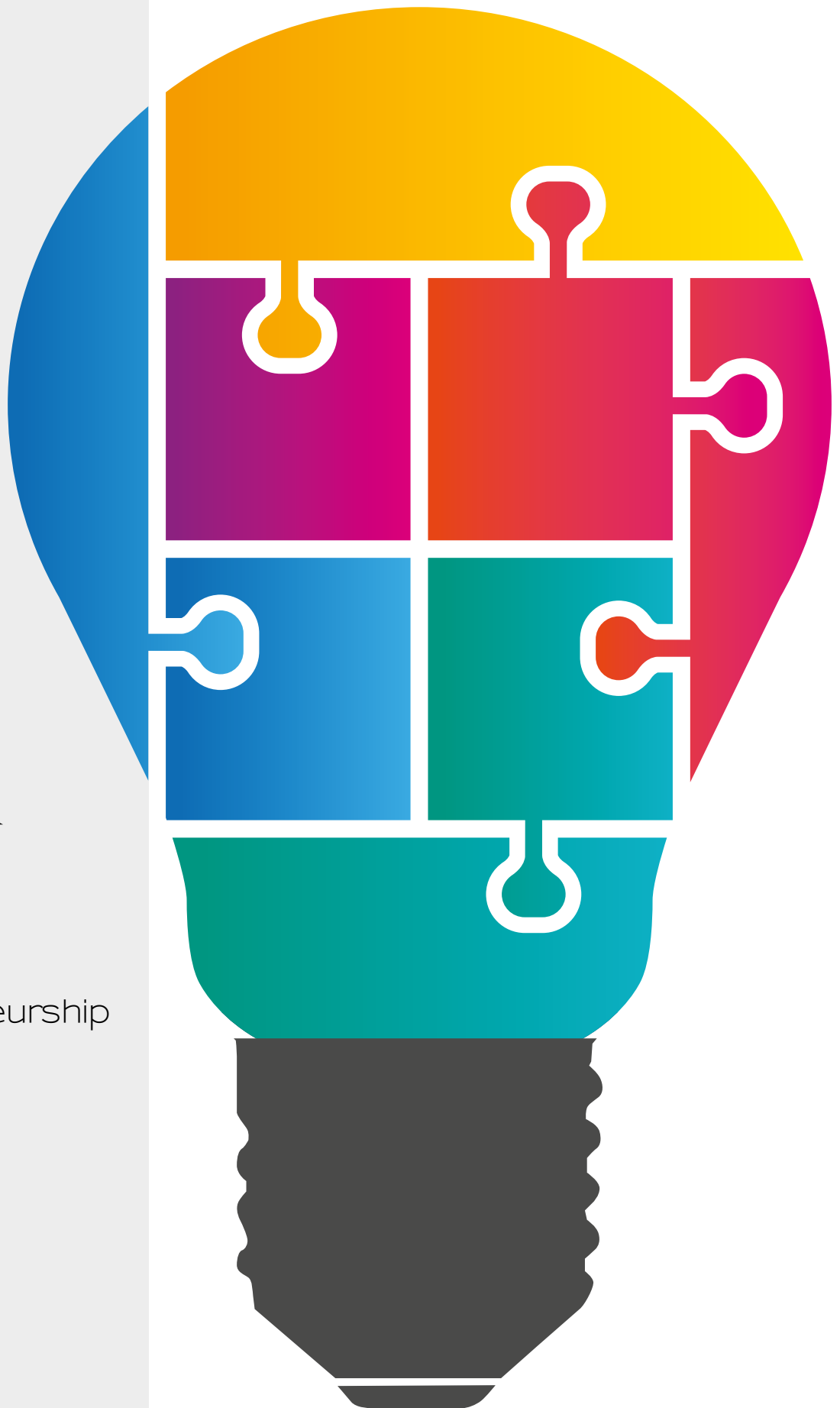
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VISION & MISSION

Taking
Entrepreneurship
to
Scale

COMPANY INFORMATION

Board of Directors

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

Board Audit Committee

Kamran Nishat (Chairman)
Shafiq Ahmed
Inam Ur Rahman

Board HR & Remuneration Committee

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

Board Investment Committee

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

Chief Financial Officer

Faisal Nadeem

Company Secretary

Ahsan Iqbal

Head of Internal Audit

Ayman Anwer

Executives*

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

*As determined by the Board of Directors

Auditors

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

Tax Consultants

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

Share Registrar/Transfer Agent

Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shakra-e-Faisal
Karachi – 74400
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Fax: (92-21) 34326053

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

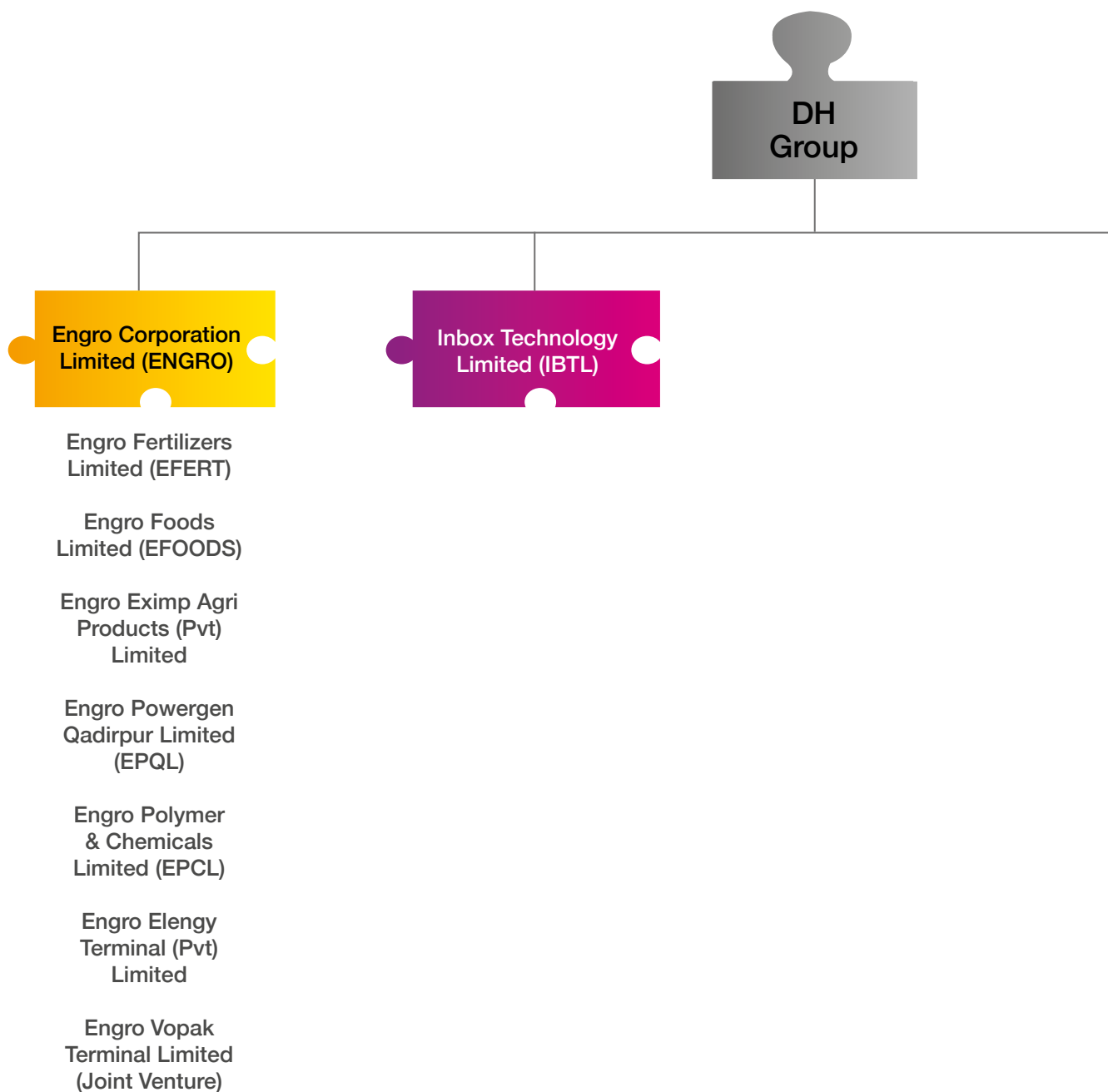
Bankers

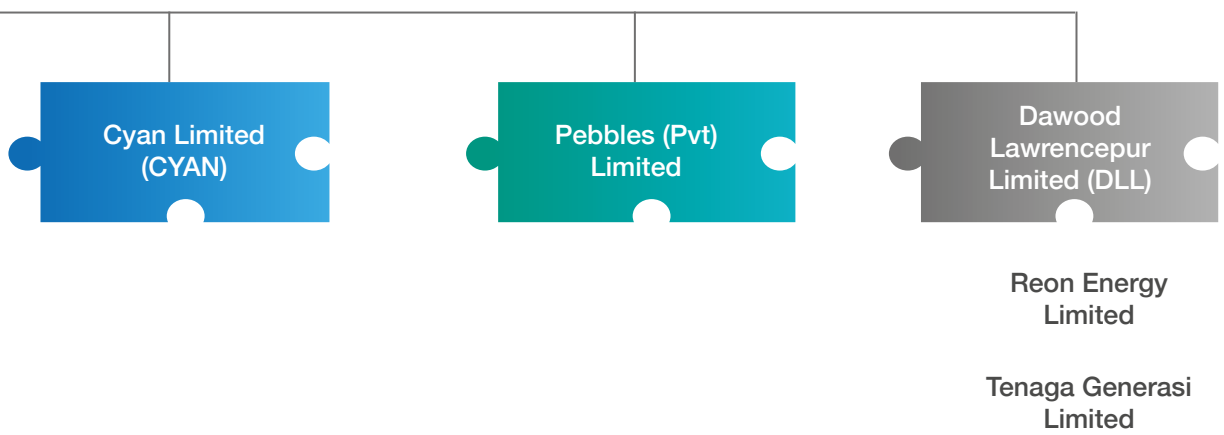
Bank Al Habib Limited
Bank Al Falah Limited
Habib Bank Limited
BankIslami Pakistan Limited
National Bank of Pakistan
MCB Bank Limited

Registered Office

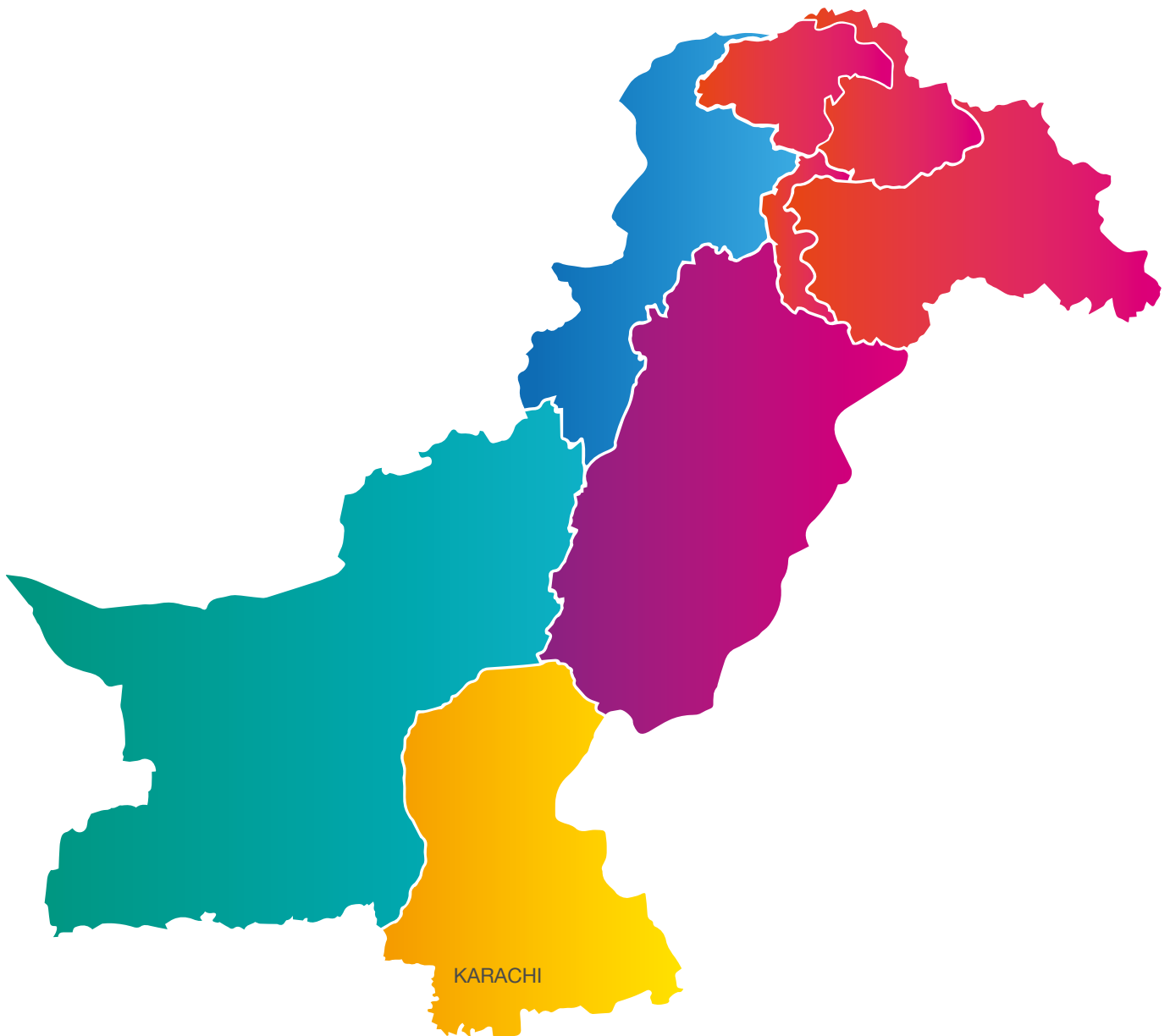
Dawood Centre, M.T. Khan Road
Karachi-75530
Website: www.cyanlimited.com

GROUP STRUCTURE





GEOGRAPHICAL PRESENCE ONLY IN KARACHI



CORE VALUES



STRATEGIC OBJECTIVES

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

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

OBJECTIVES

Focus: Generate attractive returns on Equity Portfolio. Our success is a result of achieving growth through indepth 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 are committed to generate attractive returns on the Equity Portfolio.

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.

STRATEGY TO MEET OBJECTIVE

Monitoring our portfolio of investments frequently.

Maximizing resource utilization in the best possible manner.

Continuously seeking profitable avenues in high-growth sectors.

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.

FOR DIRECTORS:

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

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

1. CONFLICT OF INTEREST

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

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

2. CORPORATE OPPORTUNITIES

Directors are prohibited from:

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

6. COMPLIANCE STANDARDS

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

CYAN SEVEN

- **COMMITTED MANAGEMENT TEAM**
Company has a strong management team with demonstrated commitment to ethical values and a proven track record.
- **SIZEABLE MARKET SHARE**
Company has a sizeable market share or a clearly defined road-map to achieve one.
- **SCALABLE BUSINESS MODEL**
Company has a proven and scalable business model with an operational record of at least three years.
- **TARGET MARGIN**
Company has an EBITDA of at least PKR 200 million and has remained positive for the past three years.
- **TARGET REVENUE**
Company has revenues of at least PKR 500 million or a tangible growth plan to achieve this target in the short term.
- **MINIMUM INVESTMENT SIZE**
The Company is seeking to raise at least PKR 100 million.
- **EXIT POTENTIAL**
The ability of an exit for Cyan i.e. to sell its stake in 1-3 years via trade sale, IPO, share buyback/ redemption, etc.

CYAN EXPERTISE

Capital market expertise of \$50mn public equities portfolio managed over the last 7 years and a team that has combined 50 years' experience in public equities.

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



Combining the two, Cyan can help to formalize and grow companies leading their way to list themselves on the PSX for increased representation of companies on the stock exchange.

ANIMAL PROTEIN

Livestock sector contributes 12.94% in the country's GDP and 57% towards the agriculture sector. It mainly provides milk and meat for human consumption. According to our estimate, the per capita local consumption of meat stands at 20 Kg.



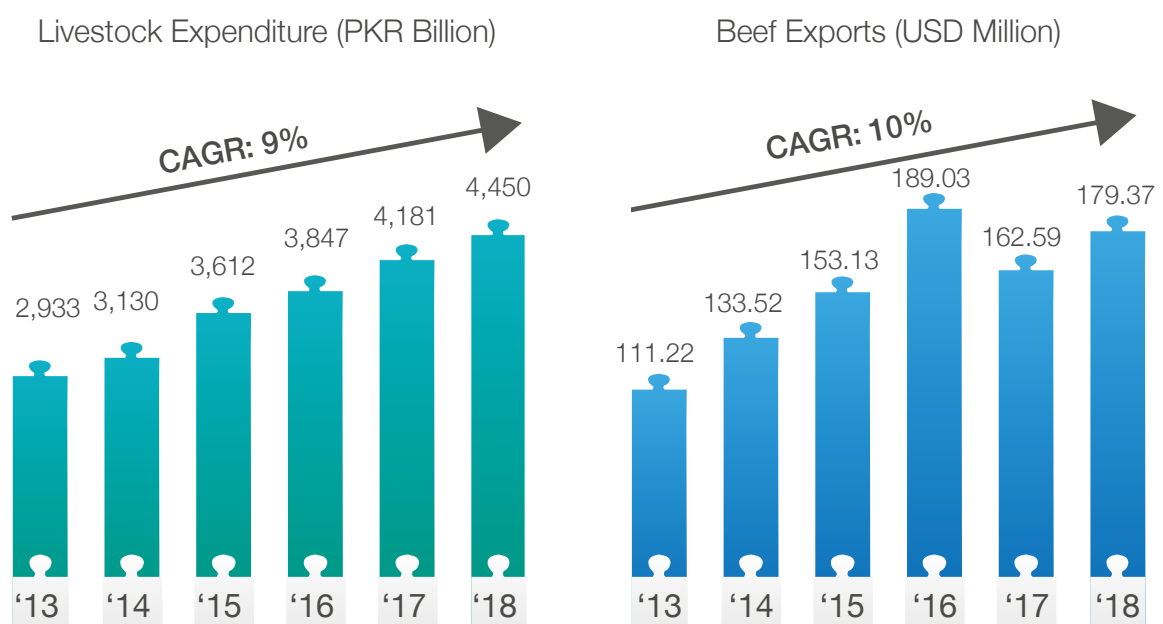
Did you know?

- Eggs consumed per day per person in China are 0.7 which is almost three times higher than Pakistan's 0.24.
- Consumption of poultry meat in Pakistan is 7 kg per year per person while in USA its 50 kg.

9%
CAGR
(last 5 years)

Market Size:

According to Economic Survey of Pakistan, Livestock expenditure in Pakistan in FY18 was PKR 4,450 billion. Beef is one of the largest produced meat in Pakistan followed by chicken and mutton. Pakistan also exports beef to various countries and its exports has been growing at a 5-year CAGR of 10%.



Source: Pakistan Economic Survey and Trade Development Authority of Pakistan, Cyan Research

PHARMACEUTICAL

The pharmaceutical industry contributes around 1% to the country's GDP. The industry has been growing at a 5-year CAGR of 11% on the back of rising demand in the country led by the increasing population. More than 750 pharmaceutical manufacturing units are operating in the country. Amongst the regional countries, China has the highest spending per capita of USD 88, while Bangladesh has the lowest spending per capita of USD 14.



Did you know?

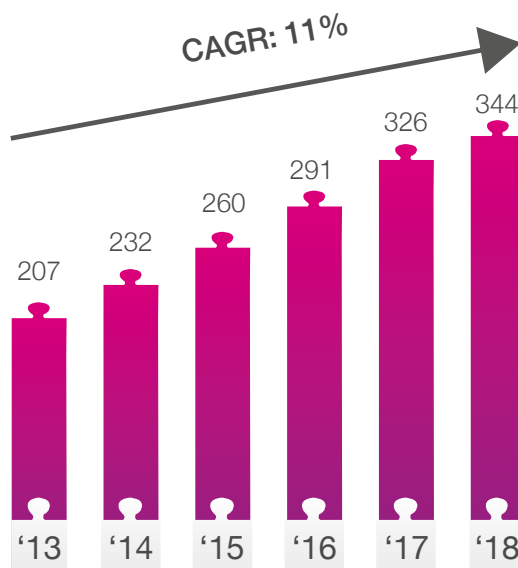
- Pakistan does not have even one US FDA approved plant, while India has over 500 US FDA approved sites, the highest number outside the USA.
- The most sold drug in Pakistan is Augmentin, with yearly sales of PKR 4.5 billion followed by Risek with sales of PKR 3.3 billion.

11%
CAGR
(last 5 years)

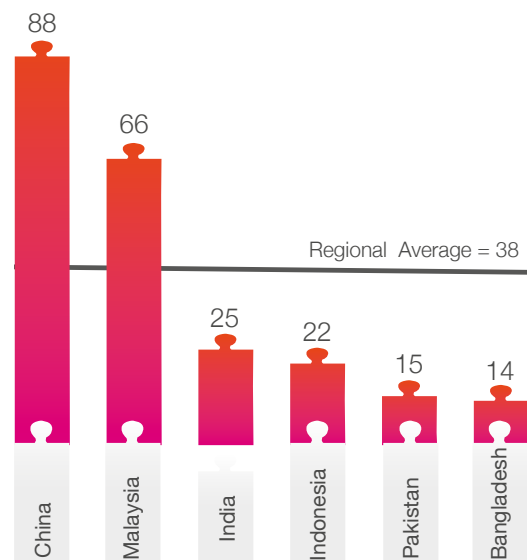
Market Size:

The pharmaceutical industry in Pakistan is valued at PKR 344 billion (USD 3.1 billion). Pakistan's per capita pharmaceutical expenditure is USD 15, lower than the regional average of USD 38.

Pharmaceutical Market Size (PKR Billion)



Regional Expenditure per capita (USD)



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

HEALTHCARE

It is one of the most important sectors that lays foundation for strong economic growth of the country. According to Economic Survey of Pakistan, the registered number of doctors, dentists and nurses are 208,007, 20,463 and 103,777 respectively. Accordingly, population per doctor, dentist and nurse for the country are 1,023, 10,399 and 2,050 respectively.



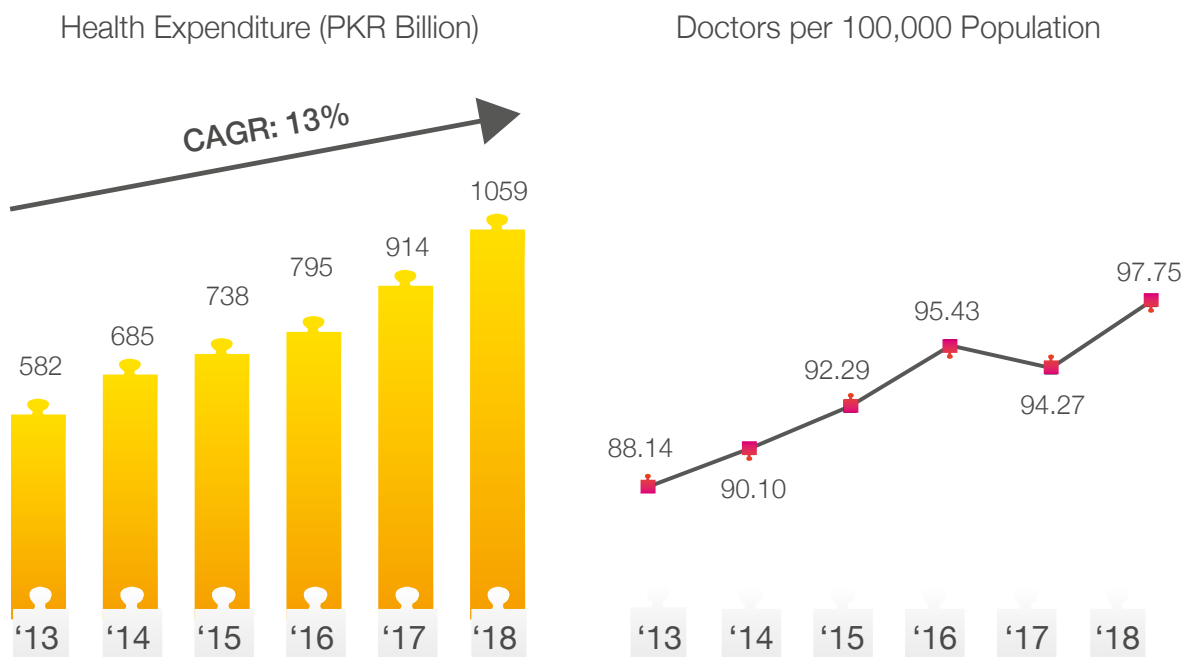
Did you know?

- Pakistan is one of three countries in the world where polio is still endemic, the other two are Afghanistan and Nigeria.
- Pakistan is ranked 6th amongst 22 high disease burden countries of the world.

13%
CAGR
(last 5 years)

Market Size:

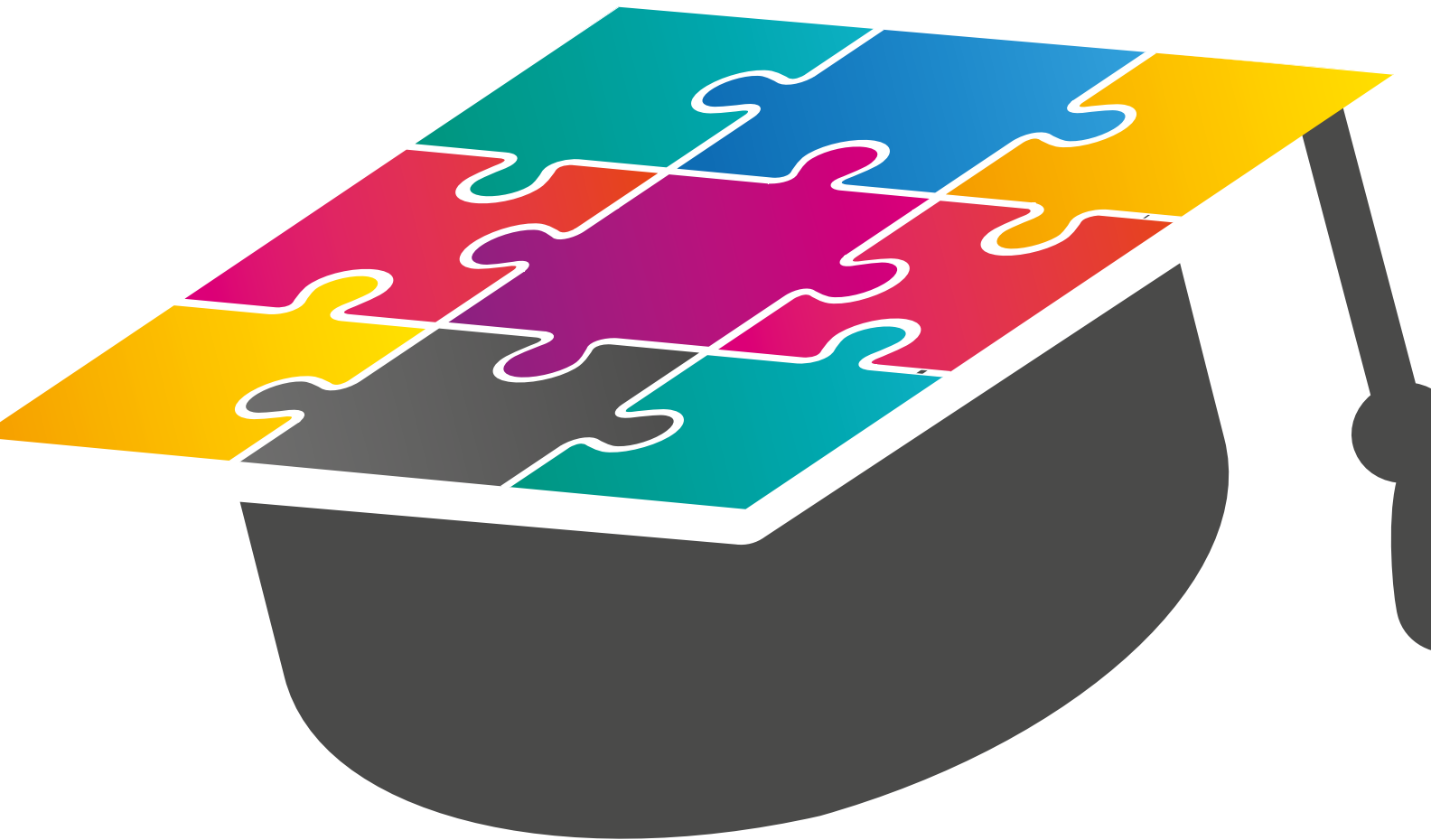
The size of the healthcare industry is valued at PKR 1,059 billion (USD 9.6 billion), constituting 3.1% of Pakistan's GDP. The contribution of public health care in the country's GDP is 1%, whereas the remaining contribution is of private healthcare segment. The demand for healthcare services in Pakistan 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.



Source: World Bank, Pakistan Economic Survey and State Bank of Pakistan, Cyan Research

EDUCATION

The literacy ratio of the Pakistan (10 years and above) is 58% which is one of the lowest amongst the regional peers. At a provincial level, Punjab has the highest literacy ratio of 62% followed by Sindh, KPK and Baluchistan with 55%, 53% and 41% respectively.



Did you know?

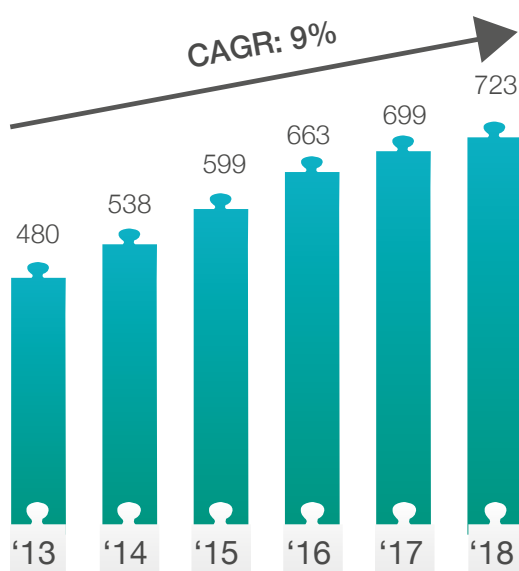
- Free education is a constitutional right of every Pakistani from age 5 to 16.
- 77% youth in Pakistan leave education for financial reasons.

9%
CAGR
(last 5 years)

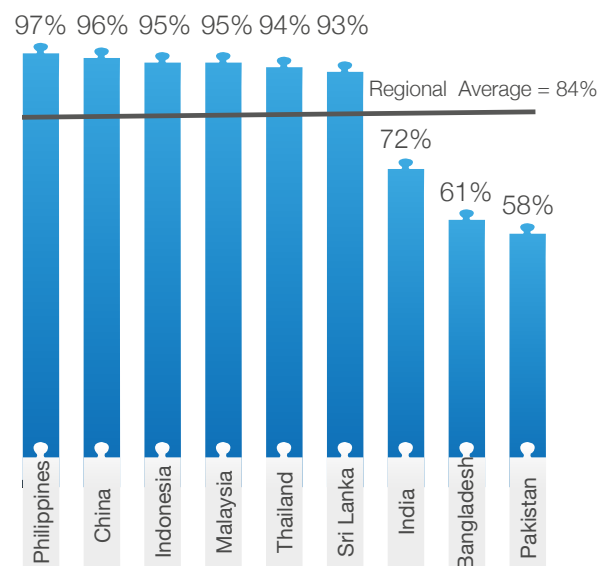
Market Size:

The education industry (public) in Pakistan is valued at PKR 723 billion (USD 6.6 billion) resulting in 2.10% share in the country's GDP. However, in absolute terms, expenditure on education is growing at a 5-year CAGR of 9%. 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 increase its share to 4% of GDP.

Total Public Expenditure (PKR Billion)



Regional Literacy Rates



Source: Pakistan Economic Survey, State Bank of Pakistan & Our World in Data, Cyan Research

LOGISTICS

The size of logistics industry is around 6.8% of Pakistan's GDP with a significant share of the sector outside the formal economy. The sector holds immense importance within any economy because it helps streamline the processes and improve efficiency. However, in Pakistan 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 1,830 km rail network.



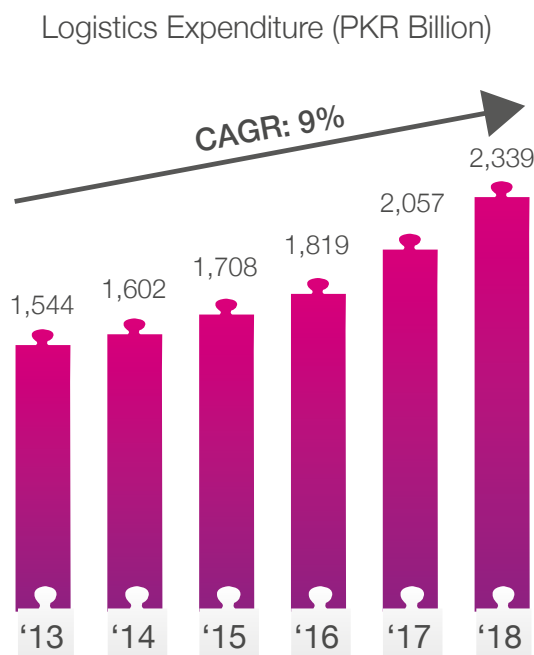
Did you know?

- The logistics industry still lacks proper cold-chain logistics and processing facilities. Consequently, 50% of the agricultural products go stale during transportation.

9%
CAGR
(last 5 years)

Market Size:

According to Cyan's estimate, the market size of the industry is around PKR 2,339 billion (USD 21 billion). Road transport services comprise 77% of the total market followed by sea transportation comprising 19%, while air transport, rail transport and warehousing form the rest of the industry. The sector has overdependence on road transportation due to weak rail infrastructure, which if countered, could make the industry more profitable and efficient.



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

TECHNOLOGY

The sector contributes around 1.3% in the country's GDP. However, it is one of the fastest growing sectors in the country with a 5-year CAGR of 11%. The sector consists of two major segments namely, IT solutions and E-Commerce. The IT solutions division has been growing at a 5-year CAGR of 9% whereas E-Commerce division has grown by 67% in the same time period. The proliferation of tech-startups and their buyouts by foreign companies along with the expected auction of 5G is likely to enhance the sector contribution and it may witness exponential growth in coming years.



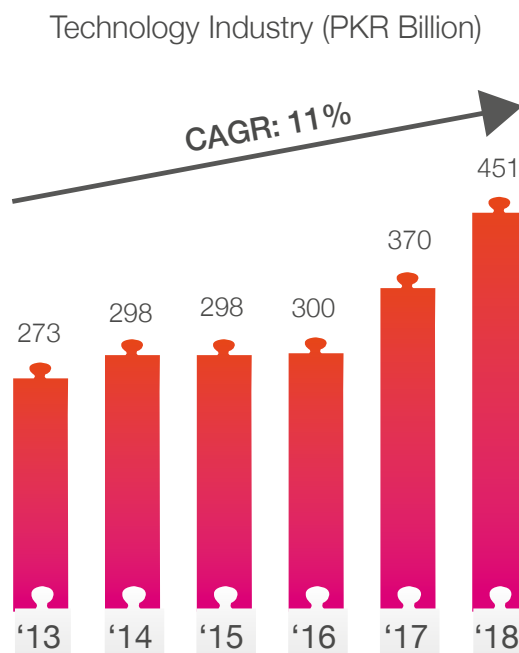
Did you know?

- In FY18, there has been a 2 times increase in e-commerce merchants, indicating tremendous growth in this sector of Pakistan.
- Pakistan, with market share of 13%, is ranked third in global online freelance market, after India and Bangladesh.

11%
CAGR
(last 5 years)

Market Size:

The total market size stands at PKR 451 Billion (USD 4.1 Billion), with IT solutions contributing 92% to the total expenditure, while the remaining share is of E-Commerce. The market has been largely untapped and vast potential exists to contribute strongly in the future. The government plans to establish IT parks in different cities such as Lahore and Karachi that will encourage technology savvy people to bring in new ideas.



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

RETAIL

Wholesale and retail sector contributes 19% in the country's GDP and it is the largest subsector of services sector having a share of 32%. The sector has been consistently surpassing the GDP growth rate in the last 5 years with a CAGR of 10%. Moreover, the rise of e-commerce has opened new avenues where specific customer segments are being targeted that provide ample new growth opportunities. This is supported by the fact that the broadband penetration has increased to 30.6% compared to 21% last year.



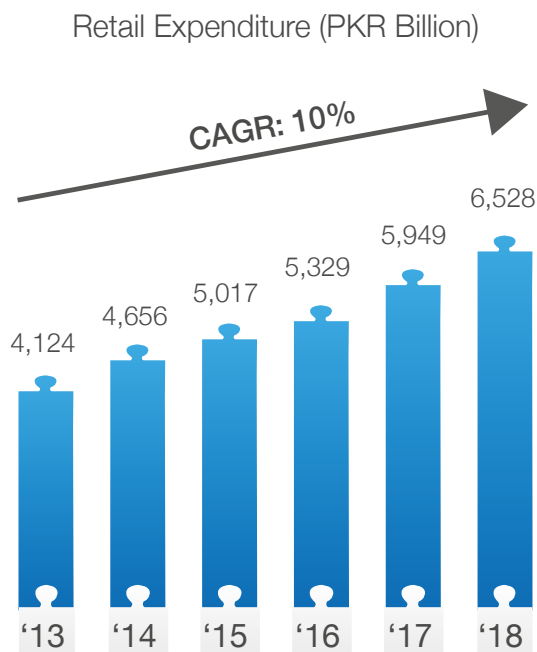
Did you know?

- According to Bloomberg, almost two-thirds of Pakistan's population is aged under 30, who could be classified as the new millennial, inclined to spend more than save.

10%
CAGR
(last 5 years)

Market Size:

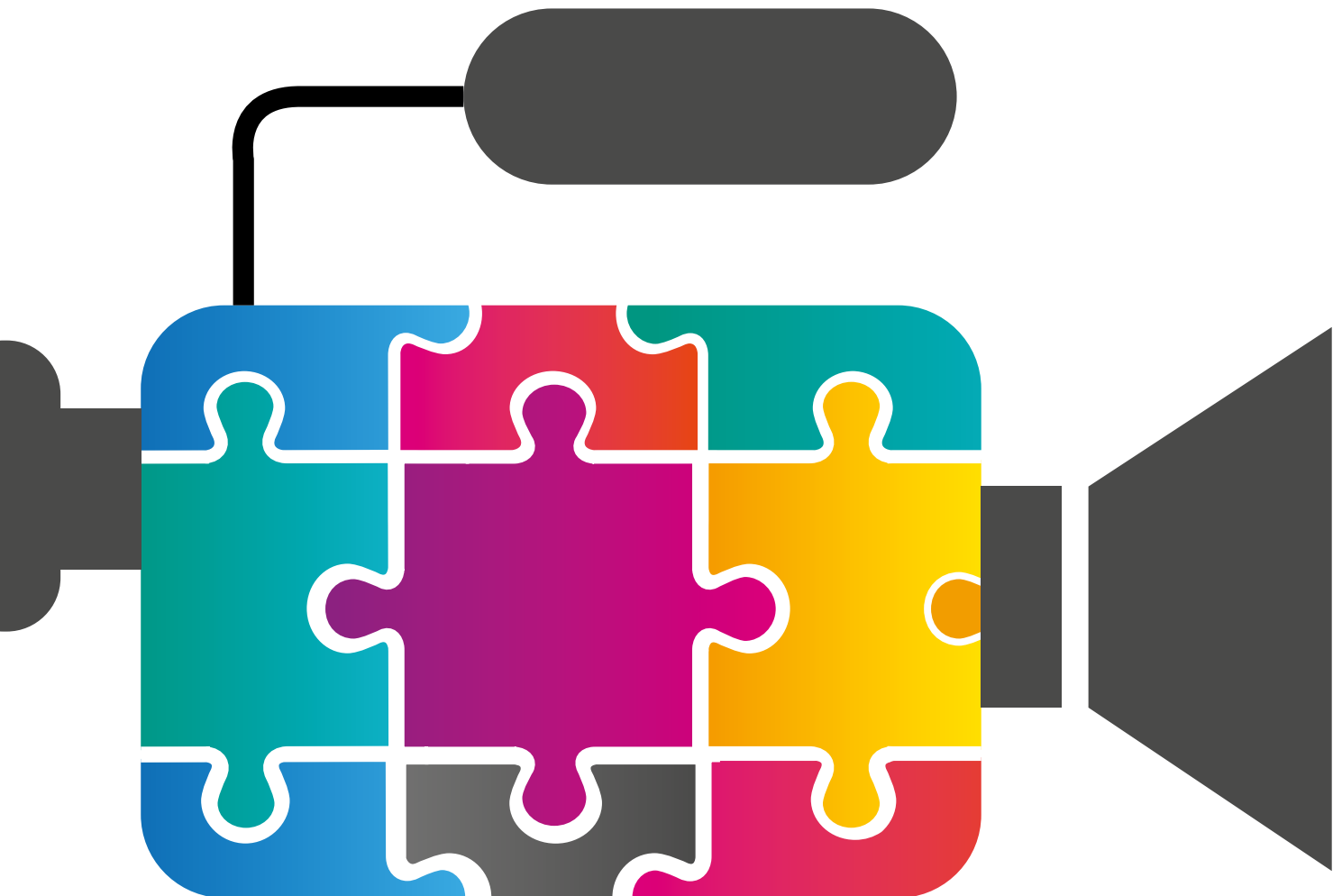
The retail sector is valued at PKR 6,528 billion (USD 59 billion). The increases in recent digitization of retail via e-commerce along with the growing young population are some of the reasons behind the phenomenal growth witnessed by the sector in the last few years. This growth in retail sector is favorable for the country's economic health as the sector creates huge job opportunities and attracts foreign investment into the country by appealing global brands to the local market. Some of the sub-sectors that signify huge growth potential are Food & beverages, Electronics and footwear.



Source: Pakistan Economic Survey & State Bank of Pakistan, Pakistan Telecommunication Authority, Cyan Research

MEDIA & ENTERTAINMENT

The increase in the living standards of the population along with growth of commercialism in the country has driven the growth of Media & Entertainment sector. The daily average TV viewership hours per viewer stands at 1.92 for FY2018 with the genre of local entertainment being viewed by 55% of the audience. On the geographical basis, the daily average TV viewership hours for people residing in rural areas are 1.82 whereas it is 2.1 hours for people residing in urban areas.



Did you know?

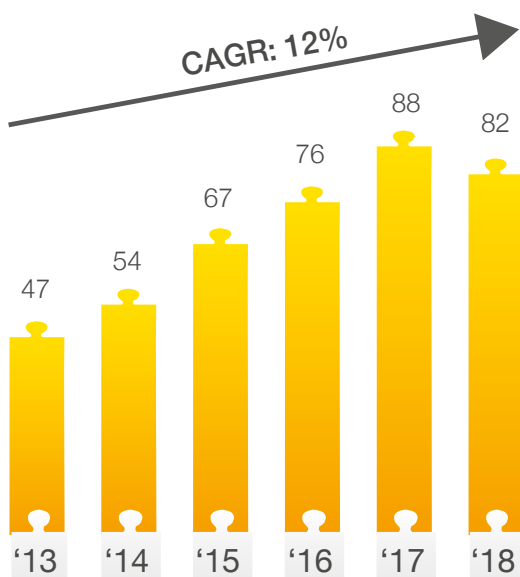
- Amongst the local advertisement spending on digital platforms in FY2018, the cumulative revenues for Google, Facebook and YouTube totaled at 87 %.
- Around 81% of the internet users in Pakistan use social networking websites to stay updated with news at least once a week.

12%
CAGR
(last 5 years)

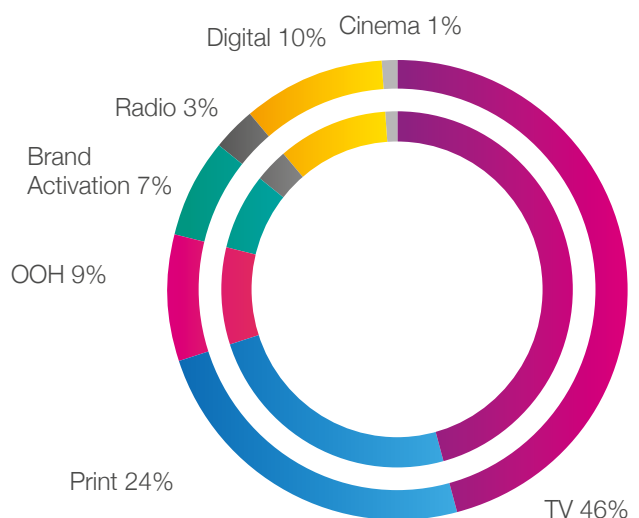
Market Size:

Advertising expenditure is one of the major sources of revenue for the industry with an income of PKR 82 billion for FY18. The sectoral shares of the advertising expenditure were: Television - 46%, Print – 24%, Digital – 10%, others – 20%. Out of total advertising spend on Television, entertainment channels had a share of 40% followed by News channels with a share of 25% and remaining with other categories.

Media & Entertainment Industry (PKR Billion)



Total Advertising Spend



Source: Aurora, Pakistan Economic Survey, Gallup Survey, Cyan Research

NOTICE OF THE 59TH ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting (AGM) of Cyan Limited will be held at Karachi at 11:00 a.m. on Friday the March 29, 2019 at TDF Business Hub, Ground Floor, Dawood Center, M.T. Khan Road, Karachi to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the 58th Annual General Meeting of the Company held on March 29, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2018 together with the Auditors' and Directors' Reports thereon.
3. To appoint Auditors for the year ending December 31, 2019 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

AHSAN IQBAL
Company Secretary

Karachi, March 08, 2019

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share transfer books of the Company will remain closed from Saturday March 23, 2019 to Friday March 29, 2019 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, by the close of business (5:00 p.m.) on Friday March 22, 2019 will be treated in time for the purpose of attending and voting at the AGM.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

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

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

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

A. FOR ATTENDING THE MEETING

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

B. FOR APPOINTING PROXIES

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution /power of attorney

with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

CNIC NUMBER

Shareholders holding physical shares were requested to submit copies of their valid CNICs/ NTN Certificates along with the folio numbers to the Company's Share Registrar: M/s. Central Depository Company of Pakistan Limited., CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividend.

DIVIDEND MANDATE

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. Further, informed that the next Cash Dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore shareholders should register themselves to CDC's eServices Portal at <https://eservices.cdcaccess.com.pk>.

DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER SECTION 150 OF THE INCOME TAX ORDINANCE, 2001 ("INCOME TAX ORDINANCE")

The rates of deduction of with holding tax for filers and non filers as prescribed under:

- (a) For filers of income tax returns 15.00%

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

WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS

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

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

Folio/CDC A/c No.	Total No of Shares	Name of Principal Shareholder and CNIC	Share Holding	Name of Joint Shareholders and CNIC #	Share Holding
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VALID TAX EXEMPTION CERTIFICATE FOR EXEMPTION FROM WITHHOLDING TAX

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

UNCLAIMED DIVIDEND

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

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable

shall be deposited to the Federal Government in case of unclaimed dividend.

CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company at least 07 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 07 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

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

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

Signature of members

Change of Address

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

DIRECTORS' REPORT

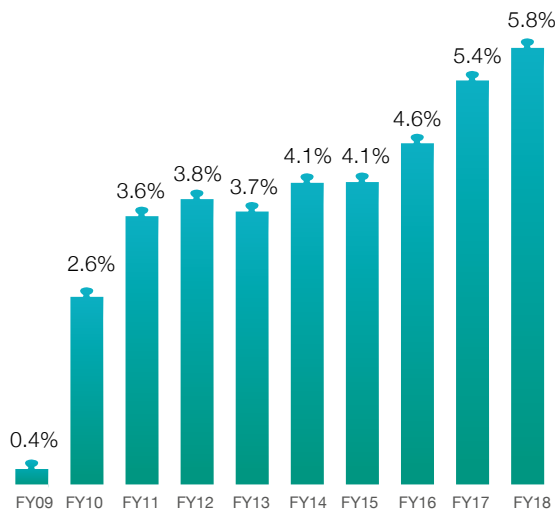
The Board of Directors is pleased to present the 59th Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2018.

Economy Review

Pakistan economic performance remained impressive in FY18 as the country posted a real GDP growth rate of 5.8%, highest in last thirteen years. This extraordinary performance was supported by services sector growth of 6.4%, industrial sector growth of 5.8% and agricultural sector growth of 3.8%.

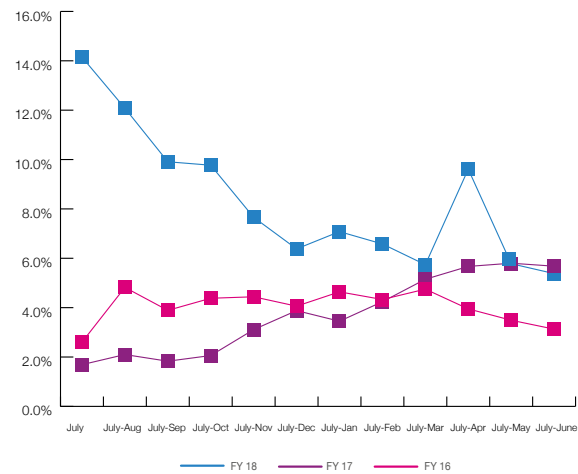
The agriculture sector's performance remained robust as it surpassed the growth of 2.1% in FY17 and targeted growth of 3.5%. It was attributed to expansion in credit to agriculture sector and timely availability of agriculture inputs including fertilizer, pesticides etc. Industrial sector grew by 5.8% as compared to 5.4% in FY17 due to improved performance of the manufacturing sector. Wholesale and retail trade bolstered the growth of services sector in FY18.

GDP Growth Rate



Large Scale Manufacturing (LSM) growth clocked in at 5.4% YoY in FY18, driven by Electronics (32.4%), Iron and steel (21.8%), Automobiles (17.8%), Coke and Petroleum (13.2%) and Non-Metallic Mineral products (11.0%). The sector benefitted from the increased capacity utilization owing to smooth energy supplies, benign interest rates and supportive business environment.

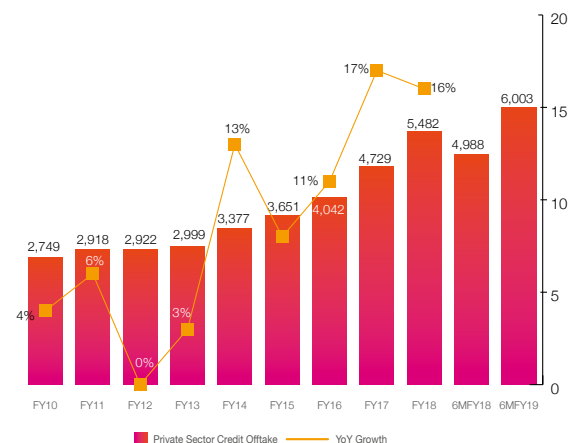
LSM Growth - Cumulative



The Inflation clocked in at 3.9% in FY18 compared to 4.2% in the preceding year. The decline in the average inflation rate is attributed to the decline in food prices. However, the hike in policy tariffs, devaluation of PKR against greenback and increase in energy tariffs have pushed the average inflation in 1HFY19 to 6.05% compared to 3.75% in the corresponding period last year. Nonetheless, the average inflation for 1HFY19 has remained within the SBP's revised target range of 6.5% - 7.5% for FY19.

The private sector credit offtake in FY18 increased by PKR 753 billion against the increase of PKR 687 billion in FY17 resulting in the growth of 16% YoY. The major reasons behind this robust performance were the conducive interest rate environment and stable macro-economic policies. The major sectors that witnessed strong growth were Commerce and trade 22%, Manufacturing 18%, Electricity, gas and water supply 13%.

Credit to Private Sector



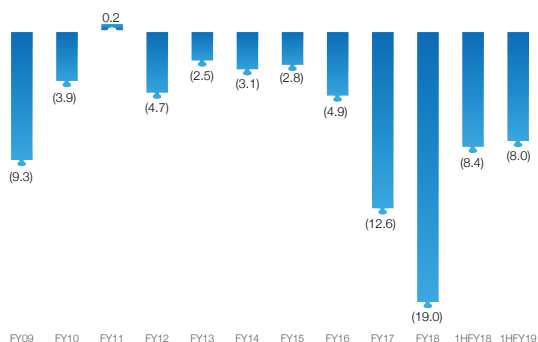
However, the pressures on the external front led by balance of payment crises started mounting. The current account deficit (CAD) as a % of GDP clocked in at 6.1% in FY18 against 4.1% posted in FY17. Current Account Deficit widened to USD 19 billion in FY18 compared to USD 12.6 billion in FY17. This was mainly on account of 18.9% increase in trade deficit due to higher imports. On the other hand, remittances witnessed a meagre increase of 1.4% during the year and reached at PKR 19.6 billion. As a result, SBP forex reserves decreased to USD 9.8 billion at the end of FY18.

In order to curb the higher imports of goods and services and boost the exports of the country, the incumbent government imposed further regulatory duties and the PKR was devalued by 20.5% in CY18 against the greenback. As a result, the CAD stands at USD 8.0 billion in 1H FY19 as compared to USD 8.4 billion in the same period last year.

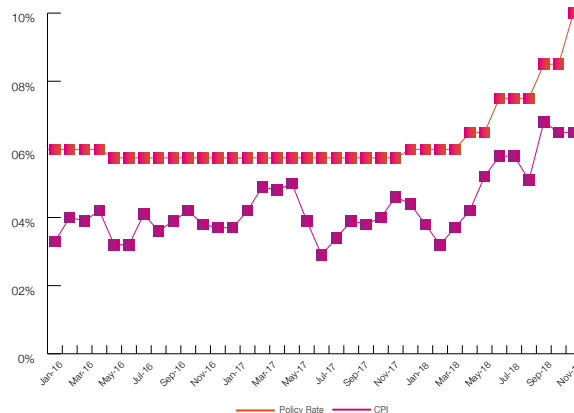
On the fiscal front, Pakistan posted its highest ever fiscal deficit of PKR 2.26 trillion in FY18 in lieu of subdued performance of tax collection authorities and excessive expenditures carried out by the government. Although, the total revenue increased by 5.9% YoY in FY18 however, the increase of 10.1% YoY in total expenditure magnified the deficit. In order to increase revenue, the government introduced tax amnesty scheme to encourage documentation of the economy and improve reserve position; however, response to this scheme was dismal. As a result, Fiscal deficit as a percentage of GDP stood at 6.6% for FY18 against the target of 4.1%, and the last year's fiscal deficit of 5.8%.

The widening of twin deficits and the increase in price levels resulted in the adoption of restrictive monetary policy stance. During CY18, the SBP raised the policy rate by 425 bps, which reached at 10.0%.

Current Account Balance (USD Billion)



CPI vs Policy Rate

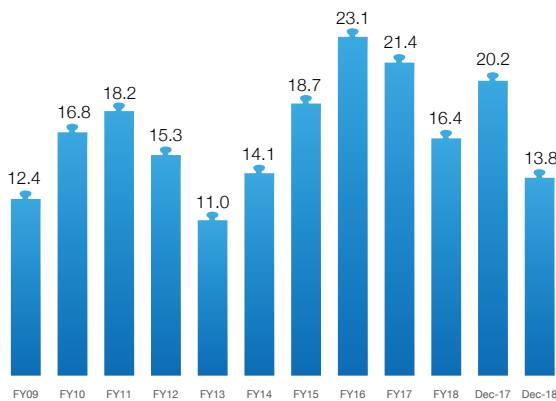


The trade imbalance along with the external debt service repayments during CY18 deteriorated the foreign exchange reserves of the country. Even though support from China (USD 2 billion) and Saudi Arabia (USD 1 billion) were provided, the foreign exchange reserves declined by 32% to stood at USD 13.8 billion at the end of CY18.

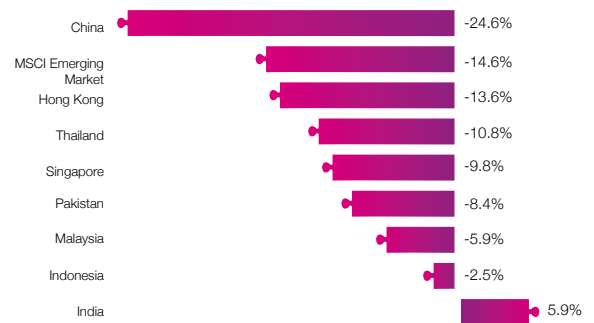
Going ahead, the government is already in negotiation with IMF for a bailout package and side by side will rely on economic assistance from other friendly nations to address dwindling foreign reserves. The

government of UAE has already announced USD 3 billion facility to bolster the foreign reserves. We foresee that the economy will undergo a period of consolidation based on tightened monetary and fiscal policies. The government is expected to further tighten up the policy measures and reduction in public sector expenditures can also be foreseen. The projected GDP is also expected to fall short of government's budgeted target of 6.2% for FY19. However, the consolidation will lay a strong platform that could facilitate the economy to post sustainable economic growth in the future.

Foreign Exchange Reserves (USD Bn)



Regional Markets CY18 return & MSCI EM



Stock Market Review CY2018 & CY2019 Outlook

KSE-100 provided a negative return of 8.4% (-27% in USD terms) in CY18. This was the second consecutive year of dismal performance of the bourse. However, it outperformed most of its Asian peers due to lesser impact from US-China trade war. Index went high up to 46,638 in April 2018 and went down to 36,663 in October 2018 before closing at 37,067 points.

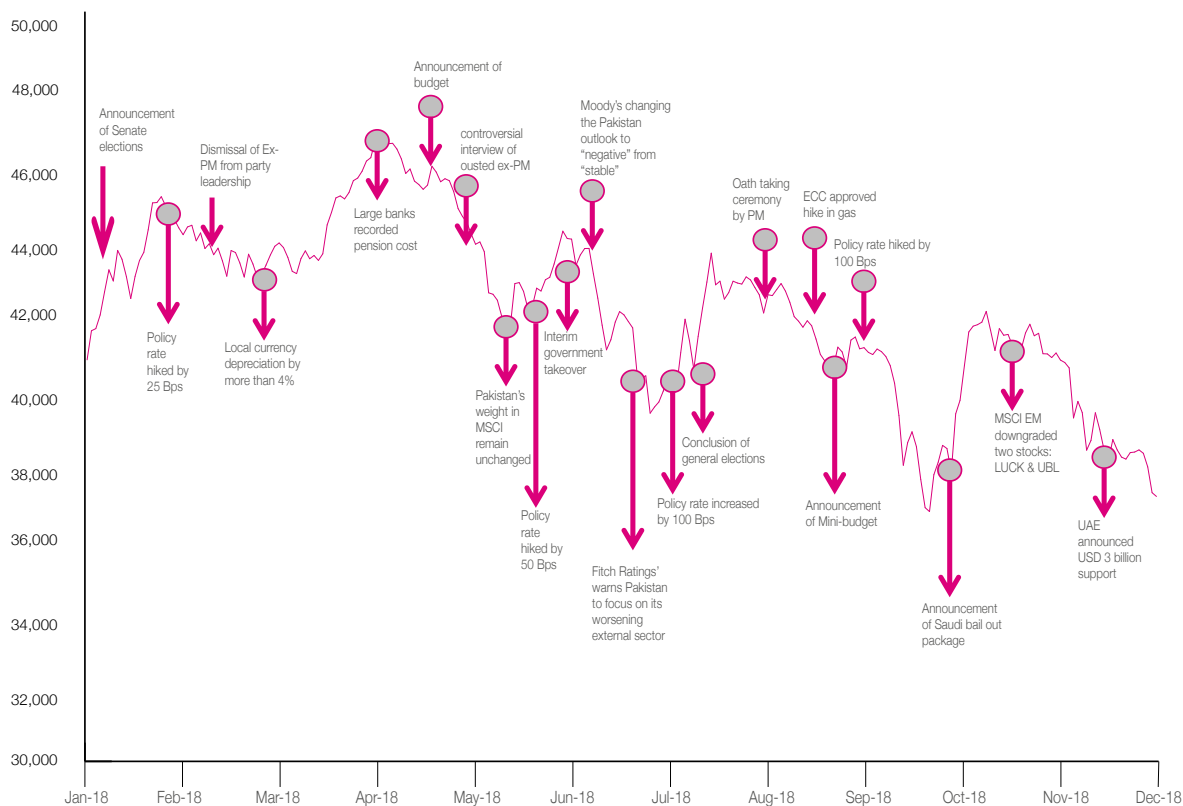
The volatility was caused by the general elections and balance of payment crisis. The State Bank's reserves fell from USD 14.1 billion, at the start of the year to a 4.7-year low of USD 7.2 billion in December 2018. Although financial assistance from

Saudi Arabia and China rose confidence amongst the participants, but inconclusive talks with IMF brought back the uncertainty.

Further, placement of Pakistan on FATF grey list, substantive depreciation of PKR against USD, hike in policy rate and outflow of stocks from MSCI-EM hurt the performance of the market during the year.

Consequently, overall activity declined as average daily traded volumes decreased to 96.6 million shares in CY18 from 102.5 million in CY17. Likewise, average daily traded value also decreased to PKR 6.0 billion in CY18 from PKR 9.1 billion per day in same period last year.

KSE-100 Index - Event Chart 2018



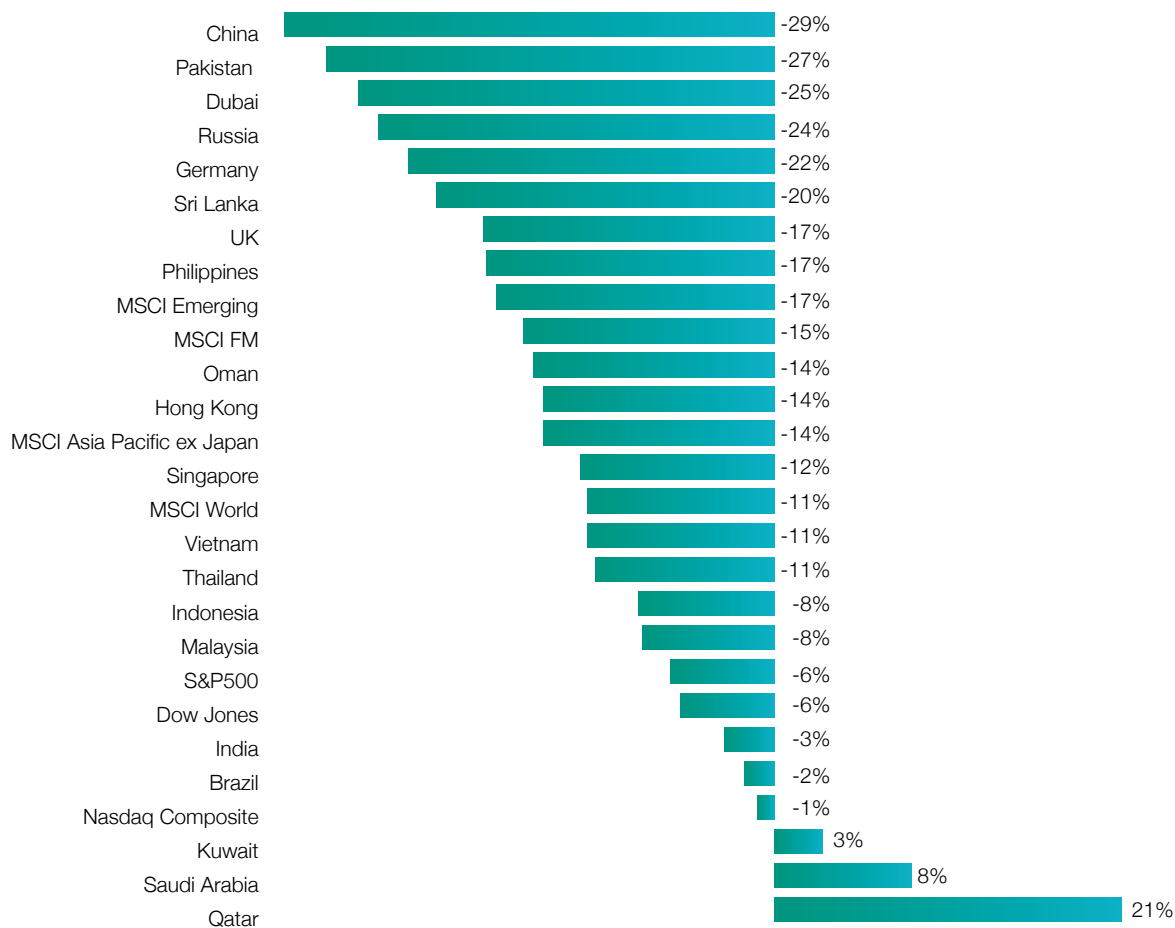
The foreign participation remained dissatisfied as the country witnessed another round of foreign selling. It was the fourth consecutive calendar year where foreigners remained net sellers and the liquidity was absorbed by the locals. The CY18 witnessed a net foreign outflow of USD 537 million which was the highest in the last four consecutive years. In terms of sector-wise outflow, Banks (USD 263 million) witnessed the highest net outflow, followed by E&Ps (USD 148 million) and Cements (USD 73 million).

We believe financial assistance from UAE and other friendly countries coupled with successful negotiation with IMF will ameliorate the existing

economic woes. Thus, the reform agenda that aims to bring self-sustaining economic growth by the government would bolster investors' confidence. We foresee that the selling from foreign investors will subside due to recent currency adjustments. Besides, there is ample domestic liquidity awaiting policy certainty and economic direction to enter the stock market. The KSE-100 index is currently trading at a forward P/E of 7.89 while offering dividend yield of 6.38%, and a double digit earnings growth, magnifies the potential to deliver a double digit returns in CY19.

Worldwide Indices Performance in CY18

CY18 Dollar Based Returns



Sector Reviews

In 2018, Synthetic & Rayon, Vanaspati & Allied industries, Textile Spinning, Tobacco and Real Estate Investment Trust sectors outperformed the KSE-100 index. However, the five worst performing sectors were Leather & Tanneries, Automobile Assemblers, Engineering, Investment Banks and Cable & Electrical goods.

Sectors that contributed positively to the index in terms of weightage were Fertilizers, Tobacco, Chemicals and REITS; whereas sectors that dragged down the index were Cement, Oil & Gas Exploration, Automobile Assemblers & Commercial Banks.

Fertilizers sector remained favorable because of higher Urea retention prices and low inventory levels with the players. Tobacco industry posted strong performance because of increased profitability owing to attractive portfolio of consumer offerings backed by heavy marketing investments, facilitating the shift of consumption from smuggled alternatives to legitimate brands. The increase in international margins amid shutdown of some plants in china resulted in robust performance by the chemical sector. The proposed changes in the REITS regulations along with higher dividend yield stirred optimism amongst the REITS scripts.

Despite growth in dispatches, the Cement sector dragged the index because of higher cost of production. The companies also witnessed limited pricing power on account of oversupply concerns that reduced their gross margins. The E&Ps remained under pressure on account of depressed international oil prices and lack of new exploration

wells. Automobile Assemblers performance remained below par because of the ban on non-filers to purchase vehicles and limited ability to pass through the impact of higher cost of production from PKR depreciation against greenback. Although interest rates rose during the year, however, Commercial banks dragged the index because of weak financial results in lieu of one-off pension liability and higher provisioning by the index heavy banking scripts.

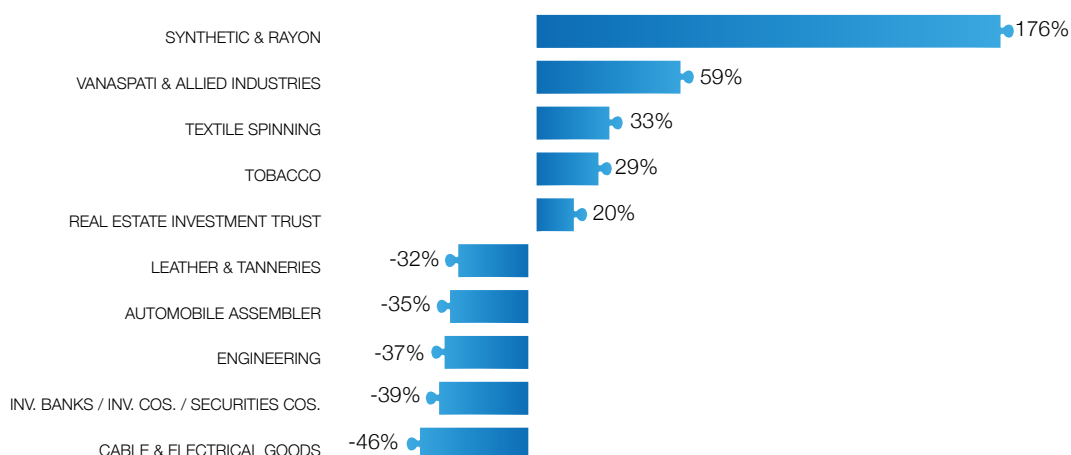
Company Performance

During the year the company maintained its exposure mainly towards public equities. The equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves and inflation. The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in Banks, Cements, textile composite and Engineering. Dividends from our equity portfolio decreased by 36% to Rs.94 million for the year 2018 as opposed to Rs.147 million earned last year. The reduction in dividend income is mainly due to offload of HUBCO shares. The company also earned realized capital gains of Rs.229 million (2017: Rs.85 million) and unrealized loss of Rs.420 million as opposed to Rs.677 million in the corresponding period last year.

During the year 2018 loss after tax stood at Rs.218 million as compared to Rs.538 million loss after tax reported last year.

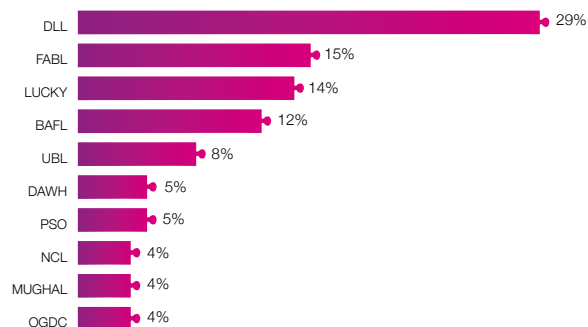
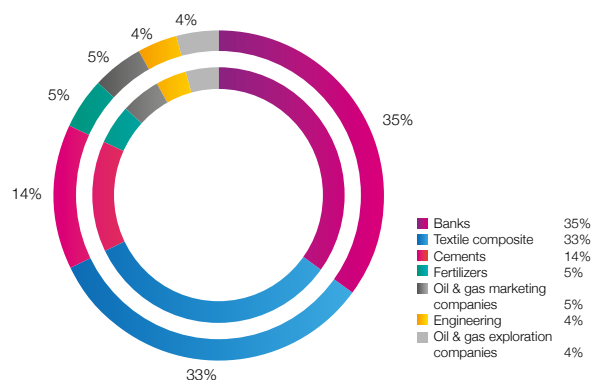
The brief summary of the financial highlights for the year ended December 31, 2018 and 2017 is as under:

Sectoral Performance in CY18



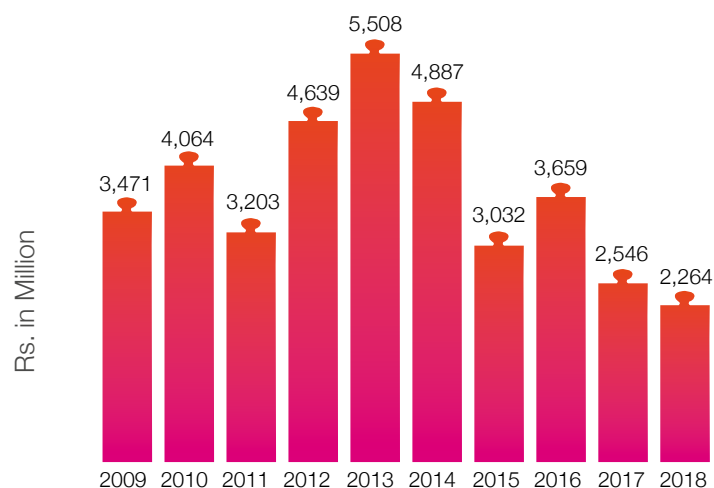
Rs. in Million

	2018	2017	Change
Return on investments	97	150	(35%)
Gain on sale of investments - net	229	85	168%
Other income	13	17	(24%)
	339	252	35%
Unrealized diminution	(420)	(677)	(38%)
	(81)	(425)	(81%)
Operating & administrative expenses	(115)	(96)	19%
Financial charges	(15)	(15)	-
Loss before tax	(211)	(536)	(61%)
Taxation	(7)	(2)	50%
Loss after tax	(218)	(538)	(60%)
Loss per share – Rupees	(3.72)	(9.17)	(60%)

Portfolio Breakup based on Top ten Holding *
as at December 31, 2018Sectorwise Breakup based on Top ten Holding *
as at December 31, 2018

*Top Ten Holding represent 91 % of Total Equity Portfolio

Total Assets



Loss per Share

During the year the company posted loss per share of Rs.3.72 compared to Rs.9.17 in 2017.

Appropriation and Dividend

The Company's loss after tax for the year ended December 31, 2018 stood at Rs.218 million compared to Rs.538 million last year. Due to loss the Company has not declared final dividend.

Objectives and Corporate Strategy

Company's satisfactory performance for last five years as compared to KSE 100 Index is backed by achievement of our corporate objectives. We are committed to mounting good asset quality portfolio and continuously build the Company at sound footing with diversified pool of income stream. We are perusing consultant to the issue & corporate finance advisory business for adding new stream of income. The key elements of our corporate strategy have been to effectively employ available resources and maximize profitability while managing and mitigating related risks.

Liquidity, Cash Flows and financing arrangement

The Company has an effective cash management system, powered by a team of dedicated and competent employees, preparing forecasts and regularly monitoring Company's cash needs. Inflows and outflows of cash and other liquid assets, including investments, are managed on net adjusted return basis. The Company has running finance facility of Rs.2,500 million which has been partially utilized during the year and will be used as and when any investment opportunity arises.

Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs.586.28 million. Shareholders' fund at the year-end totaled Rs.1,834 million. The liquidity position of the Company remains strong with a year-end current ratio of 5.

Risk management & Strategy for Mitigating Risks

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

Credit risk

Credit risk represents the risk of a loss if the

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

Market risk

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

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

Interest rate risk

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

Equity price risk

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

.Foreign currency risk

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

Relationships with Stakeholders

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

Information Technology

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

Human Resources Development, Training & Succession Planning

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

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

The Company not only attracts the best talent in the company but also grooms and develops their abilities for future leadership roles. The Company

believes in empowering employees by providing them with challenging opportunities to enhance their potential and develop their abilities. Clear roles and job descriptions are defined, based on which, succession plan is prepared for sensitive and critical positions in the Company.

Internal Control

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

Corporate Social Responsibility (CSR)

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

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

Energy Conservation

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

Occupational Health, Safety & Environment Protection

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

Community investment & welfare schemes

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

Corporate Relations

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

Employment of special persons

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

Business Ethics and Anti-Corruption Measures

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

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

Contribution to National Exchequer

Cyan made a sizeable contribution of Rs.121.50 million to the National Exchequer by way of taxes, during the year 2018.

Credit Rating

On January 02, 2019 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 total numbers of directors are seven (07) as per the following

- a. Male: 06
- b. Female: 01

The composition of board is as follows:

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

Conflict of Interest among BOD Members

Any conflict of interest is managed as per provisions of the Cyan's Code of Conduct for Directors, Acts, and rules and regulations of SECP and Pakistan Stock Exchange.

CEO Performance Review

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' Remuneration Program

The Company in its 51st AGM held on April 30, 2011 approved the Director's Remuneration (other than Group Executives) for attending the Board and the Board Committees' meetings in compliance with the requirements of Article 78(a) of the Company's Article of Association.

Directors' Training Program

All seven directors have a minimum of fourteen years of education. All the directors have obtained certification under the directors' training program

stipulated in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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

	No. of meetings held	No. of meetings attended
Hassan Reza-ur Rahim (Chairman/Director)	6	5
Kulsum Dawood (Director)	6	3
Kamran Nishat (Director)	6	4
Inam Ur Rahman (Director)	6	4
Shafiq Ahmed (Director)	6	4
Sulaiman S. Mehdi (CEO/Director)	6	6
Faisal Nadeem (Director)	6	6

Board Audit Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	5	5
Shafiq Ahmed (Member)	5	5
Inam Ur Rahman (Member)	5	2

Board Investment Committee Meetings

	No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim (Chairman)	2	2
Inam Ur Rahman (Member)	2	2
Shafiq Ahmed (Member)	2	1

Board HR & Remuneration Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	2	2
Hasan Reza-Ur Rahim (Member)	2	2
Inam Ur Rahman (Member)	2	1

Code of Conduct

The board of directors adopted the Code of Conduct for Directors and for employees and the same has been circulated to board members and employees in terms of requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017. 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 Act, 2017.
- 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.
- The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.
- The Company has followed the best practices of the Corporate Governance as laid down in the Listed Companies (Code of Corporate Governance) Regulations, 2017 and there has been no material departure there from.
- 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.
- The value of investments of the Provident Fund as maintained by the Company on the basis of audited accounts as on June 30, 2018 is Rs.28.09 million.

j) There was no trading of shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses and minor children during the year.

k) All of the company directors are Certified Directors under Directors' Training Program from approved institutes as prescribed by SECP.

Ownership

As at December 31, 2018, there were 1,757 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2018, 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 59th 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, 2019. The Board has endorsed this recommendation.

Key operating and financial data

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

Forward Looking Information

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

Acknowledgement

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

On behalf of the Board

Hasan Reza Ur Rahim
Chairman

Sulaiman S. Mehdi
CEO

Karachi: February 18, 2019

CEO'S MESSAGE

2018 marked a second consecutive year with negative market returns. KSE-100 plunged by 8.4% (27% in USD terms) to close at 37,067 points, just shy of recent low of 36,663 points seen in October 2018.

Being an election year, 2018 remained highly volatile year for the market. Faltering macroeconomic environment including twin deficits, political dust owing to elections, uncertainty on currency and incessant foreign selling took the toll on the market during CY18.

Foreign selling remained persistent as foreigners divested shares worth USD 537 million during this year. This was the highest sell-off in last four years, bringing total divestment to USD 1.7 billion since CY15. Apart from weak economic fundamentals, PKR devaluation and downgrading of two stocks from MSCI EM main index were the reasons for selling. Among local investors, insurance companies (USD 316 million), individuals (USD 151 million) and companies (USD 110mn) remained net buyers.

The top three worst performing sectors which weighed down the KSE-100 index were Cements, Oil & Gas Exploration and Automobile Assemblers. Risk of oversupply owing to new capacities, and possible slowdown in economy deteriorated the performance of cement sector. Auto sector declined due to expected drop in demand on account of ban on non-filers and further currency depreciation. Plunge in international oil prices kept the performance of Oil & Gas sector under pressure.

The portfolio of Cyan decreased by 7.2% in 2018 against KSE-100's decline of 8.4%. From sectors perspective, Engineering and Textile Composite had affected the performance during the year. The largest negative impact from a single stock came from the portfolio's largest holding of 25.4% in Dawood Lawrencepur Limited. Average exposure to equities during the year remained at 96%, whereas 4% was invested in mutual funds and Government Securities. The equity portfolio was aligned towards high growth investments and to this effect investments were made in Commercial Banks, textile composite, Steel, Chemical, Cement and Food & Personal Care.

Achieving Milestones

Seven years ago, the market capitalization of the Company was Rs.1.95 billion, which has increased to PKR 2.29 billion in 2018. During this period, the Company managed to pay a total dividend of Rs.5.4 billion providing the shareholders with total return of 297%. The benchmark KSE-100 Index provided a return of 249% during the same period reflecting Cyan's outperformance of 48 percentage points. This translates into a 6-year Compounded Annual Growth Rate (CAGR) of 19.9%.

Engaging New Opportunities

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

Economic Outlook

After achieving a 13-year high growth of 5.8% last year, policy actions of a new government to stabilize macro framework is expected to slow down economic growth in FY19. One of the biggest and immediate challenges for economic managers is to prop up foreign currency reserves which they have partially achieved with the support from Saudi Arabia and the UAE. With exacerbating debt repayment burden, Pakistan's entry in a fresh IMF program seems inevitable.

Huge domestic demand, lagged impact of hike in energy prices, and PKR depreciation against USD are likely to contribute to higher inflation in FY19. Considerable depreciation of rupee since 2017 will help revive sluggish exports, and imposition of higher duties on imports would certainly lead to contraction in trade deficit and improvement in the current account.

The prevailing investment backdrop characterized by attractive stock market valuations from the historical perspective as well as regional comparison and strong corporate fundamentals with healthy earnings growth will shore-up equities.

Acknowledgments

In closing, 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: February 18, 2019

CHAIRMAN'S REVIEW

We are pleased to present the Annual Report of Cyan Limited for the year ended December 31, 2018.

Macro-economic performance remained robust in FY18 with 5.8% GDP growth, highest in the last 13 years. Due to increased public spending, fiscal incentives through subsidies, increased access to credit and progress on CPEC related projects, each major sector within the economy also improved. However, key structural issues remained largely unaddressed due to which economic indicators such as the twin deficits deteriorated, squeezing the foreign exchange reserves of the country.

Despite strong macro-economic performance, this was the second consecutive year that the KSE 100 Index ("KSE 100") underperformed yielding a negative return of 8.4% in CY 2018. Deterioration in the KSE 100 was mainly caused by election year concerns, surge in policy rate, balance of payment issues and foreign investors selling equities worth USD 537 million. These issues collectively led to the substantial depreciation of PKR against USD, whereas market capitalization of companies listed on the KSE 100 eroded by 28% (USD 18.6 billion) declining from USD 66.6 billion to USD 47.99 billion.

In the future, we expect that the adverse impact of monetary tightening, the lag effect of PKR devaluation and rising crude oil prices will most likely increase inflation. Although exports and remittances continue sustaining the economy, the trade deficit will pressurize the country's foreign exchange reserves. On the other hand, the Government's recent policy actions for economic stabilization, support from friendly countries and smooth progress on projects related to the China Pakistan Economic Corridor will ameliorate the economic woes and put Pakistan on the path of sustainable growth.

During the year, the Board of Directors of Cyan Limited performed its duties diligently and in conformity with the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule Book of Pakistan Stock Exchange, where the Company is listed. It upheld the best interests for the shareholders and provided adequate advice and oversight to management. The key areas that were focused upon and assessed included, but were not limited to, the strategic process, key business drivers & performing milestones, impact of

global & domestic economic environments, operational & reputational risks affecting business, Board dynamics, managerial capability and information flows. All significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision-making process, which led to a harmonious partnership with management.

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

Hasan Reza Ur Rahim

Chairman

Karachi: February 18, 2019

CORPORATE SOCIAL RESPONSIBILITY

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



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

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

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

Cyan considers the following factors while shortlisting the project:

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

The focus of our endeavors includes following areas;

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

EDUCATION

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

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



HEALTH SECTOR

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

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

COMMUNITY BUILDING

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



CALENDAR OF MAJOR EVENTS



Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2017.

Sale of 10 million ordinary shares of The Hub Power Company Limited to Mega Conglomerate (Private) Limited.

58th Annual General Meeting of the shareholders of the Company was held on March 29, 2018.

Cyan Board of Directors meeting was held to approve the first quarter accounts for the period ended March 31, 2018.

The Company was ranked 5th in the Best Corporate Report Award for the year 2017 by ICAP and ICMAP.

Cyan Board of Directors meeting was held to approve Financial Result for the half year ended June 30, 2018.

Cyan Board of Directors meeting was held to approve Financial Result for the nine months and quarter ended September 30, 2018.

Cyan Board of Directors meeting was held to approve the Annual Corporate Strategy including Budget 2019.

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.

Strengths

- **Successful track record of managing public equities portfolio**
We aim to generate consistent alpha by constructing a portfolio based on proprietary fundamental and quantitative research. The portfolio combines our style exposures with unrecognized value identified through both top-down and bottom-up approaches by maintaining strict risk control measures.
- **Group foot print in multiple sectors**
The Dawood Hercules (DH) Group is one of the largest Pakistani conglomerates having presence in various sectors of the economy comprising Fertilizers, Real Estate, Food, Power Generation, Technology, Financial Services and Petrochemicals. This diversity allows the Group to develop human and intellectual capital across multiple industries and helps Cyan in various business engagements.
- **Team with diversified skill sets**
Our greatest asset is the team we have assembled at Cyan. We believe that diversity of ideas and experiences contribute to the development of the company. Our team has a thorough understanding of myriad industries and high-growth companies operating in private space. Our team is fully resourced and capable of meeting the demands required by the changing financial landscape.
- **Successful history of PIPE deals**
Private Investments in Public Equity (PIPE) deals have become an important source of financing for many public companies. These are appealing for public companies because they usually face fewer hurdles than stock offerings. Cyan in tandem with the Group has executed a couple of PIPE deals which has resulted in considerable value for the shareholders.
- **Good understanding of high potential sectors**
Footprint of DH group in food, energy and infrastructure sectors enables us to have profound knowledge of potential sectors such as Retail, Food, Health, Education, Logistics and Pharma. Besides, our team has extensive experience and brings a combination of deep industry knowledge and expert perspectives from other industries to offer our shareholders sustainable return.

Weaknesses

- **Quality Human Resource**
Cyan seeks candidates who are not only qualified and possess technical abilities, but also competent to meet given deadlines. Keeping pace with rapid changes in technology is a cause of concern amongst talent management. Despite better hiring practices and training programmes, finding and retaining high-caliber talent is difficult and hinders Cyan from realizing its full potential.
- **Small Capital**
Cyan operates with a small capital which impedes its capacity to undertake stake in large entities in private space. Additionally, as a small investor, it's difficult to build diversified portfolio and spread capital across various industries.

Opportunities

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

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

- **Targeting new high potential growth sectors**

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

- **Turnaround Companies**

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

Threats

- **Key Team members being poached**

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

SHAREHOLDER'S INFORMATION

REGISTERED OFFICE

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

SHARE REGISTRAR OFFICE

Central Depository Company of Pakistan Limited 4th
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Website: www.cdcpakistan.com
Email: info@cdcpak.com

LISTING ON STOCK EXCHANGES

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

LISTING FEES

The annual listing fee for the financial year 2018-2019 has been paid to the stock exchange within the prescribed time limit.

STOCK CODE

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

INVESTOR SERVICE CENTRE

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

The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

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

CONTACT PERSON:

Cyan Limited
Mr. Ahsan Iqbal
Tel# (92-21) 35634290-3

CONTACT PERSON:

Registrar Office
Mr. Mohsin Rajab Ali
Tel # (92-21) 111-111-500

SERVICES STANDARDS

Cyan has always endeavored to provide investors with prompt services. Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services 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 Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

WITHHOLDING OF TAX ON DIVIDEND:

The rates of deduction of withholding tax for filers and non filers as prescribed under:

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

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 132 of The Companies Act, 2017, Cyan holds a General Meeting of Shareholders atleast 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 nationwide circulation.

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

PROXIES

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

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

WEB PRESENCE

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

CRITICAL PERFORMANCE INDICATOR

KEY FINANCIAL HIGHLIGHTS

TEN YEARS AT A GLANCE

PARTICULARS	2009	2010	2011	2012
		Rupees in '000		
Investments Income / (loss)	(111,619)	179,500	479,664	1,780,134
Profit / (loss) before taxation	(844,897)	114,268	(172,089)	1,503,026
Profit / (loss) after taxation	(855,118)	108,312	(197,508)	1,428,207

PAY OUT INFORMATION %

Cash dividend	20	25	25	40
Stock dividend	25	50	40	50

BALANCE SHEET

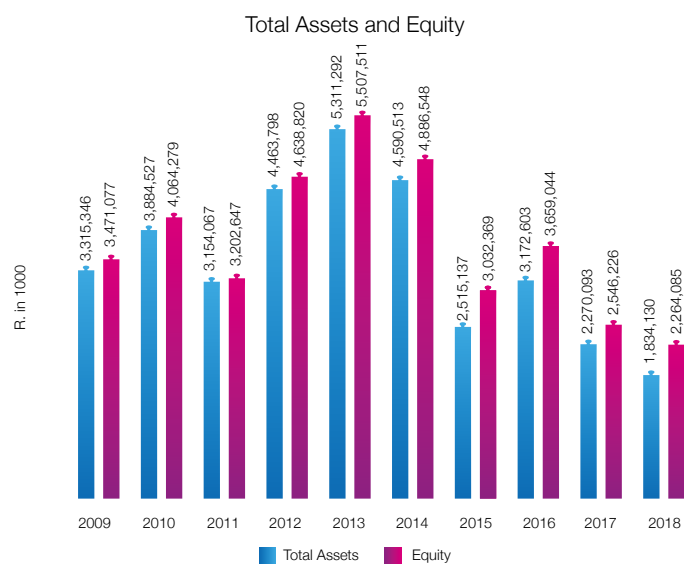
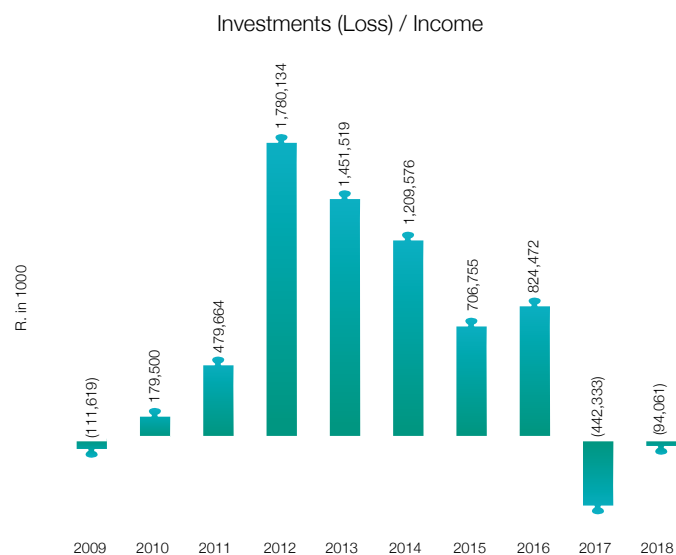
Paid up capital	203,039	279,179	390,851	586,277
Equity	3,315,346	3,884,527	3,154,067	4,463,798
Investments	3,272,032	3,927,349	2,947,025	4,533,865
Cash & cash equivalents	65,136	10,296	19,230	13,494
Fixed assets	2,558	1,944	1,590	26,194
Total assets	3,471,077	4,064,279	3,202,647	4,638,820

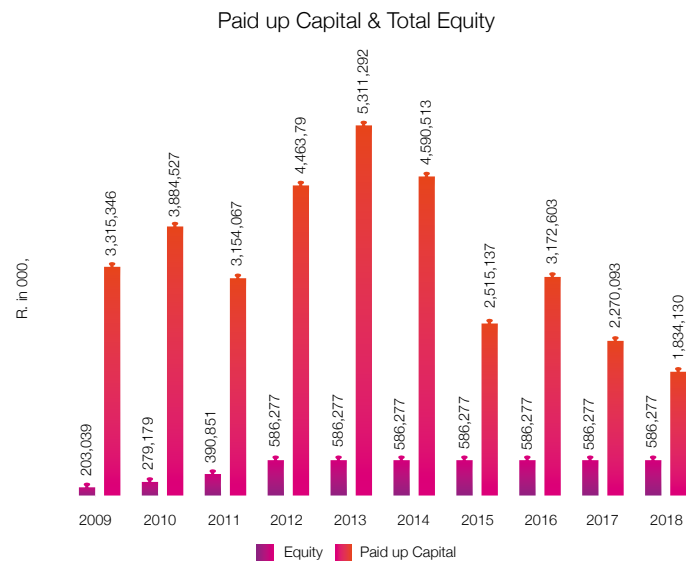
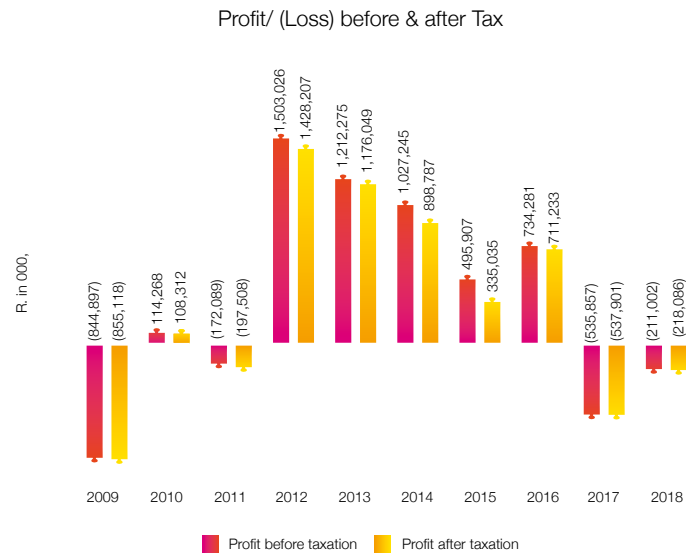
OPERATING PERFORMANCE

Earning / (Loss) per share (Rupees)	(30.63)	2.77	(3.37)	24.36
Break up value per share (Rupees)	163.29	139.14	80.7	76
Absolute return on investments %	(3.43)	4.57	(3.00)	58.89
Return on investments %	(22.80)	3.01	(5.61)	37.49

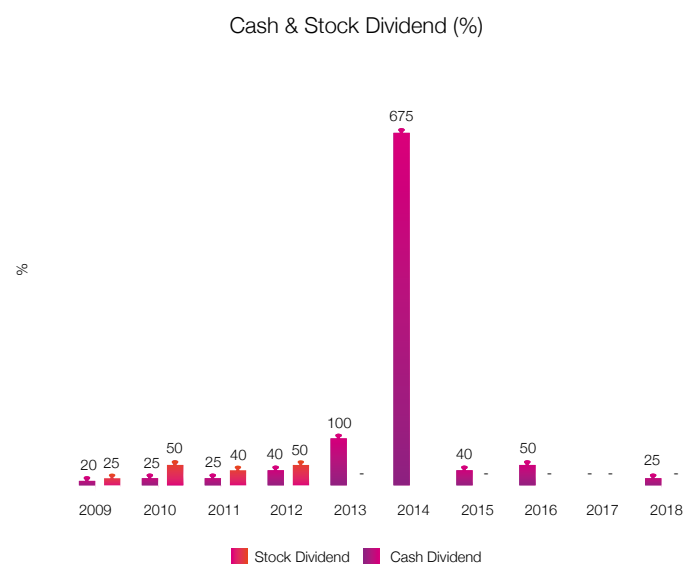
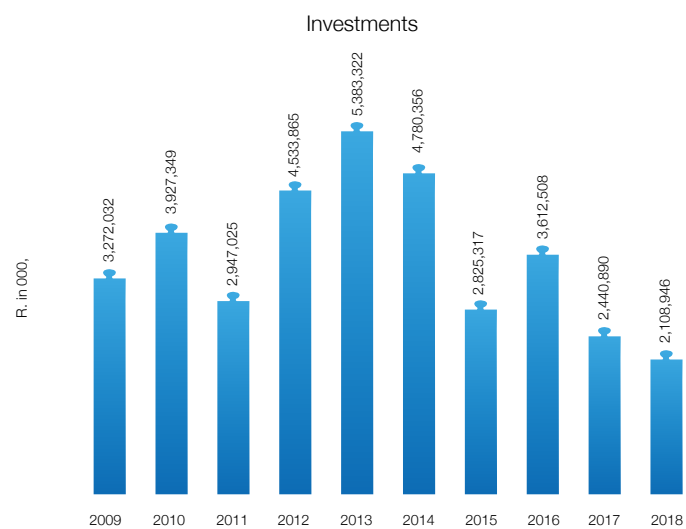
2013	2014	2015	2016	2017	2018
Rupees in '000					
1,451,519	1,209,576	706,755	824,472	(442,333)	(94,061)
1,212,275	1,027,245	495,907	734,281	(535,857)	(211,002)
1,176,049	898,787	335,035	711,233	(537,901)	(218,086)
100	675	40	50	-	25
-	-	-	-	-	-
586,277	586,277	586,277	586,277	586,277	586,277
5,311,292	4,590,513	2,515,137	3,172,603	2,270,093	1,834,130
5,383,322	4,780,356	2,825,317	3,612,508	2,440,890	2,108,946
17,835	21,844	159,891	906	5,269	9,570
22,814	18,752	15,623	14,017	15,088	13,471
5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	2,264,085
20.06	15.33	5.71	12.13	(9.17)	(3.72)
91.00	78.30	42.90	54.11	38.72	31.28
32.14	18.15	9.43	25.00	(23.70)	(10.63)
24.10	22.47	14.78	29.18	(18.12)	(3.85)

KEY FINANCIAL HIGHLIGHTS





KEY FINANCIAL HIGHLIGHTS



RATIOS

Ratios	Unit	2013	2014	2015	2016	2017	2018
Profitability							
Profit before tax ratio	%	83	84	70	85	126	258
Gross yield on earning assets	%	27	25	24	24	(17)	(4)
Cost / income ratio	%	17	16	30	15	(26)	(158)
Return on equity	%	22	20	13	22	(24)	(12)
Return on capital employed	%	24	18	9.43	25	(20)	(11)
Liquidity Ratios							
Current ratio	Times	34	18	6	8	9	5
Investment / Market Ratios							
Earnings / (loss) per share - Basic	Rs.	20.06	15.33	5.71	12.13	(9.17)	(3.72)
Price earnings ratio	Times	3.84	5.60	15.60	6.35	(3.66)	(10.50)
Price to book ratio	Times	0.85	1.10	1.72	1.24	0.77	1.01
Dividend yield ratio	%	13	79	4	6.49	-	6.40
Dividend payout ratio	Times	0.50	4.40	0.70	0.41	-	-
Dividend cover ratio	%	50	440	70	41	-	-
Market Value per share							
• At the end of the year	Rs.	77	85.92	89.10	77.08	33.56	39.06
• High during the year	Rs.	85	138.50	150.50	94.90	91.70	50.57
• Low during the year	Rs.	47	71.79	65.17	62.50	31.50	28.75
Capital Structure Ratios							
Earning assets to total assets ratio	Times	0.98	0.99	0.99	0.99	0.96	0.94
Net assets per share	Times	91	78.30	42.90	54.11	38.72	31.28

COMMENTS ON RATIOS

Comments on six years Earning Asset Ratios

Above 90% of the assets of the company were used to generate earnings for the company during the preceding 6 years indicating the efficient use of resources.

Comments on six years Profitability Ratios

The earnings of the company have been quite volatile in the last 6 years primarily because of the active portfolio management. The company reported strong profitability in the initial years, however, the negative performance of the local bourse in 2017 and 2018 resulted in the decline in earnings of the company.

Comments on six years Balance Sheet Analysis

The total assets and equity of the company have decreased over the years because of decline in investments due to bumper dividend and negative performance of the market.

Comments on six years Liquidity ratios

The company has maintained a current ratio of greater than 1 in last six years demonstrating sufficient capacity to meet its short term obligations. Further, all investments are categorized as short term investment with an objective to use these funds for private investments as and when required.

Comments on six years Profit and Loss Analysis

The factors contributing to the earnings of the Company are dependent on the performance of equity market. Consequently, variation in the earnings per share can be witnessed from CY13 to CY18 between negative 9.17 to positive 20.06. Apart from that, dividends and capital appreciation (realized and unrealized capital gains) in value of the overall portfolio including the strategic investments are the main contributors for revenues and hence profitability.

SHARE PRICE SENSITIVITY ANALYSIS

CYAN SHARE PRICE ON THE PSX

MONTH	HIGHEST	LOWEST	VOLUME
JAN-18	42.40	33.99	221,500
FEB-18	49.79	37.25	654,000
MAR-18	47.15	39.11	605,000
APR-18	50.57	46.49	438,500
MAY-18	47.50	43.01	144,500
JUNE-18	45.04	40.40	26,000
JUL-18	43.00	39.00	407,000
AUG-18	43.58	40.02	202,500
SEP-18	41.50	35.64	309,000
OCT-18	37.33	28.75	311,500
NOV-18	46.60	36.58	612,500
DEC-18	42.63	39.06	96,000

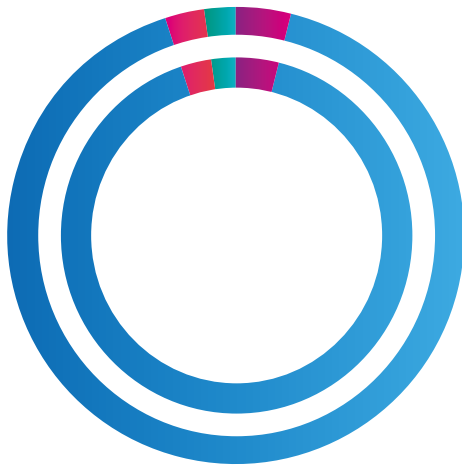
STATEMENT OF VALUE ADDITION

Value added	2018 Rs. 000	%	2017 Rs. 000	%
Return on investments	96,899		149,603	
Capital gains	228,757		85,493	
Unrealized loss - Net	(419,717)		(677,429)	
Other income	12,422		17,525	
Gross revenue	(81,639)		(424,808)	
Less: Administrative expenses	68,571		61,835	
	(150,210)	100	(486,643)	100
Value Allocated				
To Employees				
Salaries, allowances and other benefits	58,103	-39	46,505	-10
To Shareholders				
Cash dividend	146,569	-98	146,569	-30
To Government				
Company taxation	7,084	-4	2,044	-1
To Society				
Workers' welfare fund	-	-	-	-
To expansion				
Depreciation and amortization	2,689	-2	2,709	-1
To growth				
As reserve and retained earning	(364,656)	243	(684,470)	142
	(150,210)	100	(486,643)	100

KEY OPERATING HIGHLIGHTS

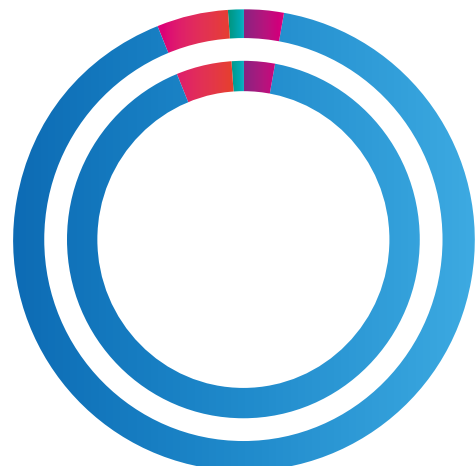
BALANCE SHEET COMPOSITION

Total Assets 2018



Long term assets	4%
Investments in Equities	91%
Investments in Cash, Debt and Mutual Funds	3%
Other Current assets	2%

Total Assets 2017



Long term assets	3%
Investments in Equities	91%
Investments in Cash, Debt and Mutual Funds	5%
Other Current assets	1%

Shareholders' Equity and Liabilities -2018



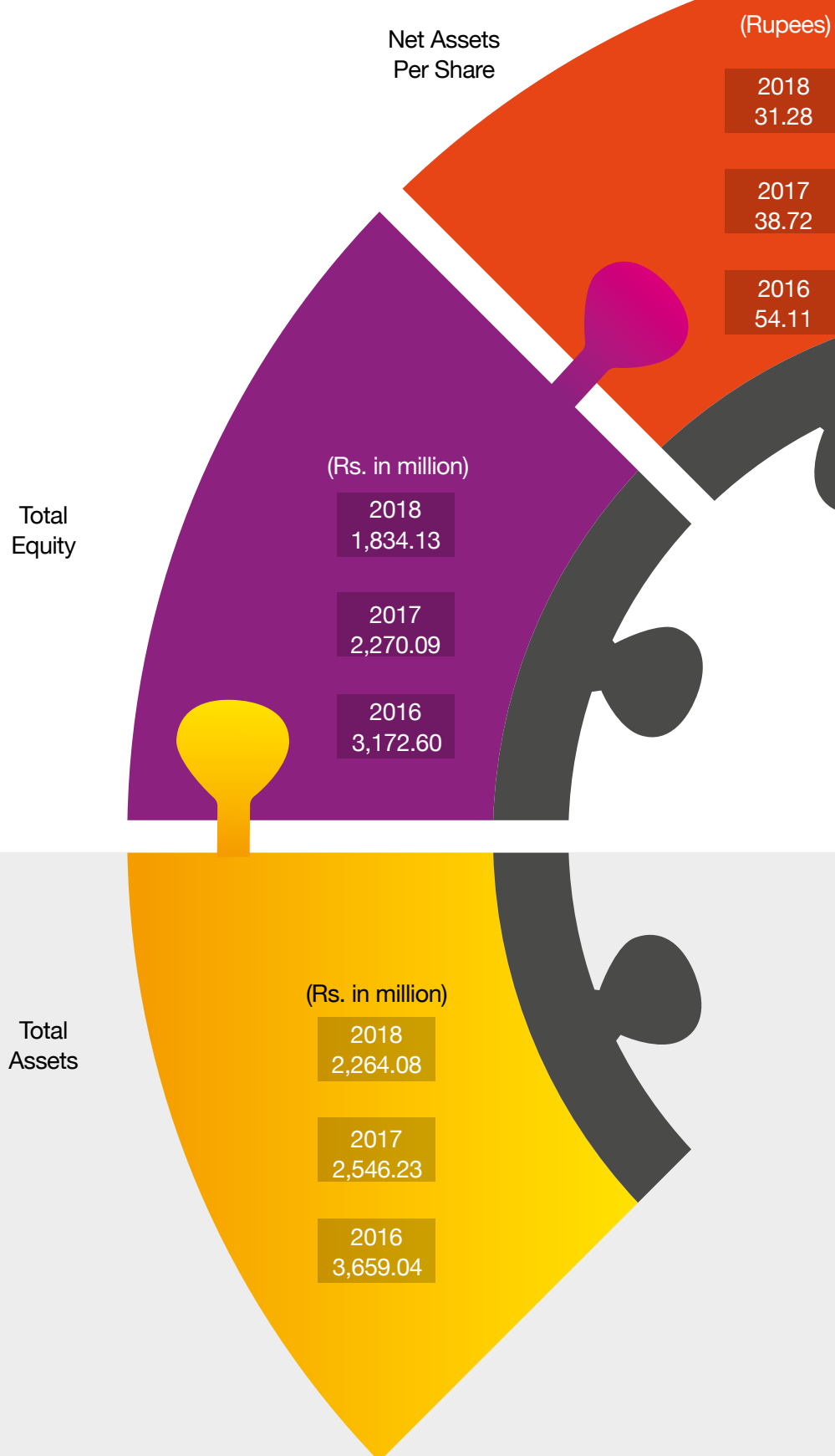
Share Capital and Reserve	81%
Non-Current Liabilities	1%
Current Liabilities	18%

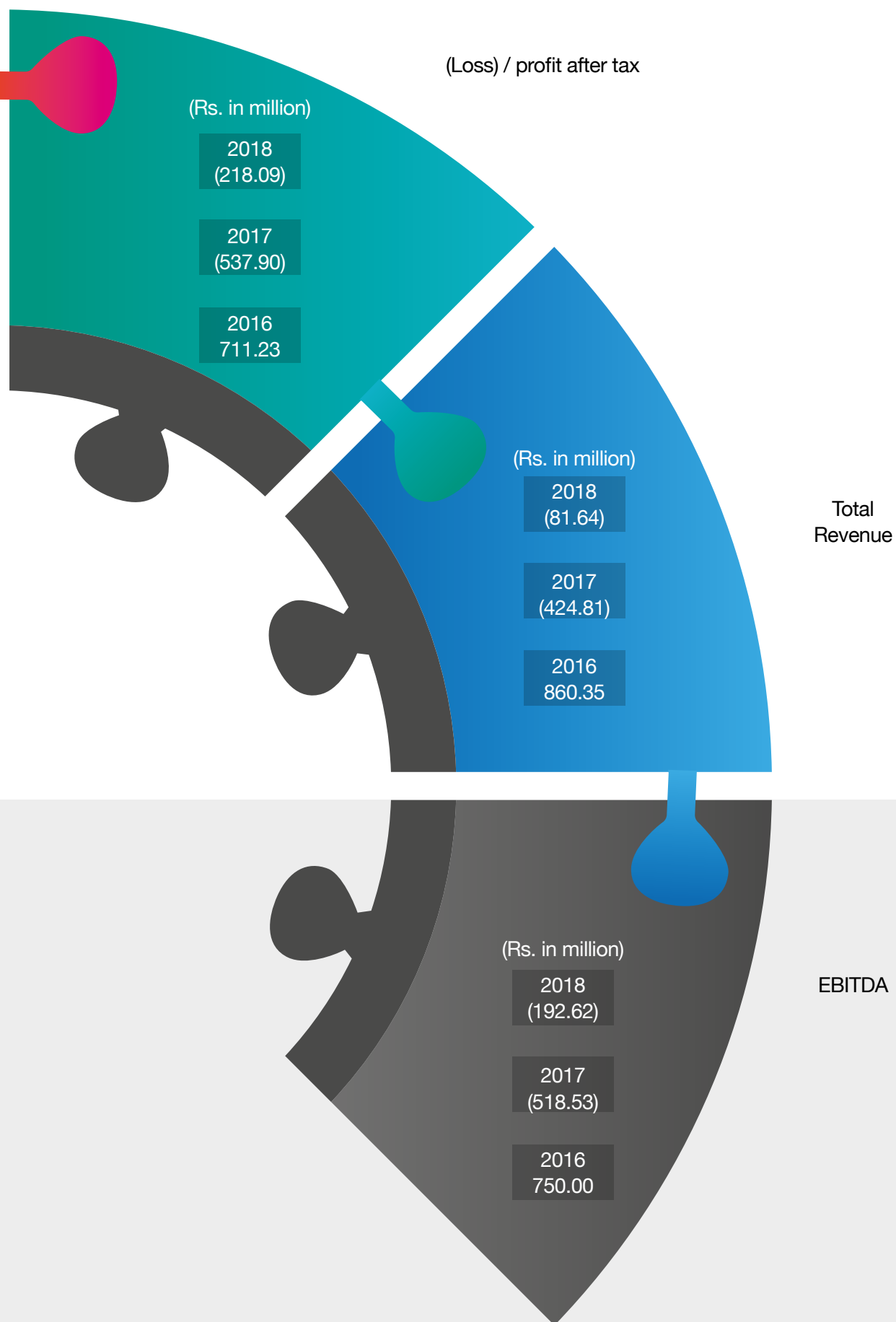
Shareholders' Equity and Liabilities -2017



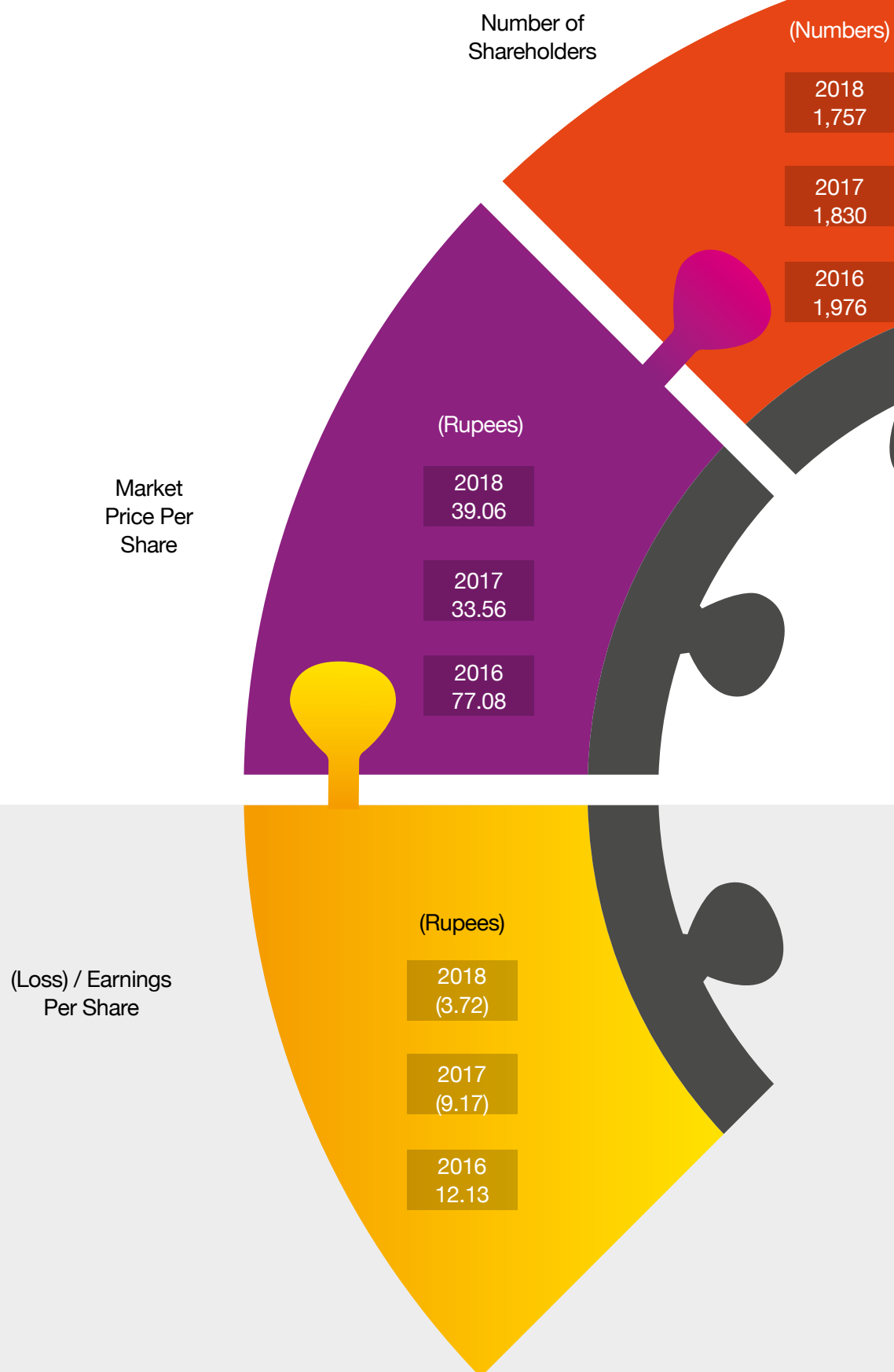
Share Capital and Reserve	89%
Non-Current Liabilities	1%
Current Liabilities	10%

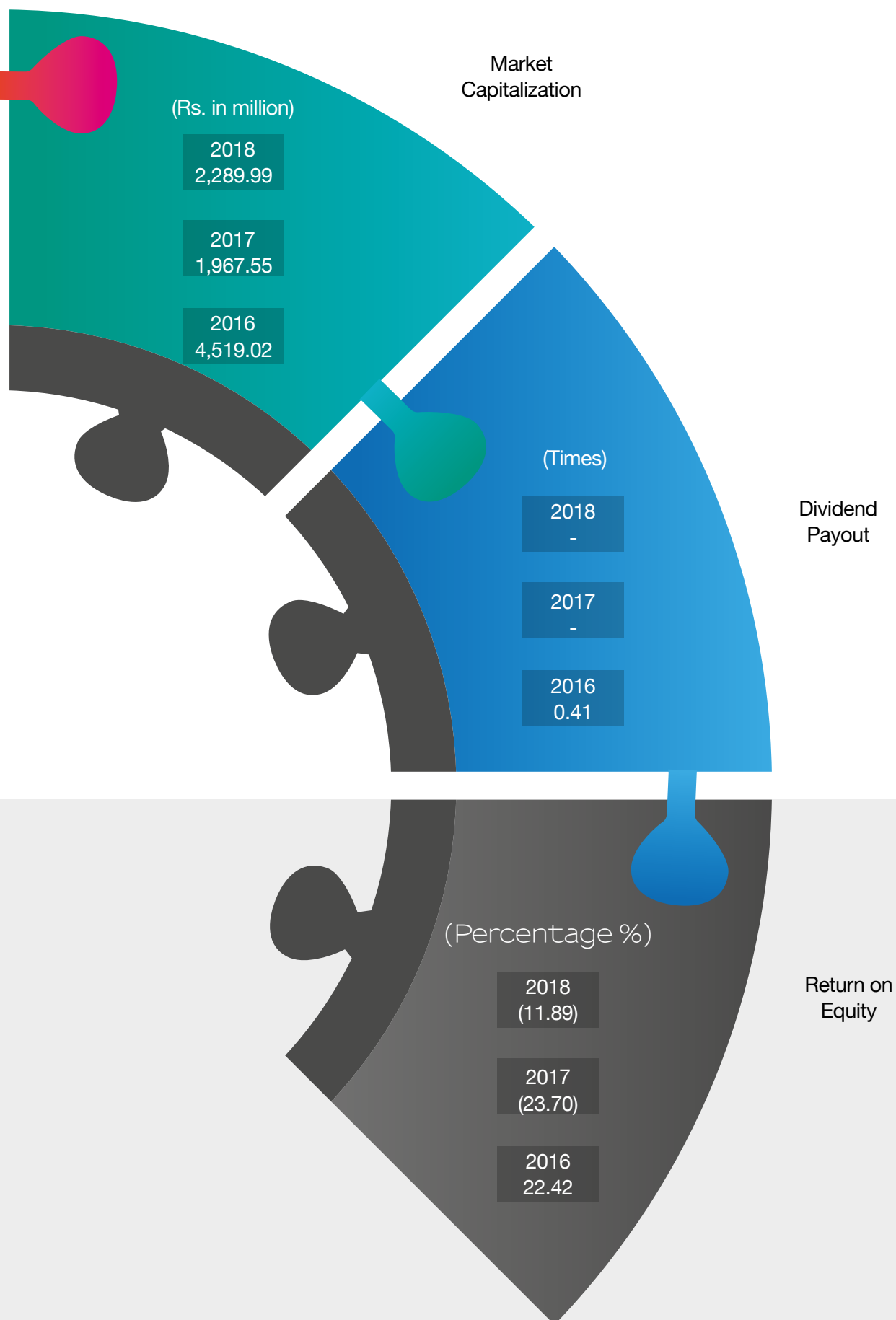
KEY FIGURES & HIGHLIGHTS





KEY FIGURES & HIGHLIGHTS





HORIZONTAL ANALYSIS

BALANCE SHEET

Particulars	2013	2014	2015
	Rupees in '000		
Cash and bank deposits	17,835	21,844	159,891
Loan to employee	6,960	16,020	14,060
Investments	5,383,322	4,780,356	2,825,317
Deferred tax	-	-	-
Amounts due from other insurers / reinsurers	18,144	2,464	2,464
Accrued investment income	400	-	-
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406
Advances, prepayments deposit & sundry receivables	52,630	41,706	9,608
Fixed assets	22,814	18,752	15,623
Total Assets	5,507,511	4,886,548	3,032,369
Issued, subscribed and paid up share capital	586,277	586,277	586,277
Unappropriated profit	4,395,503	3,535,458	1,378,815
Reserves	133,088	133,088	133,088
Remeasurement of post employees benefits	(1,726)	(3,697)	(3,480)
Surplus on Revaluation - AFS investments	198,150	339,387	420,437
Provision for outstanding claims [including IBNR]	9,025	8,805	8,805
Deferred liabilities	8,858	9,377	8,369
Deferred tax	26,890	16,171	45,166
Amounts due to other insurers / reinsurers	587	587	587
Accrued expenses	85,037	68,880	136,190
Other creditor and accruals	25,573	28,337	109,105
Short term borrowings	-	-	-
Taxation - net	31,448	143,659	179,522
Unclaimed dividend	8,801	20,219	29,488
Total Shareholders' Equity and Liabilities	5,507,511	4,886,548	3,032,369

2016	2017	2018	14 Over 13	15 Over 14	16 Over 15	17 Over 16	18 Over 17
Rupees in '000			Percentage Change				
906	5,269	9,570	22.48%	631.97%	-99.43%	481.57%	81.63%
12,315	10,463	8,484	130.17%	-12.25%	-12.41%	-15.04%	-18.91%
3,612,508	2,440,890	2,108,946	-11.20%	-40.90%	27.86%	-32.43%	-13.60%
-	52,235	74,051	-	-	-	100.00%	41.77%
2,464	2,464	-	-86.42%	-	-	-	-100.00%
-	3,875	-	-100.00%	-	-	100.00%	-100.00%
5,406	5,406	5,406	-	-	-	-	-
11,428	10,536	44,157	-20.76%	-76.96%	18.94%	-7.81%	319.11%
14,017	15,088	13,471	-17.80%	-16.69%	-10.28%	7.64%	-10.72%
3,659,044	2,546,226	2,264,085	-11.27%	-37.94%	20.67%	-30.41%	-11.08%
586,277	586,277	586,277	-	-	-	-	-
1,708,968	1,024,498	659,843	-19.57%	-61.00%	23.94%	-40.05%	-35.11%
133,088	133,088	133,088	-	-	-	-	-
(2,611)	(2,142)	(1,855)	114.19%	5.87%	-24.97%	-17.96%	-13.40%
746,881	528,372	456,777	71.28%	23.88%	77.64%	-29.26%	-13.55%
8,805	8,805	8,805	-2.44%	-	-	-	-
10,528	12,237	15,281	5.86%	-10.75%	25.80%	16.23%	24.88%
13,803	-	-	-39.86%	179.30%	-69.44%	-100.00%	-
587	587	587	-	-	-	-	-
20,400	4,836	4,464	-19.00%	97.72%	-85.02%	-76.29%	-7.69%
27,712	788	24,693	10.81%	285.04%	-74.60%	-97.16%	3,033.63%
185,061	400	218,146	-	-	-	-99.78	54,436.50%
187,197	217,809	125,380	356.81%	24.96%	4.28%	16.35%	-42.44%
32,348	30,671	32,599	129.74%	45.84%	9.70%	-5.18%	6.29%
3,659,044	2,546,226	2,264,085	-11.27%	-37.94%	20.67%	-30.41%	-11.08%

VERTICAL ANALYSIS

BALANCE SHEET

Particulars	2013	2014	2015	2016
	Rupees in '000			
Cash and bank deposits	17,835	21,844	159,891	906
Loan to Employee	6,960	16,020	14,060	12,315
Investments	5,383,322	4,780,356	2,825,317	3,612,508
Deferred tax	-	-	-	-
Amounts due from other insurers / reinsurers	18,144	2,464	2,464	2,464
Accrued investment income	400	-	-	-
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406	5,406
Advances, prepayments deposit & sundry receivables	52,630	41,706	9,608	11,428
Fixed assets	22,814	18,752	15,623	14,017
Total Assets	5,507,511	4,886,548	3,032,369	3,659,044
Issued, subscribed and paid up share capital	586,277	586,277	586,277	586,277
Unappropriated profit	4,395,503	3,535,458	1,378,815	1,708,968
Reserves	133,088	133,088	133,088	133,088
Remeasurement of post employees benefits	(1,726)	(3,697)	(3,480)	(2,611)
Surplus on revaluation - AFS investments	198,150	339,387	420,437	746,881
Provision for outstanding claims [including IBNR]	9,025	8,805	8,805	8,805
Deferred liabilities	8,858	9,377	8,369	10,528
Deferred tax	26,890	16,171	45,166	13,803
Amounts due to other insurers / reinsurers	587	587	587	587
Accrued expenses	85,037	68,880	136,190	20,400
Other creditor and accruals	25,573	28,337	109,105	27,712
Short term borrowings	-	-	-	185,061
Taxation - net	31,448	143,659	179,522	187,197
Unclaimed dividend	8,801	20,219	29,488	32,348
Total Shareholders' Equity and Liabilities	5,507,511	4,886,548	3,032,369	3,659,044

2017	2018	2013	2014	2015	2016	2017	2018
Rupees in '000		Percentage Change					
5,269	9,570	0.32%	0.45%	5.27%	0.02%	0.21%	0.42%
10,463	8,484	0.13%	0.33%	0.46%	0.34%	0.41%	0.37%
2,440,890	2,108,946	97.75%	97.83%	93.17%	98.73%	95.86%	93.16%
52,235	74,051	-	-	-	-	2.05%	3.27%
2,464	-	0.33%	0.05%	0.08%	0.07%	0.10%	-
3,875	-	0.01%	-	-	-	0.15%	-
5,406	5,406	0.10%	0.11%	0.18%	0.15%	0.21%	0.24%
10,536	44,157	0.96%	0.85%	0.32%	0.31%	0.42%	1.95%
15,088	13,471	0.41%	0.38%	0.52%	0.38%	0.59%	0.59%
2,546,226	2,264,085	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
586,277	586,277	10.65%	12.00%	19.33%	16.02%	23.03%	25.89%
1,024,498	659,843	79.81%	72.35%	45.47%	46.71%	40.24%	29.14%
133,088	133,088	2.42%	2.72%	4.39%	3.64%	5.23%	5.88%
(2,142)	(1,855)	-0.03%	-0.08%	-0.11%	-0.07%	-0.08%	-0.08%
528,372	456,777	3.60%	6.95%	13.86%	20.41%	20.75%	20.17%
8,805	8,805	0.16%	0.18%	0.29%	0.24%	0.34%	0.39%
12,237	15,281	0.16%	0.19%	0.28%	0.29%	0.48%	0.67%
-	-	0.49%	0.33%	1.49%	0.38%	-	-
587	587	0.01%	0.01%	0.02%	0.01%	0.02%	0.03%
4,836	4,464	1.54%	1.41%	4.49%	0.56%	0.19%	0.20%
788	24,693	0.46%	0.58%	3.60%	0.76%	0.03%	1.09%
400	218,146	-	-	-	5.05%	0.02%	9.64%
217,809	125,380	0.57%	2.94%	5.92%	5.12%	8.55%	5.54%
30,671	32,599	0.16%	0.41%	0.97%	0.88%	1.20%	1.44%
2,546,226	2,264,085	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

HORIZONTAL & VERTICAL ANALYSIS

HORIZONTAL ANALYSIS (PROFIT OR LOSS ACCOUNT)

Particulars	2013	2014	2015
	Rupees in '000		
Investment income / (Loss)	1,451,519	1,209,576	706,755
Other income	5,595	17,901	7,319
Financial charges	(235)	(140)	(83)
General and administration expenses	(244,604)	(200,092)	(218,084)
Taxation	(36,226)	(128,458)	(160,872)
Profit / (Loss) after tax	1,176,049	898,787	335,035
Earnings / (Loss) per share - Rupees (Basic)	20.06	15.33	5.71

Vertical Analysis (Profit and Loss Account)

Particulars	2013	2014	2015
Investment income / (Loss)	1,451,519	1,209,576	706,755
Other income	5,595	17,901	7,319
Financial charges	(235)	(140)	(83)
General and administration expenses	(244,604)	(200,092)	(218,084)
Taxation	(36,226)	(128,458)	(160,872)
Profit / (Loss) after tax	1,176,049	898,787	335,035

2016	2017	2018	14 Over 13	15 Over 14	16 Over 15	17 Over 16	18 Over 17
Rupees in '000			Percentage Change				
824,472	(442,333)	(94,061)	-16.67%	-41.57%	16.66%	-153.65%	-78.74%
35,882	17,525	12,422	219.95%	-59.11%	390.26%	-51.16%	-29.12%
(13,040)	(14,622)	(14,689)	-40.43%	-40.71%	1,5610.84%	12.13%	0.46%
(113,033)	(96,427)	(114,674)	-17.94%	8.99%	-48.17%	-14.69%	18.92%
(23,048)	(2,044)	(7,084)	254.61%	25.23%	-85.67%	-91.13%	246.58%
711,233	(537,901)	(218,086)	-23.60%	-62.7%	112.00%	-175.63%	-59.46%
12.13	(9.17)	(3.72)	-23.60%	-62.7%	112.00%	-175.60%	-59.46%

2016	2017	2018	2014	2015	2016	2017	2018
Rupees in '000			Percentage Change				
824,472	(442,333)	(94,061)	134.58%	210.95%	115.92%	82.23%	43.13%
35,882	17,525	12,422	1.99%	2.18%	5.04%	-3.26%	-5.70%
(13,040)	(14,622)	(14,689)	-0.02%	-0.02%	-1.83%	2.72%	6.74%
(113,033)	(96,427)	(114,674)	-22.26%	-65.09%	-15.89%	17.93%	52.58%
(23,048)	(2,044)	(7,084)	-14.29%	-48.02%	-3.24%	0.38%	3.25%
711,233	(537,901)	(218,086)	100%	100%	100.00%	100.00%	100.00%

COMMENTS ON HORIZONTAL & VERTICAL ANALYSIS

Comments on Horizontal Analysis of Balance Sheet

The volatility in investments during the last six years is due to correlation of investment portfolio with KSE100 index. Deferred liabilities grew over past six years as Company operates an unfunded approved gratuity scheme for all permanent employees. Reserves remained constant during the last six years on account of unchanged general reserve and reserve for exceptional losses. The continuous increase in surplus on revaluation could not sustain last year due to negative performance of KSE-100 index and hence the Portfolio.

Comments on Vertical Analysis of Balance Sheet

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

Comments on Horizontal Analysis of Profit & Loss

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

Comments on Vertical Analysis of Profit & Loss

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

SUMMARY OF SIX YEARS CASH FLOW AT A GLANCE

	2013	2014	2015	2016	2017	2018
	Rupees in '000					
Cash & Cash equivalents at the beginning of the year	13,494	17,835	24,844	162,891	(179,359)	8,269
Net Cash used in operating activities	(491,672)	(1,692,674)	(2,520,881)	(505,975)	(173,198)	(278,840)
Net Cash flow from investing activities	496,013	1,699,683	2,658,928	163,725	360,826	71,341
Net increase / (decrease) in cash & cash equivalent	4,341	7,009	138,047	(342,250)	187,628	(207,499)
Cash & Cash equivalents at the end of the year	17,835	24,844	162,891	(179,359)	8,269	(199,230)

Comments

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

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

QUARTERLY ANALYSIS

For the Year Ended December 31, 2018

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	----- Rupees in 000-----				
Revenue	381,377	(125,875)	161	(174,024)	(81,639)
Return on investments	34,422	16,466	19,772	26,239	96,899
Gain / (loss) on sale of investments - net	238,981	13,359	11,199	(34,782)	228,757
Other income	2,454	3,352	3,251	3,365	12,422
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	105,520	(159,052)	(34,061)	(332,125)	(419,717)
(Loss) / Profit after taxation	292,706	(137,265)	(33,832)	(334,983)	(218,086)
Net assets	2,515,761	2,388,307	2,187,526	1,834,130	1,834,130

Comments

Analysis of Quarterly results

Significant portion of the Company's investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Major downfall witnessed in December 2018 where market was corrected more than 8%. 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, the company posted negative revenue of PKR 81.64 million as the KSE100 provided negative return of 8.41% during the year which resulted in unrealized loss in Portfolio. In fourth quarter, unrealized loss was higher than second and third quarter due to balance of payment crises and unabated local mutual funds and foreign selling owing to currency depreciation.

Profit after tax

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

DUPONT ANALYSIS

Year	Asset Turnover Ratio	Equity Multiplier	Net Loss Margin (%)	ROE (%)
2017	(0.17)	1.12	126.62%	-23.70%
2018	(0.04)	1.23	267.1%	-11.89%

As per Dupont Analysis, ROE is improved from negative 23.70% in 2017 to negative 11.89% in 2018, mainly due to higher Net Profit Margin Ratio.

Negative return on investments (revenue) was reported in 2018 as the performance of Cyan is highly correlated with stock market which has provided negative return during the year. Hence, asset turnover ratio has been impacted.

Equity Multiplier slightly increased due to drop in equity on account of decline in unappropriated profits.

BOARD OF DIRECTORS



HASAN REZA-UR RAHIM (Chairman)

Mr. Rahim is an accomplished professional who has over 35 years of domestic and international experience in the Banking and Financial Services industry. Currently he is the Chairman of Cyan Limited and he also serves on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Atlas Insurance Limited and Hum Network Limited. Previously, he was the Executive Director in-charge of the Chairman's Corporate Office of the Dawood Hercules Group ("DHG") which consists of several listed and unlisted companies and is one of the largest entrepreneurial groups in Pakistan. DHG has a market capitalization exceeding USD 3.5 Billion for companies listed on the Pakistan Stock Exchange.

Furthermore, Mr. Rahim spent 15 years at JPMorgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, was Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil & Gas and Petrochemical industries.

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



KULSUM DAWOOD (Director)

Kulsum Dawood is a philanthropist, and passionately supports charities in education and skills development. She is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG). She has attended Family Business courses in 2004 and 2005 at the International Institute for Management Development (IMD) in Switzerland, and at the Institute European d' Administration des Affaires (INSEAD) in 2007. She is a graduate from Government College of Home Economics, Karachi.

Kulsum Dawood, for the last two decades, is a regular participant at the Annual Meeting of the World Economic Forum in Davos, Switzerland. She is the Lead Trustee on the Board of The Dawood Foundation, established in 1961, which endeavors to make education ubiquitous in society. The Foundation is now moving to undertake scalable projects that are more content and technology driven.



INAM UR RAHMAN (Director)

Inam ur Rahman joined the Board of Directors of Cyan Limited in March 2017.

Bringing more than 27 years of experience across diversified industries including energy & renewables, education, enterprise technology, foods, textiles, fashion & apparel, lifestyle, and business consulting, Inam ur Rahman currently serves in corporate governance roles across various public-listed firms associated with the 100-year old Dawood Hercules Group. He was appointed as Chief Executive Officer of the group's parent investment company, Dawood Hercules Corporation, on 1st December 2016.

An environmentalist at heart, Inam launched Reon Energy, an enterprise solar power EPC, and continues to serve as Chief Executive of Tenaga Generasi Limited, a 50 megawatt wind power plant.

Inam ur Rahman passion is to develop and grow people. He has taught at the undergraduate level, and at present devotes his time in governance roles Karachi School of Business & Leadership.

Inam holds an MBA degree from Lahore University of Management Sciences (LUMS), in addition to an engineering degree from UET Lahore.



KAMRAN NISHAT (Director)

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

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

BOARD OF DIRECTORS



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 private companies comprising of Patek (Private) Limited, Dawood Corporation (Private) Limited and Towershare (Private) Limited as Chief Executive Officer. He is also serving on the Board of Directors of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Alpha Limited, Patek (Private) Limited, Dawood Corporation (Private) Limited, Towershare (Private) Limited and Inbox Business Technologies Limited.

Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 25 years working with industry leaders and pioneers in these fields.

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



SULAIMAN S. MEHDI (Director / CEO)

Sulaiman is the CEO Cyan Ltd., formerly Central Insurance Company Limited (CICL). In 2011, Sulaiman orchestrated the business restructuring of CICL (insurance) to Cyan (investments), a landmark transaction, and the first of its kind in Pakistan.

As a senior executive he has been working on strategy, organization, mergers and acquisitions. He is a proven business leader with a track record of delivering sustainable change and superior results in Pakistan. Sulaiman's experience spans over 18 years in multiple areas of financial services including investments, operations, marketing, legal and corporate affairs.

Before Cyan, he has served PICIC DFI, PICIC Asset Management Company Ltd., Allied Bank (ABL) and ABL Asset Management Company Limited. He has had the privilege of establishing two leading AMC's of this country.

He is also the Chairman of the Pakistan Stock Exchange Limited and Pebbles - the real estate arm of Dawood Hercules (DH) Group and is spearheading all real estate initiatives of the Group. He is also on the Board of Governors of Institute of Business Management. He has also served on the Boards of Dawood Lawrencepur and FOCUS Pakistan (an Aga Khan Foundation backed NGO).

He holds a master's degree and is also a fellow member of Institute of Corporate Secretaries of Pakistan (FCIS). He is also a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

MANAGEMENT TEAM



FAISAL NADEEM
(Director / Chief Financial Officer)

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

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



NAREESH KUMAR
(Investment Associate)

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

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

MANAGEMENT TEAM



AHSAN IQBAL
(Company Secretary)

Mr. Ahsan has started his career with Cyan in January 2016. He is also an ACCA member and a CA Finalist from Institute of Chartered Accountants of Pakistan. He has more than nine years of diversified experience of Financial Reporting, External & Internal Audit, Taxation and corporate statutes & compliance services applicable on a Public Listed Company.

Previously, he was associated with A.F. Ferguson & Co., Chartered Accountants and Ernst & Young Ford Rhodes where he works as a Supervisor and an Audit Senior respectively.



AYMAN ANWER
(Head of Internal Audit)

Mrs. Ayman is the Head of Internal Audit of Cyan. She began her profession with Cyan in November 2014 as Manager Internal Audit. She is an ACCA member and has more than 7 years of diversified experience in the field of Internal Audit & Compliance of Financial Sector Companies.

Prior to joining Cyan, she was associated with the Compliance function of Habib Metro Bank - a subsidiary of Habib Bank AG Zurich accommodating regulatory compliances and global compliance projects.

MANAGEMENT TEAM



UZAIR AZMAT
(Investment Analyst)

Uzair started his career as a research analyst at Al Meezan AMC, which is the largest Asset Management Company in private sector of Pakistan. Currently he is working at Cyan Limited as an Investment Analyst in their Growth Equity Team. He is a CFA level II candidate and has done BBA from Institute of Business Administration, Karachi.



MARVI SHAIKH
(Investment Analyst)

Marvi holds two years of experience in an American hedge fund, SIO Capital's research firm in Pakistan. She has worked on consumer, pharmaceutical, medical technology and physician services stocks listed on European and American stock exchanges. She joined Cyan in June 2017. She is a CFA level III candidate and has done BSc. (Honors) Accounting & Finance from Lahore University of Management Sciences.

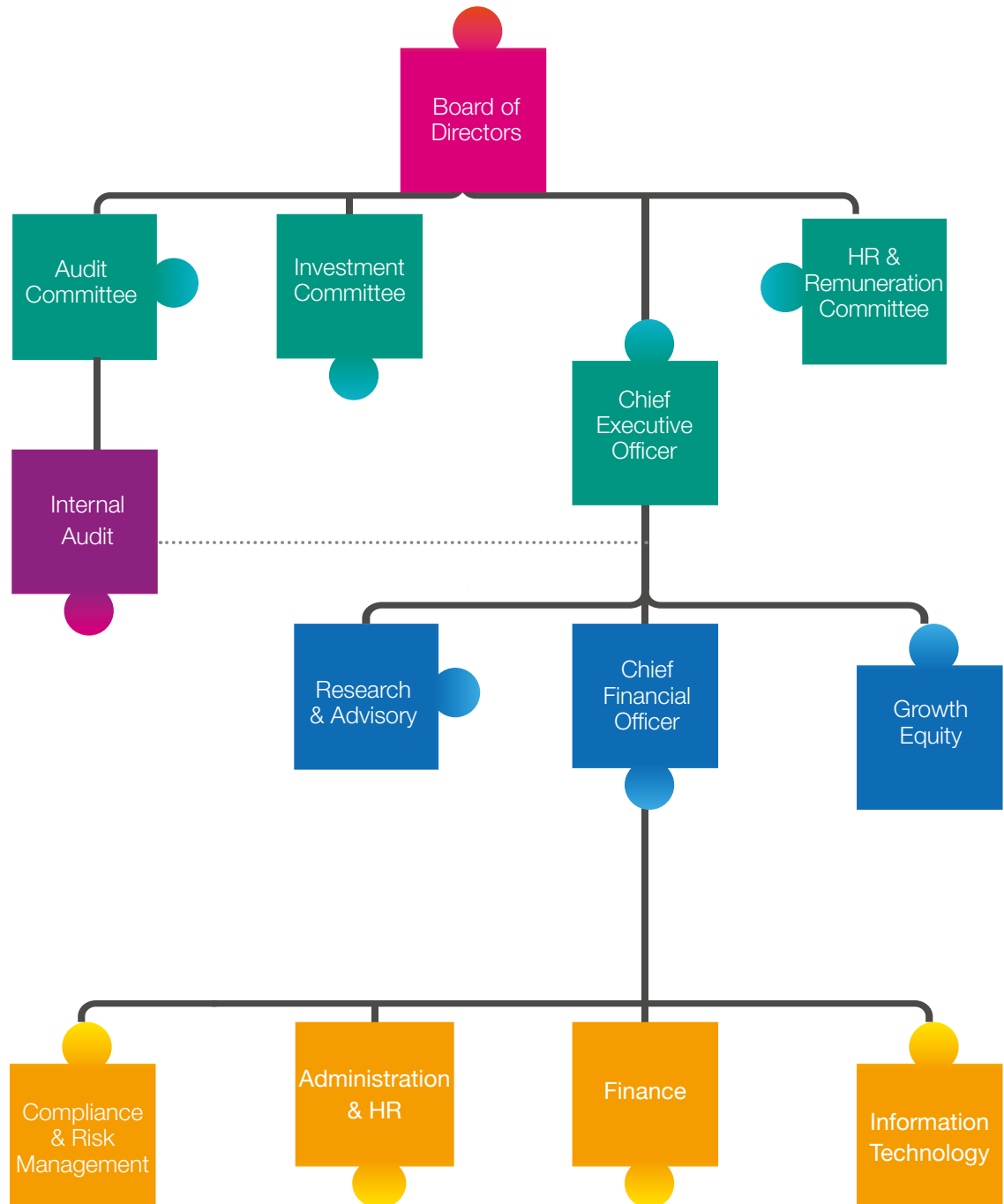
MANAGEMENT TEAM



M. HASSAAN KHAN
(Investment Analyst)

Hassaan started his career in June 2017 with Alfalah GHP as an associate investment advisor in their portfolio management department. Currently, He is working at Cyan Limited as an Investment Analyst in their Growth Equity Team. He is also a CFA level II candidate and has done BSc. (Honors) Accounting & Finance from Lahore University of Management Sciences.

ORGANIZATIONAL STRUCTURE



BOARD COMMITTEES

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

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

Board Audit Committee

The Board Audit Committee is composed of the following Directors:

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

Terms of Reference

The Committee shall ensure that adequate internal control policies and procedures for safeguarding of company's assets have been developed by the company. The Committee shall review the efficiency and effectiveness of the operations including non-financial control of the entity. The Committee shall also review the Company's Statement of Compliance, which includes statement on internal control systems, prior to endorsement by the Board of Directors.

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. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- vi. 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;

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

Board HR & Remuneration Committee

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

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

Terms of Reference

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

- (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 plans, incentive plans or employee benefit plans to be granted to, Executive Management

and other key employees of the Company and guidelines with respect thereto. The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;

- (vi) To review and recommend compensation packages for the Executive Directors that realistically reflect the responsibilities and risks involved in being an Executive Director;
- (vii) To consider and make recommendations to the Board for its approval on all matters concerning perquisites and benefits to be granted to Executive Management, including levels and types of benefits, within guidelines, if any, established by the Board with respect thereto;
- (viii) To review and recommend compensation packages for the non-executive directors and the Chair of the Board that realistically reflect the responsibilities and risks involved in being a non-executive director;
- (ix) To regularly review the organization structure and report any significant organization changes to the Board;
- (x) To review succession plans for Executive Management, including specific development plans, methods of achieving recommended action, and career planning for potential successors; and
- (xi) To engage, through its Chair and in appropriate circumstances, at the expense of the Company, independent counsel and advisors; and to fulfill such other powers and duties as delegated to it by the Board.

Board Investment Committee

The Board Investment Committee is composed of the following Directors:

- Mr. Hasan Reza-ur Rahim Chairman
- Mr. Inam Ur Rahman Member
- Mr. Shafiq Ahmed Member

Terms of Reference

The Board Investment Committee shall:

- (i) Recommend asset allocation strategy for liquid and illiquid investments to the Board;
- (ii) Review and monitor business development activities for illiquid investments;
- (iii) Recommend sector focus for illiquid investments;
- (iv) Recommend all illiquid transactions to the Board for approval;
- (v) Recommend Employees Trading Policy for approval of the Board;
- (vi) Recommend Investment Policy for approval of the Board;
- (vii) Continually review the Investment Policy, Employee Trading Policy and approve changes (if necessary) subject to ratification of the BOD;
- (viii) Consider any other issue or matter as may be assigned by the BOD; and

The BIC will periodically review the performance of the MIC for company's liquid investments in purview of the various classes of assets and on overall basis, based on the following factors:

- (i) Achievement of budgetary revenues;
- (ii) Adherence to investment policy objectives;
- (iii) Compliance with laws and regulations;
- (iv) Performance relative to hurdles / benchmarks approved by the BOD; and
- (v) Performance vis-a-vis industry performance.

CRITERIA TO EVALUATE BOARD'S PERFORMANCE

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

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

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

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

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

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

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

- Compliance with the legislative system in which Company operates, including Companies Act 2017, Regulations of Pakistan Stock Exchange; and the Memorandum and Articles of Association of the Company;
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical know-how and experience;
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities;
- Ensuring presence of required quorum in Board and Committees' meeting; and
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner

ROLES AND RESPONSIBILITIES OF CHAIRMAN

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

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

ROLES AND RESPONSIBILITIES OF CEO

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

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

CEO'S PERFORMANCE REVIEW

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

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS DURING THE YEAR 2018

Board of Directors

S. No.	Name	Dates						No. of meetings held	No. of meetings attended
		09-Feb-18	19-Feb-18	23-Apr-18	20-Aug-18	18-Oct-18	21-Dec-18		
1	Hasan Reza Ur Rahim	√	√		√	√	√	6	5
2	Kulsum Dawood		√	√		√		6	3
3	Kamran Nishat	√	√		√		√	6	4
4	Inam ur Rahman	√	√			√	√	6	4
5	Shafiq Ahmed	√		√	√	√		6	4
6	Sulaiman Mehdi	√	√	√	√	√	√	6	6
7	Faisal Nadeem Mangroria	√	√	√	√	√	√	6	6

Board Audit Committee

S. No.	Name	Dates					No. of meetings held	No. of meetings attended
		17-Feb-18	20-Apr-18	17-Aug-18	17-Oct-18	13-Dec-18		
1	Kamran Nishat	√	√	√	√	√	5	5
2	Shafiq Ahmed	√	√	√	√	√	5	5
3	Inam Ur Rahman	√				√	5	2

Board Investment Committee

		29-Mar-18	18-Dec-18	No. of meetings held	No. of meetings attended
1	Hasan Reza-ur Rahim	√	√	2	2
2	Inam Ur Rahman	√	√	2	2
3	Shafiq Ahmed	√		2	1

Board HR & Remuneration Committee

		16-Aug-18	20-Dec-18	No. of meetings held	No. of meetings attended
1	Kamran Nishat	√	√	2	2
2	Hasan Reza-ur Rahim	√	√	2	2
3	Inam Ur Rahman	√		2	1

WHISTLE BLOWING POLICY

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

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

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

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

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

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

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

There is no any incidence reported during the year 2018 to the Audit Committee.

IT GOVERNANCE POLICY

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

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

LEVEL OF MATERIALITY

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

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

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

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

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

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

Keeping in view that Cyan limited is a company mainly involved in investing in public and private equities, therefore the appropriate materiality level should be calculated based on percentage of Net Assets. The Board has recommended minimum percentage allocation of 0.5% of Net Assets as Material level. However, this level does not include the related party transactions.

INVESTORS' RELATIONS POLICY

- **Policy Statement**

The Investors' Relations policy has been developed to define broad parameters on how Cyan Limited ("the Company") shall deal with the investors in context of general awareness, complaints and communications.

- **Broad Parameters**

This Investor Relations Policy (IRP) will:

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

- **General Principles**

Cyan strives to maintain its corporate credibility and instill investor confidence by practicing a structured approach to the communication of price sensitive information. The Investor Relations program, which is designed to be both proactive and interactive, will be based on Cyan's commitment to:

- always report its financial results and material developments to the Exchange, its shareholders and other stakeholders in a timely, open and comprehensive manner.
- communicate only through its Company Secretary or CEO.
- proactively address reports and rumors, so as to avoid unnecessary volatility in the stock price
- use its website as an additional communications channel.

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

- **Communications**

Cyan will make every effort to ensure that all price sensitive information concerning the company is made accessible. The company's communication will be characterized by the following attributes:

- Transparency: price sensitive information will be released, whether it is favorable or not, in a balanced and fair manner that is not misleading.
- Consistency: all stakeholders will receive the same information, only formats may differ depending on the audience and forum.
- Accuracy: information shall be complete and accurate when released and material errors will be immediately corrected and clarified, if any.
- Timeliness: price sensitive information will be released as soon as it is known, unless there are exceptional legitimate reasons to withhold, which will be no longer than absolutely necessary.
- Non-selective: equality of access to price sensitive information will be achieved through broad public dissemination; no stakeholder will be given undisclosed price sensitive information in any form.

- **Spokesperson**

Cyan has a well-defined structure for governance and management which provides specific authority and responsibility for policy implementation. The Company shall designate Head of Compliance / Manager Compliance or in their absence any other senior management officer whose name shall be available in the Annual Report and on the website to handle investor complaints, grievances. The Company Secretary shall also be responsible for communication to the shareholders regarding announcements of general meetings, dividends, and any other price sensitive information.

- **Price Sensitive Information**

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

- **Confidentiality**

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

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

- **Major Corporate Developments**

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

- **Amendment**

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

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

HEALTH & SAFETY POLICY

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

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

Cyan CSR activities will be focused on the following areas:

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

Cyan considers the following factors while shortlisting the project:

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

INSIDER TRADING POLICY

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

The general guidelines within the policy state that:

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

The Company's Responsibility to Disclose Inside Information

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

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE POLICY

Cyan Limited (the “Company”) aims to develop strong governance practices across the spectrum of the Company’s activities along with a risk management framework to ensure that risks across the business are monitored and managed effectively.

Governance

The CEO is responsible to ensure that the governance procedures are in place. The CFO and department heads are responsible for the implementation of necessary controls to ensure that the strategies, directions and instructions allocated to the departments and employees are carried out systematically and effectively. Detailed governance procedures are covered in the Code of Corporate Governance, Code of Conduct, Chairman and Chief Executive Responsibilities and the Authority Policy.

Risk Management

Board’s Role in the Oversight of the Risk

As per the SECP Code of Corporate Governance, the Board must ensure that a risk management policy is in place and that all risk issues are reviewed and discussed by the Boards of Directors. This also includes reputational risk. Further the Board is required to address risk analysis, risk management and risk communication including any uncertainties surrounding the listed company in its annual report.

The Board’s role will comprise the following with the objective to oversee the risks:

- Review the process that management has put in place and ensure that it is as per risk appetite approved by the Board and meets the risk tolerances established by them
- Discuss key issues and confirm the risk strategies implemented by management
- Ensure that the risk is communicated to the shareholders, stakeholders, regulators, stock exchange and other external parties in a timely manner

Risk Management

Risk management is the logical and systematic method of identifying, analyzing, evaluating, treating and monitoring risks in a way that will enable the organization to meet its objectives and minimize losses and maximize opportunities.

While the CEO will be accountable for risk management, the Department heads will be responsible for the identification, assessment and prioritization of risks. The methods and goals will be determined by the objectives of the department i.e. financial, public health and safety, environmental, security etc. Risk will be managed by having controls in place or by transferring the risk to another party or by avoiding the risk. Risk register

will be maintained by each department and the risk mitigation plan will be approved by the appropriate level of authority.

Risk Management Plan

Department Heads will be responsible for setting the appropriate controls or counter measures for each risk. Hence the department heads need to ensure that:

- Business processes have adequate built-in risk control and containment measures
- Risk is transferred to an external agency (e.g. an insurance company) where this is possible and appropriate
- Risks are avoided altogether (e.g. by closing down a particular high-risk business area)

Leadership and Commitment

The responsibility of the CEO and CFO will comprise the following:

1. Develop and maintain a risk management system
2. Create general risk awareness within the company
3. Review and monitor risk
4. Nominate risk owners
5. Oversee the operations of risk management policy
6. Form a staff induction training program

Monitoring, Review and Reporting of risk

A regular schedule for the review of risk needs to be in place to ensure that risk is monitored and managed as per the risk appetite of the company. As per the schedule given in the department's risk register, the departments will develop:

- Consistent and comprehensive reporting procedures
- Risk monitoring and contingency procedures
- Procedure for analyzing all feedback received in order to mitigate future risk assessment and allocation

A schedule will be established for the review of the risk management plans which will evaluate:

1. Applicability and effectiveness of the previously selected security controls and;
2. Changes in the possible risk levels in the business environment

The risk register is a dynamic document that will be reviewed by the management on a quarterly basis and by BAC on a half year/annual basis. The risk review report prepared by each departmental head will include a statement on the effectiveness of internal controls. If any unanticipated risks emerge and the risk's impact is greater than the expected planned response or if risk's impact is significant to the business, this must be brought immediately to the CEO and CFO's attention.

Compliance

The CEO will be responsible for all external legal and regulatory compliance risks which will be managed within the above risk management framework.

ADOPTION AND STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK (IR)

Cyan Limited always strategizes in integration of financial, social and environmental information so to report its performance and activities by linking sustainability issues to business strategies.

Cyan focuses on economic, societal, technological and environmental factors and their impacts in Company's core strengths in order to achieve sustainable corporate value. The aim of our integrated reporting approach is to enable our stakeholders, including investors, to make a more informed assessment of the value of Cyan and its prospects that covers risk and the aspect of conformance. Cyan also ensures accurate measurement of operational, financial and sustainable performance against its strategy that ensures comparability with the industry and beyond.

Adoption of International Integrated Reporting Framework depends on the individual circumstances of an entity and is still considered to be a practice in its early stages. We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report. Initially, the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Risks, opportunities and internal controls
- Strategic objectives and strategies to achieve those objectives
- Governance and Remuneration
- Performance
- Outlook

The Management acknowledges that reasonable care has been taken in preparation and presentation of this Integrated Report presented herewith which comprises the discussion, analysis and disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements. The role of stewardship brings upon it an obligation to be transparent and accountable, which is thoroughly recognized in this report.

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company is compliant in respect of certification of all directors under the directors' training program offered by institutions that meet criteria specified by SECP.

Policy on Directors' Remuneration

The Directors' Remuneration policy has been developed to remunerate Directors in line with the market norms in the largest interest of Cyan Limited ("the Company"). The objective of the remuneration policy is to create a remuneration structure that will allow the Company to attract, reward and retain qualified Directors who will lead the Company in achieving its strategic objectives. The Company in its 51st AGM held on April 30, 2011 approved the Director's Remuneration (other than Group Executives) for attending the Board and the Board Committees' meetings in compliance with the requirements of Article 78(a) of the Company's Article of Association.

The Board of Directors may on its own motion or on recommendation of the BHR & RC, if it considers that it would be in the interest of the Company to do so, alter, amend, modify or relax any restriction or terms and conditions of the Directors' Remuneration Policy as it may deem fit subject to approval of Shareholders in the general meeting. Any provision(s) of this Directors' Remuneration Policy in contravention of any applicable rules and regulation and any guidelines or circulars issued from time to time by the Securities and Exchange Commission of Pakistan (SECP)/Regulators, the latter shall supersede and prevail over the provisions contained in the Directors' Remuneration Policy.

Matters Delegated to the Management

Responsibility for implementing the strategies, conducting the routine business operations of the Company in accordance with the strategies and goals as approved by the Board of Directors is the primary responsibility of the Management. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

Governance Practices Exceeding Legal Requirements

Cyan Limited is proud to have successfully adapted practices to reflect the changing standards of evolving governance regulations. Today we meet, and often exceed, all mandatory legal compliances under the Listed Companies (Code of Corporate Governance) Regulations, 2017, the Companies Act 2017 and other applicable rules, regulations and standards. In addition, we have also carried out the following activities in addition to the legal requirements;

- The requirement for a female director on the board of a listed company has been recently mandated by the new Company laws. Cyan is already in compliance before the introduction of this requirement.
- Cyan has developed and implemented health and safety standards to ensure proper safety of its people and equipment.

Independent Director

The amendment in new law requires that the independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher. Cyan will comply with this requirement after the director elections which will be conducted in the year 2020.

Related Parties

Disclosure requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards have been complied and presented in note 26 to the financial statements presented afterwards in this annual report.

POLICY ON TRANSACTIONS/CONTRACTS WITH ASSOCIATED COMPANIES / RELATED PARTIES

CYAN Limited shall ensure that all transactions/contracts with related parties/subsidiary and associated companies are carried out on arm's length basis and in line with the market norm for all commercial transactions. No undue favors shall be accorded to any related party/subsidiary and associated company while entering into any transactions. All transactions with related parties/subsidiary and associated companies shall be duly declared as per prescribed Regulations of SECP.

Statement of Managements Responsibility Towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by ICAP, the Companies Act, the international Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Conflict of Interest Policy

Cyan Limited provides a code of conduct for all directors of the Company to 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 Board of Directors.

This policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

Directors should communicate any suspected violations of the above policy 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 will be taken in the event of any violations of the Code.

Human Resource Policies

The primary goal of our human resource department is to ensure that we have the right people at the right time in the right position. Our HR department, through continuous consultation with other departments, determines our future HR requirement. We then aim to meet such requirements through talent acquisition, talent development and succession planning.

Our objective always remains to recruit dynamic people whose caliber and capabilities are best suited for the job, which we conform to through our recruitment and selection process. In addition to recruiting employees externally, we seek to meet our HR requirements through job rotations. This enables us to create more career opportunities for our people and enhances both lateral and upward mobility in our organization.

Our employees are reviewed against their job objectives annually depending on their job roles. Our performance appraisal process enables us to emphasize on the growth of our employees as well as identify their learning and career development needs. As a part of this process, through constructive dialogue, our employees are also encouraged to work on areas where there is scope of improvement. We also get to identify our high-potential employees for our succession-planning program. This process also helps us to ensure that the contributions of our employees are properly recognized and appropriately rewarded.

Succession planning is critical to us, as it enables us to ensure leadership continuity and avoid extended and costly leadership vacuum. We prefer to promote from within the organization so that we can create greater career opportunities for our people.

The Company has a complete set of other HR policies referred as HR Manual for appointment and commencement of service, Salary and other perquisites, Medical and Life Insurance facilities, Training and development, Performance evaluation etc.

Diversity Policy

Cyan is committed to fostering, cultivating and preserving a culture of diversity and inclusion.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Cyan's diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Cyan Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017 including the disclosure requirements of fourth schedule.

In addition to this, note 4.2 to the financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards and those referred in note 4.2 does not have any material impact to the financial statements.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2018, and reports that:

- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” as stipulated in listed Companies (Code of Corporate Governance) Regulations 2017, 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, 2018, 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 Companies Act, 2017 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 AUDITORS

- The statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their Audit assignment of the “Company’s Financial Statements” and the “Statement of Compliance with the Code of Corporate Governance” for the financial year ended December 31, 2018 and shall retire on the conclusion of the 59th 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 59th Annual General Meeting scheduled for March 29, 2019 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, 2019.

Karachi: February 18, 2019

Kamran Nishat
Chairman - Audit Committee

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

CYAN LIMITED

For the year ended December 31, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (07) as per the following:

- a. Male: 06
- b. Female: 01

2. The composition of board is as follows:

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

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 4. 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.
- 5. The board has developed a vision/mission statement, 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.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The company is compliant in respect of certification of all directors under the director's training program.
- 10. No new appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit was made during the year.
- 11. CFO and CEO duly endorsed the financial statements before approval of the board.
- 12. The board has formed committees comprising of members given below.

a) Audit Committee

Name	Designation	Category
Mr. Kamran Nishat	Chairman	Independent Director
Mr. Inam Ur Rahman	Member	Non-Executive Director
Mr. Shafiq Ahmed	Member	Non-Executive Director

b) Human Resource and Remuneration Committee

Name	Designation	Category
Mr. Kamran Nishat	Chairman	Independent Director
Mr. Inam Ur Rahman	Member	Non-Executive Director
Mr. Hasan Reza Ur Rahim	Member	Non-Executive Director

c) Investment Committee

Name	Designation	Category
Mr. Hasan Reza Ur Rahim	Chairman	Non-Executive Director
Mr. Inam Ur Rahman	Member	Non-Executive Director
Mr. Shafiq Ahmed	Member	Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following
 - a) Audit Committee: 05 meetings held during the year ended on December 31, 2018;
 - b) HR and Remuneration Committee: 02 meetings held during the year ended on December 31, 2018; and
 - c) Investment Committee: 02 meetings held during the year ended on December 31, 2018.
15. The Board has set up an effective internal audit function managed by a suitably qualified and experienced professional who is conversant with the policies and procedures of the Company .
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Karachi: February 18, 2019

Hasan Reza Ur Rahim
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CYAN LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Cyan Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Chartered Accountants
Place: Karachi
Date: March 01, 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYAN LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Cyan Limited (the Company), which comprises the statement of financial position as at December 31, 2018, and the statement of profit or loss, statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>Investments</p> <p>(Refer note 10 to the financial statements)</p> <p>The total assets of the Company aggregate to Rs. 2,264 million out of which short term investments amounts to Rs. 2,108 million. These investments are measured at fair value through profit and loss.</p> <p>Due to the significance of these investments to the overall statement of financial position of the Company as at December 31, 2018, the valuation of these investments in accordance with the adopted accounting policy was a significant risk and considered a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Reviewed the design and tested the operating effectiveness of the key controls for valuation of investments;</p> <p>Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2018 and reconciled it with the books and records of the Company;</p> <p>Reviewed management's assessment of any impairment indicators against investments;</p> <p>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</p> <p>Reviewed the presentation and disclosures related to investments and assessed whether it complied with the applicable financial reporting framework.</p>
	<p>Companies Act, 2017</p> <p>(Refer note 4.1 to the financial statements)</p> <p>The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed financial statements.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and current fourth schedules and as a result certain amendments relating to presentation and disclosures have been made in the Company's annexed financial statements.</p> <p>In view of the various additional disclosures in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered this as a key audit matter.</p>	<p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <p>considered the management's process to identify the additional disclosures required in the Company's annexed financial statements;</p> <p>obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and</p> <p>verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

investments made and expenditure incurred during the year were for the purpose of the Company's business; and

zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Shahbaz Akbar.

Chartered Accountants

Karachi

Date: March 01, 2019



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

		2018	2017 (Restated)	2016 (Restated)
	Note	-----	(Rupees in '000)	-----
ASSETS				
Non-current assets				
Property and equipment	7	13,405	14,951	13,751
Intangible assets	8	66	137	266
Deferred taxation	17	74,051	52,235	-
Long term loans	9	6,154	8,133	9,985
Long term deposits		2,500	2,500	2,500
		<u>96,176</u>	<u>77,956</u>	<u>26,502</u>
Current assets				
Short term investments	10	2,108,946	2,440,890	3,612,508
Long term loans - current portion	9	2,330	2,330	2,330
Trade and other receivables	11	43,772	16,242	11,619
Advances and short-term prepayments	12	3,291	3,539	5,179
Cash and bank balances	13	9,570	5,269	906
		<u>2,167,909</u>	<u>2,468,270</u>	<u>3,632,542</u>
TOTAL ASSETS		<u>2,264,085</u>	<u>2,546,226</u>	<u>3,659,044</u>
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital				
100,000,000 (2017: 100,000,000) Ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital	14	586,277	586,277	586,277
Unappropriated profit		659,843	1,024,498	1,708,968
Reserves	15	133,088	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(1,855)	(2,142)	(2,611)
Surplus on revaluation of available for sale investments		456,777	528,372	746,881
		<u>1,834,130</u>	<u>2,270,093</u>	<u>3,172,603</u>
Non-current liabilities				
Deferred liability - gratuity	16	15,281	12,237	10,528
Deferred taxation		-	-	13,803
		<u>15,281</u>	<u>12,237</u>	<u>24,331</u>
Current liabilities				
Trade and other payables	18	38,549	15,016	57,504
Unclaimed dividend		32,599	30,671	32,348
Short term borrowings	19	218,146	400	185,061
Taxation - net		125,380	217,809	187,197
		<u>414,674</u>	<u>263,896</u>	<u>462,110</u>
TOTAL EQUITY AND LIABILITIES		<u>2,264,085</u>	<u>2,546,226</u>	<u>3,659,044</u>
CONTINGENCIES AND COMMITMENTS				
	20			

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

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Return on investments	21	96,899	149,603
Gain on sale of investments - net		228,757	85,493
Other income	22	12,422	17,525
		338,078	252,621
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(419,717)	(677,429)
		(81,639)	(424,808)
EXPENSES			
Operating and administrative expenses	23	(114,674)	(96,427)
Financial charges		(14,689)	(14,622)
		(129,363)	(111,049)
Loss before taxation		(211,002)	(535,857)
Taxation - current year	24	(29,060)	(44,616)
- prior year	24	-	(23,668)
- deferred	24	21,976	66,240
		(7,084)	(2,044)
Net loss for the year		(218,086)	(537,901)
		----- (Rupees) -----	----- (Rupees) -----
Basic and diluted loss per share	31	(3.72)	(9.17)

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

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Loss after taxation	(218,086)	(537,901)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss		
Deficit on revaluation of available-for-sale securities	(71,595)	(218,509)
Items that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligation - net of tax	287	469
Total comprehensive loss for the year	(289,394)	(755,941)

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

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

Share capital	Capital reserves		Revenue reserves		Remeasur- ment on post retirement benefits obligation - net of tax	Surplus / deficit 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, 2017	586,277	10,535	2,553	120,000	1,708,968	(2,611)	746,881	3,172,603
Total comprehensive income/(loss) for the year ended December 31, 2017								
Net loss for the year	-	-	-	-	(537,901)	-	-	(537,901)
Other comprehensive loss	-	-	-	-	-	469	(218,509)	(218,040)
	-	-	-	-	(537,901)	469	(218,509)	(755,941)
Transactions with owners recorded directly in equity								
Final dividend of Rs. 2.5 per share for the year ended December 31, 2016	-	-	-	-	(146,569)	-	-	(146,569)
Balance as at December, 31 2017	586,277	10,535	2,553	120,000	1,024,498	(2,142)	528,372	2,270,093
Total comprehensive income/(loss) for the year ended December 31, 2018								
Net loss for the year	-	-	-	-	(218,086)	-	-	(218,086)
Other comprehensive loss	-	-	-	-	-	287	(71,595)	(71,308)
	-	-	-	-	(218,086)	287	(71,595)	(289,394)
Transactions with owners recorded directly in equity								
Interim Dividend of Rs. 2.5 per share for the Half year ended June 30, 2018	-	-	-	-	(146,569)	-	-	(146,569)
Balance as at December 31, 2018	586,277	10,535	2,553	120,000	659,843	(1,855)	456,777	1,834,130

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

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	Note	2018 ----- (Rupees in '000) -----	2017 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(211,002)	(535,857)
Adjustment for non cash charges and other items:			
Depreciation		2,618	2,580
Amortisation		71	129
Loss/ (gain) on sale of property and equipment		23	(899)
Capital gain on sale of investments - net		(228,757)	(85,493)
Amortisation of premium on government securities		(3,042)	(2,532)
Financial charges		14,689	14,622
Net unrealised diminution on revaluation of investments classified as at fair value through profit or loss		419,717	677,429
		205,319	605,836
Operating (loss) / profit before working capital changes		(5,683)	69,979
(Increase) / decrease in operating assets			
Trade and other receivables		(27,530)	(4,623)
Long term loans		1,979	1,852
Advances and short-term prepayments		248	1,640
		(25,303)	(1,131)
(Decrease) / increase in operating liabilities			
Deferred liability		3,486	2,378
Trade and other payables		23,533	(42,488)
		27,019	(40,110)
Net cash (used in) / generated from operations		(3,967)	28,738
Taxes paid		(121,489)	(37,672)
Financial charges paid		(8,743)	(16,018)
Dividend paid		(144,641)	(148,246)
Net cash used in operating activities		(278,840)	(173,198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		5,921,043	4,425,310
Investment in securities		(5,848,607)	(4,061,603)
Capital expenditure incurred		(1,243)	(3,980)
Proceeds from sale of property and equipment		148	1,099
Net cash generated from investing activities		71,341	360,826
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net (decrease) / increase in cash and cash equivalents		(207,499)	187,628
Cash and cash equivalents at the beginning of the year		8,269	(179,359)
Cash and cash equivalents at the end of the year	13.2	(199,230)	8,269

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

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

1 STATUS AND NATURE OF BUSINESS

Cyan Limited ("the Company"), a DH Group Company, is a Public Limited Company incorporated in Pakistan on 23 April 1960 under the Companies Act, 1913 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor Dawood Centre, Molvi Tamizuddin Khan Road, Karachi. Dawood Corporation (Private) Limited is the immediate and ultimate parent company of the Company.

The Company is engaged in making equity investments in companies with high growth potential.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE IN THE CURRENT REPORTING PERIOD

During the year, the Company disposed off 10 million shares of 'The Hub Power Company Limited' and generated an amount of Rs.1,051 million from the disposal.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 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 5.4 and certain staff retirement benefits which are carried at present value as described in note 5.11.

3.3 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.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

- (a) Classification of investments (note 5.4 and 10).
- (b) Accounting for defined benefit plan (note 5.11 and 16).
- (c) Depreciation / amortisation of operating fixed assets and intangible assets (note 5.1, 5.5, 7 and 8)
- (d) Provision for taxation (current and prior years) and deferred taxation (note 5.2, 17 and 24)

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

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

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

The Companies Act, 2017 (the Act) has brought about certain changes with regard to the preparation and presentation of the annual financial statements of the Company. These changes includes change in nomenclature of primary financial statements, change in presentation of unclaimed dividends, accrued mark-up and incorporation of additional disclosures as given in notes 2, 25, 26 and 32 to these financial statements.

The presentation of these financial statements have been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact on the recognition and measurement of the amounts included in these financial statements.

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

IFRS 9 'Financial instruments' is effective for annual periods beginning on or after July 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value or other comprehensive income (OCI) without recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. Based on the analysis of company's statement of financial position as at December 31, 2018 adoption of IFRS 9 will not have significant impact on the company's statement of financial position or statement of profit or loss account.

IFRS 15 'Revenue from contracts with customers' is effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. Based on the analysis of the Company's current revenue activities, adoption of IFRS 15 will not have significant impact on the company's profit or loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

IFRS 16 'Leases' (effective annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. This Standard will not have an impact on the financial statements of the company.

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

5 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.

5.1 Property and Equipment

5.1.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Maintenance and normal repairs are charged to the profit or 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 or loss account by applying the reducing balance method except in the case of cell phones in which case the straight line method is applied, whereby the depreciable amount of an asset is written-off over its estimated useful life at the rates specified in note 7. 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 or loss account.

5.1.2 Intangibles

Intangible assets comprise software license, and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the useful life of the asset on a systematic basis to profit or loss account by applying the straight line method at the rates specified in note 8 to the financial statements.

5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

5.2.1 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.

5.2.2 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.

5.3 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 and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

5.4 Investments

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

5.4.1 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 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 or loss account. Transaction costs are charged to the profit or loss account when incurred.

5.4.2 Available-for-sale

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

5.4.3 Held-to-maturity

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

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

5.4.4 Loans and receivables

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

5.5 Impairment

5.5.1 Financial assets

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

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

5.5.2 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.

5.6 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

5.7 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.

5.8 Trade and other payables

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

5.9 Provisions

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.

5.10 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 or loss account on the date at which the transaction takes place.
- iii) Unrealised capital gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit or 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.

Other income

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

5.11 Employee Benefits

5.11.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 10% of the basic salary upto June 30, 2018 and at the rate of 15% of the basic salary from July 1, 2018.

5.11.2 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 directly in equity through 'other comprehensive income' as they occur. The latest actuarial valuation of the scheme has been carried out as at December 31, 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

5.11.3 Employees' compensated absences

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

5.12 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.

5.13 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.

5.14 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 or loss account.

5.15 Dividend declaration and reserve appropriations

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

5.16 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incurs expenses that relates to transactions with any of the other components of the entity.

The Board of Directors and Chief executive have been identified as the Chief operating decision makers who are responsible for allocating resources and assessing the performance of the operating segments. Currently the Company is functioning as single operating segment .

5.17 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.

6 DISCONTINUED OPERATIONS

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

7 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Office equipment	Vehicles	Total
----- (Rupees in '000) -----				
Year ended December 31, 2018				
Opening net book value	9,626	2,448	2,877	14,951
Additions during the year	42	1,201	-	1,243
Disposals during the year				
Cost	-	(1,047)	(39)	(1,086)
Accumulated depreciation	-	879	36	915
	-	(168)	(3)	(171)
Depreciation charge for the year	(963)	(1,080)	(575)	(2,618)
Closing net book value	8,705	2,401	2,299	13,405
As at December 31, 2018				
Cost	16,409	10,595	4,270	31,274
Accumulated depreciation	(7,704)	(8,194)	(1,971)	(17,869)
Closing net book value	8,705	2,401	2,299	13,405
Year ended December 31, 2017				
Opening net book value	10,045	2,970	736	13,751
Additions during the year	594	678	2,708	3,980
Disposals during the year				
Cost	-	(121)	(1,466)	(1,587)
Accumulated depreciation	-	81	1,306	1,387
	-	(40)	(160)	(200)
Depreciation charge for the year	(1,013)	(1,160)	(407)	(2,580)
Closing net book value	9,626	2,448	2,877	14,951
As at December 31, 2017				
Cost	16,367	10,594	4,309	31,270
Accumulated depreciation	(6,741)	(8,146)	(1,432)	(16,319)
Closing net book value	9,626	2,448	2,877	14,951
Rate of depreciation	10%	33% & 50%	20%	

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

	2018				
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Method of disposal
	----- (Rupees in '000) -----				
Book value not exceeding Rs. 50,000 each					
Office equipment	941	828	113	71	Various
Office equipment	106	51	55	70	Insurance Claim
Motor vehicles	39	36	3	7	Various
	1,086	915	171	148	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		Computer Software	
		2018	2017
		----- (Rupees in '000) -----	
8	INTANGIBLE ASSETS	Note	
	Year ended December 31		
	Opening net book value	137	266
	Additions during the year	-	-
	Disposals during the year		
	Cost	-	-
	Accumulated amortisation	-	-
	Amortisation charge for the year	(71)	(129)
	Closing net book value	66	137
	As at December 31		
	Cost	7,068	7,068
	Accumulated amortisation	(7,002)	(6,931)
	Closing net book value	8.1 66	137
	Rate of amortisation	33.33%	33.33%
8.1	Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs. 6.86 million (2017: Rs. 6.86 million).		
9	LONG TERM LOANS		
	Considered good	9.1	
	-due from executives	8,484	10,463
	Current portion of long-term loans	8,484	10,463
		(2,330)	(2,330)
		6,154	8,133
9.1	House loans given to chief executive officer and chief financial officer, which are repayable in ten years in equal monthly installments at a mark-up of 6% per annum. The loans have been provided against collateral of property documents.		
9.2	Following is the movement of long term loans to employees:		
	Long term		
	Opening balance	10,463	12,315
	Repayments	(2,330)	(2,330)
	Add: Interest receivable	351	478
	Closing balance	9.3 8,484	10,463
9.3	The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs. 10.463 million (2017: Rs. 12.315 million).		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

		2018	2017
		----- (Rupees in '000)	-----
10	SHORT TERM INVESTMENTS	Note	
Financial assets comprise of the following:			
- Held-to-maturity investments	10.1	44,979	44,643
- Available for sale investments	10.2	574,719	646,314
- Financial carried at fair value through profit or loss	10.3	1,486,248	1,746,933
- Loans and receivables	10.4	3,000	3,000
		2,108,946	2,440,890
		2,108,946	2,440,890
10.1	Held-to-maturity investments		
		Face value (Rupees)	Coupon rate (%)
		Particulars	
		45,000,000	8.74
		Treasury Bills Tenure - 3 Months	10.1.1
		44,979	44,643
10.1.1	Market value as at December 31, 2018 of Government Securities is Rs. 44.975 million (2017: Rs. 44.624 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.		
		Market Value	
		2018	2017
		----- (Rupees in '000)	-----
10.2	Available-for-sale investments		
	Un-quoted shares	10.2.1	-
	Un-quoted debentures	10.2.2	-
	Quoted shares - related parties	10.2.3	574,719
		574,719	646,314
10.2.1	Un-quoted Shares		
	Name of investee company	Note	
		Number of Shares	Cost
		31-Dec-18	31-Dec-17
		31-Dec-17	31-Dec-18
		----- Rupees in '000'-----	
	Bankers Equity Limited	10.2.1.1	13,465
	Cost as on December 31		13,465
	Less: Provision for Impairment		117
	Carrying Value		117
			(117)
			(117)
			-
			-
10.2.1.1	The company is in the process of liquidation, therefore, the name of the Chief Executive is not available.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

10.2.2 Un-quoted debentures

Name of investee company	Number of Bonds		Cost	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
			----- Rupees in '000'-----	
Hyson Sugar Mills Limited	240,500	240,500	60	60
Less: Provision for Impairment			60	60
Carrying Value			(60)	(60)
			-	-

10.2.3 Quoted Shares - Related Parties

Name of investee company	Note	Number of Shares		Cost	Market value	
		31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-18	31-Dec-17
					----- Rupees in '000'-----	
Fertilizer						
Dawood Hercules Corporation Limited	10.2.3.1	794,380	794,380	47,652	88,295	88,875
Equity held: 0.17% (2017: 0.17%)						
Textile Composite						
Dawood Lawrencepur Limited		2,965,095	2,965,095	222,111	486,424	557,439
Equity held: 5.02% (2017: 5.02%)						
Less: Provision for Impairment				269,763	574,719	646,314
Carrying Value				(151,821)		
				117,942		
Market Value as at December 31, 2018				574,719		
Unrealised gain				456,777		

10.2.3.1 0.794 million shares (2017: Nil) of Dawood Hercules Corporation Limited having a market value of Rs. 88.295 million (2017: Nil) as at December 31, 2018 have been pledged as collateral in favor of MCB Bank Limited against running finance facility obtained from the said bank.

	Note	Market Value	
		2018	2017
		----- (Rupees in '000) -----	
10.3 Investments carried at fair value through profit or loss			
Quoted shares	10.3.1	1,483,399	1,682,761
Mutual funds	10.3.2	2,849	64,172
		1,486,248	1,746,933

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

10.3.1 Quoted Shares

Name of investee company	Note	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-18	31-Dec-17	31-Dec-18	31-Dec-18	31-Dec-17		
----- Rupees '000'-----								
Cable and Electrical Goods								
Singer Pakistan Limited		-	500,000	-	-	18,210	-	-
Cement								
D. G. Khan Cement Company Limited	10.3.1.2	-	200,000	-	-	26,744	-	-
Lucky Cement Limited		525,000	-	263,937	228,202	-	10.82%	0.02%
Maple Leaf Cement Factory Limited		384,000	-	19,764	15,610	-	0.74%	0.30%
				283,701	243,812	26,744	11.56%	
Chemical								
Biafo Industries Limited		229,800	-	63,383	49,235	-	2.33%	1.04%
Lotte Chemical Pakistan Limited		-	10,000,000	-	-	71,700	-	-
				63,383	49,235	71,700	2.33%	
Commercial Banks								
Bank Alfalah Limited	10.3.1.3	5,000,000	-	221,227	202,950	-	9.62%	0.31%
Bank of Punjab Limited		-	2,490,000	-	-	20,517	-	-
Faysal Bank Limited		10,000,000	-	239,279	240,700	-	11.41%	0.76%
United Bank Limited	10.3.1.1 & 10.3.1.4	1,050,000	-	163,627	128,772	-	6.11%	0.09%
				624,133	572,422	20,517	27.14%	
Engineering								
Aisha Steel Mills Limited	10.3.1.1	2,503,000	-	55,025	26,282	-	1.25%	0.30%
Amreli Steel Limited		1,300,000	-	114,438	62,244	-	2.95%	0.44%
International Steels Limited	10.3.1.1	466,100	500,000	50,703	30,655	53,185	1.45%	0.11%
Mughal Iron & Steel Industries Limited		1,636,500	-	114,065	66,196	-	3.14%	0.65%
				334,231	185,377	53,185	8.79%	
Food & Personal Care Products								
At-Tahir Limited		2,500,000	-	79,300	47,500	-	2.25%	2.27%
Matco Foods Limited		1,550,000	-	53,132	43,044	-	2.04%	1.33%
				132,432	90,544	-	4.29%	
Glass & Ceremics								
Shabbir Tiles & Ceremics Limited		982,000	-	24,941	14,229	-	0.67%	0.41%
Tariq Glass Industries Limited		-	200,000	-	-	18,998	-	-
				24,941	14,229	18,998	0.67%	
Inv. Banks / Inv. Cos. / Securites Cos.								
Pakistan Stock Exchange Limited		-	7,929,330	-	-	177,617	-	-
				-	-	177,617	-	
Oil and Gas Exploration Companies								
Oil & Gas Development Company Limited		500,000	500,000	79,999	64,000	81,395	3.03%	0.01%
				79,999	64,000	81,395	3.03%	
Oil and Gas Marketing Companies								
Pakistan State Oil Company Limited		370,700	-	102,584	83,567	-	3.96%	0.11%
Sui Northern Gas Pipeline Limited		-	500,000	-	-	47,305	-	-
				102,584	83,567	47,305	3.96%	
Power Generation & Distribution								
The Hub Power Company Limited		-	10,000,000	-	-	910,000	-	-
K-Electric Limited		-	5,000,000	-	-	31,550	-	-
				-	-	941,550	-	
Refinery								
Pakistan Refinery Limited		-	1,000,000	-	-	35,180	-	-
				-	-	35,180	-	
Technology & Communication								
Media Times Limited		-	5,000,000	-	-	8,500	-	-
Netsol Technologies Limited	718,400	-	-	99,993	49,879	-	2.37%	0.80%
TRG Pakistan Limited		-	1,000,000	-	-	29,600	-	-
				99,993	49,879	38,100	2.37%	
Textile Composite								
Gul Ahmad Textile Mills Limited		1,000,000	-	51,742	46,170	-	2.19%	0.28%
Kohinoor Textile Mills Limited		250,000	-	13,103	11,270	-	0.53%	0.08%
Nishat Chunian Limited		1,500,500	3,000,000	92,813	72,894	137,310	3.46%	0.62%
				157,658	130,334	137,310	6.18%	
Transport								
Pakistan International Bulk Terminal Limited		-	1,000,000	-	-	14,950	-	-
				-	-	14,950	-	
				1,903,055	1,483,399	1,682,761	70.32%	
Unrealised loss on quoted shares				(419,656)				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

10.3.1.1 2.503 million shares (2017: Nil) of Aisha Steel Mills Limited having market value of Rs. 26.282 million (2017: Nil) as at December 31, 2018, 0.25 million shares of United Bank Limited (2017: Nil) having market value of Rs. 30.66 million as at December 31, 2018 and 0.2 million shares of International Steels Limited (2017: Nil) having market value of Rs. 13.154 million as at December 31, 2018 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

10.3.1.2 0.1 million shares (2017: Nil) of Lucky Cement Limited having a market value of Rs. 43.467 million (2017: Nil) as at December 31, 2018 have been pledged with MCB Bank Limited as collateral against running finance facility obtained from the bank.

10.3.1.3 4.5 million shares (2017: Nil) of Bank Alfalah Limited having a market value of Rs. 182.655 million (2017: Nil) as at December 31, 2018, have been pledged with National Bank of Pakistan Limited as collateral against running finance facility obtained from the bank.

10.3.1.4 0.05 million shares (2017: Nil) of United Bank Limited having a market value of Rs. 6.132 million (2017: Nil) as at December 31, 2018, have been pledged with Bank Al-Habib Limited as collateral against running finance facility obtained from the bank.

10.3.2 Mutual Funds

		Number of Units		Carrying Value	Market Value	
Name of fund	Note	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-18	31-Dec-17
----- Rupees '000'-----						
HBL Money Market Fund		-	239,712	-	-	25,007
NAFA Government Securities Liquid Fund	10.3.2.1	279,573	260,170	2,910	2,849	2,713
NAFA Money Market Fund		-	3,600,238	-	-	36,452
Carrying Cost as at December 31, 2018				<u>2,910</u>	<u>2,849</u>	<u>64,172</u>
Market Value as at December 31, 2018				<u>2,849</u>		
Unrealised loss on mutual funds				(61)		

10.3.2.1 223,871 units (December 31, 2017: 223,871 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.281 million (December 31, 2017: Rs. 2.334 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

10.4 Loans and receivables	Note	2018	2017
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Deposits maturing within one month	10.4.1	<u>3,000</u>	<u>3,000</u>

10.4.1 Term Deposit Receipts carry mark-up at 8.00% (2017: 5.25%) per annum and are due to mature on January 21, 2019.

11 TRADE AND OTHER RECEIVABLES	Note	2018	2017
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Amounts due from other insurers / reinsurers - Discontinued Operations	11.1	-	2,465
Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
Dividend receivable		-	3,875
Sundry receivables	11.2	38,366	4,496
		<u>43,772</u>	<u>16,242</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

11.1 Amounts due from other insurers / reinsurers - unsecured

	Note	2018 ----- (Rupees in '000)	2017 -----
Considered good			
- Foreign		-	542
- Local		-	1,923
Considered doubtful		2,129	74
		<u>2,129</u>	<u>2,539</u>
Provision against amounts due from other insurers / reinsurers		(2,129)	(74)
		<u>-</u>	<u>2,465</u>

11.2 Sundry receivables

Profit on bank deposits			
- Savings accounts		16	5
- Term deposits		7	1
Others	11.3	36,950	3,032
Receivable from related party	11.4	1,393	1,458
		<u>38,366</u>	<u>4,496</u>

11.3 This amount includes security deposit receivable from National Clearing Company Limited against exposure and mark to market loss amounting Rs. 33.9 million. The amount has been subsequently received by the company.

11.4 This includes amount receivable from related party in respect of advisory services provided.

12 ADVANCES AND SHORT-TERM PREPAYMENTS

Advances and deposits		2,075	2,313
Prepayments		1,141	934
Club Membership - employees (related party)		75	292
		<u>3,291</u>	<u>3,539</u>

13 CASH AND BANK BALANCES

Cash in hand		22	36
Current and other accounts			
Current accounts		7,500	213
Savings accounts	13.1	2,048	5,020
		<u>9,548</u>	<u>5,233</u>
		<u>9,570</u>	<u>5,269</u>

13.1 These balances are placed under mark-up arrangement with mark-up ranging between 3.35% to 8.00% (December 31, 2017: 2.78% to 4.00%) per annum

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

13.2 Cash and cash equivalents

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

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
- Cash and bank balances	13	9,570	5,269
- Short term borrowing	19	(211,800)	-
- Term deposit receipts	10.4	3,000	3,000
		<u>(199,230)</u>	<u>8,269</u>

14 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
58,377,722	58,377,722	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	583,777	583,777
<u>58,627,722</u>	<u>58,627,722</u>		<u>586,277</u>	<u>586,277</u>

14.1 As at December 31, 2018, related parties hold 39,262,826 (2017: 39,682,826) ordinary shares of Rs. 10 each.

14.2 As at December 31, 2018, Dawood Corporation (Private) Limited holds 62.03% (2017: 62.03%) holding in Cyan Limited.

15 RESERVES

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Capital reserves			
- Reserve for exceptional losses	15.1	10,535	10,535
- Capital gain reserve	15.2	2,553	2,553
		<u>13,088</u>	<u>13,088</u>
Revenue reserve			
- General reserve		120,000	120,000
		<u>133,088</u>	<u>133,088</u>

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

15.2 The reserve for capital gains is specific purpose reserve created to provide for possible losses on exceptional capital losses which the Directors do not consider to be available for dividend distribution.

16 DEFERRED LIABILITY

16.1 Defined Benefit Plan

As explained in note 5.11.2 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, 2018. The principal actuarial assumptions used for the purpose of the valuation were as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Principal actuarial assumptions

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

	2018	2017
a. Valuation discount rate	13.75%	9.25%
b. Salary increase rate	13.75%	9.25%
c. Average expected service length of employees (in years)	3.7	4.10

d. Assumption regarding future mortality experience are based on actuarial recommendations and published statistics. The rates assumed are based on the SLIC 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.

16.2 The amount recognised in the statement of financial position is determined as follows:

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Present value of defined benefit obligation	15,281	12,237
16.3 Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	15,281	12,237
Net actuarial gains / (losses) not recognised	-	-
Balance at the end of the year	15,281	12,237
16.4 Movement in present value of defined benefit obligation		
At January 1	12,237	10,528
Current service cost	2,458	2,224
Interest expense / (income)	1,272	1,058
	15,967	13,810
Remeasurements:		
- Gain from change in demographic assumptions	-	54
- Gain from change in financial assumptions	81	(27)
- Experience adjustments	(528)	(698)
	(447)	(671)
Benefit payments	(239)	(902)
At December 31	15,281	12,237

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

16.5 Movement in net liability / (asset) in the statement of financial position

	2018	2017
	----- (Rupees in '000) -----	
Opening balance of net liability / (asset)	12,237	10,528
Charge for the year	3,730	3,282
Contributions made by the Company	(239)	(902)
Net remeasurement (gain) / loss for the year	(447)	(671)
Closing balance of net liability	15,281	12,237

16.6 Amounts recognised in profit or loss

Current service cost	2,458	2,224
Net interest income	1,272	1,058
	3,730	3,282

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

	2018			2017		
	Impact on defined benefit obligation - increase / (decrease)			Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	----- (Rupees in '000) -----					
Discount rate	+ / (-) 100 bps	13,507	(17,371)	+ / (-) 100 bps	10,719	(14,047)
Salary increase rate	+ / (-) 100 bps	17,378	(13,469)	+ / (-) 100 bps	14,052	(10,686)

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.

16.8 The weighted average duration of the defined benefit obligation is 13 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

At December 31, 2018	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	837	960	3,446	656,694	661,937

16.9.1 Historical information

	2018	2017	2016	2015	2014
	----- Rupees in '000 -----				
Defined benefit obligation	15,281	12,237	10,528	8,369	9,377
Fair value of plan assets	-	-	-	-	-
(Surplus) / Deficit	15,281	12,237	10,528	8,369	9,377
Remeasurement (Gain) / Loss on obligation	(447)	(671)	(1,314)	(645)	3,033
Remeasurement (Gain) / Loss on plan assets	-	-	-	-	-
	(447)	(671)	(1,314)	(645)	3,033

- 16.9.2 Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 4.91 million as per the actuarial valuation report of the Company as of December 31, 2018.

The disclosure made in notes 16.1 to 16.9.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2018.

17	DEFERRED TAXATION	Note	2018 ----- (Rupees in '000) -----	2017
	Deductible temporary differences			
	Staff gratuity		4,432	3,671
	Leave encashment		283	858
			4,715	4,529
	Taxable temporary differences			
	Revaluation of investments		70,263	48,644
	Accelerated tax depreciation		(927)	(938)
			69,336	47,706
			74,051	52,235
17.1	Reconciliation of deferred tax liability			
	Opening balance		52,235	(13,803)
	Recognised in profit or loss account		21,976	66,240
	Recognised in equity		(160)	(202)
	Closing balance		74,051	52,235
18	TRADE AND OTHER PAYABLES			
	Amounts due to other insurers / reinsurers -			
	Discontinued Operations	18.1	587	587
	Accrued expenses	18.2	4,464	4,836
	Provision for outstanding claims -			
	Discontinued Operations		8,805	8,805
	Payable against purchase of investment - net		23,158	-
	Other creditors and accruals	18.3	1,423	788
	Payable to provident fund		112	-
			38,549	15,016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

18.1 Amounts due to other insurers / reinsurers

This includes amounts due to local companies.

- 18.2 The amount includes balance of compensated absences of key management personnel amounting to Rs. 0.977 million as at December 31, 2018 (2017: Rs. 2.86 million).

18.3 Other creditors and accruals	2018	2017
	----- (Rupees in '000) -----	
Premium refundable to policy holders -		
Discontinued Operations	-	171
Brokerage payable	723	-
Sundry creditors	700	617
	<u>1,423</u>	<u>788</u>
19 SHORT TERM BORROWINGS		
Secured		
Short term running finance	211,800	-
Mark-up accrued	6,346	400
	<u>218,146</u>	<u>400</u>

- 19.1 The Company has running finance facility of Rs. 500 million (December 2017: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 months KIBOR plus 0.65% per annum (December 31, 2017: 3 months KIBOR + 0.65% per annum) and will expire on March 31, 2019. The amount utilised during the year was Rs.1.108 million.
- 19.2 The Company has running finance facility of Rs.1,000 million (December 2017: Rs. 1,000 million) under mark-up arrangement with National Bank of Pakistan. The facility carries mark-up at 3 months KIBOR plus 0.20% per annum (December 31, 2017: 3 months KIBOR + 0.2% per annum) and will expire on May 31, 2019. The amount utilised during the year was Rs.142.540 million.
- 19.3 The Company has running finance facility of Rs.1,000 million (December 2017: Rs. 1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 3 months KIBOR plus 0.25% per annum (December 31, 2017: 1 month KIBOR + 0.25% per annum) and will expire on April 30, 2019. The amount utilised during the year was Rs. 68.151 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

20 CONTINGENCIES AND COMMITMENTS

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

are as follows.

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----	
20.1	Guarantees issued on behalf of the Company by commercial bank	2,800	2,800	
20.2	Matters relating to taxation are given in note 24.2.			
21	RETURN ON INVESTMENTS			
	Held-to-maturity			
	Amortisation on			
	- Treasury bills	3,042	2,532	
	Available-for-sale and held for trading			
	Dividend income:			
	- Related parties	30,250	93,003	
	- Others	63,607	54,068	
		93,857	147,071	
		96,899	149,603	
22	OTHER INCOME			
	Income from financial assets			
	Profit on bank deposits	1,199	343	
	Income from non-financial assets			
	(Loss)/Gain on sale of property and equipment	(23)	899	
	Income from long term loans	351	478	
	Liabilities considered no longer payable written back	121	-	
	Others	24	-	
	Advisory income from related party	10,750	15,805	
		12,422	17,525	
23	OPERATING AND ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	23.1 & 23.2	58,103	46,505
	Levy, cess and insurance		1,362	1,246
	Rent, rates and taxes		8,275	8,273
	Depreciation	7	2,618	2,580
	Amortisation	8	71	129
	Legal and professional charges		2,690	3,628
	Printing and stationery		2,503	2,307
	Utilities		1,073	1,391
	Vehicle running expenses		269	193
	Advertisement, promotion and event expenses		1,108	1,573
	Security guards expenses		1,260	1,129
	Auditor's remuneration	23.3	2,402	2,268
	Entertainment		2,115	2,570
	Travelling and communication expenses		2,922	1,955
	Fees and subscription		3,845	3,750
	Postage and telegram		175	347
	Books and periodicals		14	7
	Repairs, renewal and decoration		1,549	1,461
	Brokerage, commission expense		13,897	9,354
	Bank and settlement charges		1,937	1,783
	Employee training fee		393	203
	Research expense		2,859	2,177
	Other expenses		1,179	1,598
	Provision against doubtful debts		2,055	-
			114,674	96,427

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

23.1 This includes Rs. 3.49 million (2017: Rs. 2.57 million) in respect of Staff provident fund.

23.2 This includes Rs. 3.73 million (2017: Rs. 3.28 million) in respect of employees' gratuity scheme.

23.3 Auditor's remuneration	2018	2017
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Annual audit fee	480	436
Review and certifications	365	301
Taxation services	1,459	1,391
	2,304	2,128
Sindh sales tax on services	68	59
Out of pocket expenses	30	81
	2,402	2,268
24 TAXATION		
Current year	(29,060)	(44,616)
Prior years	-	(23,668)
Deferred	21,976	66,240
	(7,084)	(2,044)

24.1 Tax provision has been made in these financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for the last three years are as follows.

	2017	2016	2015
	----- (Rupees in '000) -----	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Tax provision including effects of prior years	44,616	54,856	118,550
Tax assessed / return filed	28,845	53,067	103,383

24.2 Tax returns have been filed up to the Tax Year 2018 (Accounting year December 31, 2017) 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:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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

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

24.3 Relationship between tax expense and accounting profit

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

25 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives*		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Fees	-	-	1,150	1,450	-	-	1,150	1,450
Managerial remuneration	12,664	11,953	-	-	9,089	7,791	21,753	19,744
House rent, conveyance and other allowances	10,620	7,769	-	-	7,261	5,064	17,881	12,833
Contribution to provident fund	1,588	1,195	-	-	1,141	779	2,729	1,974
	<u>24,872</u>	<u>20,917</u>	<u>1,150</u>	<u>1,450</u>	<u>17,491</u>	<u>13,634</u>	<u>43,513</u>	<u>36,001</u>
Number of persons	1	1	3	4	3	3	7	8

25.1 Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The Chief Executive Officer and an Executive are provided with company paid club memberships.

25.2 Comparative figures have been restated to reflect the changes in the definition of executive as per the Companies Act, 2017.

25.3 *This includes remuneration paid to an executive director amounting to Rs. 7.87 million (2017: Rs. 6.19 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

26 TRANSACTIONS WITH RELATED PARTIES

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

26.1

Name of the related party	Relationship with the Company	Nature of transaction	For the Year Ended	
			December 31, 2018	December 31, 2017
----- (Rupees in '000) -----				
Pebbles (Pvt.) Limited	**Associated Company	Advisory income	10,000	-
Inbox Business Technologies Limited	**Associated Company	Advisory income	750	15,750
Dawood Foundation	**Associated Company	Service charges	201	241
Sach International (Pvt.) Limited	**Associated Company	Service charges	-	990
Dawood Foundation	**Associated Company	Rent paid	8,275	8,273
Dawood Lawrencepur Limited	**Associated Company	Dividend received	8,895	14,825
Dawood Hercules Corporation Limited	Parent Company	Dividend received	6,355	3,178
The Hub Power Company Limited	**Associated Company	Dividend received	15,000	75,000
Dawood Corporation (Pvt.) Limited	**Associated Company	Dividend paid	90,912	90,912
Dawood Industries (Pvt.) Limited	**Associated Company	Dividend paid	9	9
Asian Co-Operative Society	**Associated Company	Dividend paid	1,283	1,283
Hajiani Hanifa Bai Memorial Society	**Associated Company	Dividend paid	2,043	2,043
Pebbles (Pvt.) Limited	**Associated Company	Dividend paid	3,911	3,911
Kulsum Dawood	Non-Executive Director	Dividend paid	1,050	1,050
*Shahzada Dawood	Non-Executive Director	Dividend paid	-	4,469
*Shahzada Dawood	Non-Executive Director	Directors' fee	-	50
Kulsum Dawood	Non-Executive Director	Directors' fee	150	150
Hasan Reza-ur-Rahim	Non-Executive Director	Directors' fee	450	550
Kamran Nishat	Independent Director	Directors' fee	550	700
Sulaiman S. Mehdi	Key Management Personnel	Employee loan recovery	1,116	1,116
Faisal Nadeem	Key Management Personnel	Employee loan recovery	1,214	1,214
Sulaiman S. Mehdi	Key Management Personnel	Prepaid club membership amortised during the year	150	150
Faisal Nadeem	Key Management Personnel	Prepaid club membership amortised during the year	67	100
Cyan Limited Staff Provident Fund	**Associated Company	Contribution to provident fund	3,459	2,569
Cyan Limited Employees' Gratuity Scheme	**Associated Company	Charge for staff retirement gratuity scheme	3,730	3,282

Key management personnel of the Company comprise of the Directors, Chief Executive Officer and Executives. Their remuneration has been disclosed in note 26 to the financial statements

* The said individual is no more a Non-executive Director

**The holding in the said associated companies is null

26.2 Balances outstanding at December 31

Name of the related party	Relationship with the Company	Nature of transaction	For the Year Ended	
			December 31, 2018	December 31, 2017
----- (Rupees in '000) -----				
Sulaiman S. Mehdi	Key Management Personnel	Employee loan to Chief Executive Officer	1,940	2,960
Faisal Nadeem Mangrora	Key Management Personnel	Employee loan to Chief Financial Officer	6,544	7,503
Pebbles (Pvt.) Limited	Associated Company	Receivable in respect of advisory income	1,393	610
Inbox Business Technologies Limited	Associated Company	Receivable in respect of advisory income	-	848
Dawood Foundation	**Associated Company	Receivable in respect of utilities and car parking	117	321
Dawood Foundation	**Associated Company	Security deposit with related party	1,740	1,740

**The holding in the said associated company is nil

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

27 FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2018, 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, 2018 -----					
	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
----- Rupees in '000 -----					
Financial assets					
Loans to employees	8,484	-	-	-	8,484
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	43,772	-	-	-	43,772
Advances	2,075	-	-	-	2,075
Cash and bank balances	9,570	-	-	-	9,570
Investments	3,000	44,979	574,719	1,486,248	2,108,946
	69,401	44,979	574,719	1,486,248	2,175,347

----- As at December 31, 2018 -----			
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
----- Rupees in '000 -----			
Financial liabilities			
Deferred liability	-	15,281	15,281
Trade and other payables	-	38,549	38,549
Unclaimed dividend	-	32,599	32,599
Short term borrowings	-	218,146	218,146
	-	304,575	304,575

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

Financial liabilities

Deferred liability
Trade and other payables
Unclaimed dividend
Short term borrowings

----- As at December 31, 2017 -----		
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
----- Rupees in '000 -----		
-	12,237	12,237
-	15,016	15,016
-	30,671	30,671
-	400	400
-	58,324	58,324

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

28.1 Risk management framework

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

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

28.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held thereagainst are stated in note 10.2.1, 10.2.2 and 10.2.3 to these financial statements. Investments amounting to Rs: 44.979 million (2017: Rs: 44.643 million) relate to Government Securities and are not considered as exposed to credit risk due to government guarantee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

28.2.1 Exposure to credit risk

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

Financial assets	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Long term loan	28.2.1.4	8,484	10,463
Long term deposits		2,500	2,500
Trade and other receivables	28.2.1.1	43,772	16,242
Advances		2,075	2,605
Bank balances	28.2.1.3	9,548	5,233
Investments		3,000	3,000
		<u>69,379</u>	<u>40,043</u>

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

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	----- (Rupees in '000) -----					
Not past due	38,366	-	38,366	8,371	-	8,371
Past due but not impaired	5,406	-	5,406	7,871	-	7,871
Past due and impaired	2,129	(2,129)	-	74	(74)	-
	<u>45,901</u>	<u>(2,129)</u>	<u>43,772</u>	<u>16,316</u>	<u>(74)</u>	<u>16,242</u>

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

	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Foreign	-	542
Domestic	-	1,923
	<u>-</u>	<u>2,465</u>

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

2018	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	2,025
Bank Islami Pakistan Limited	A-1	A+	PACRA	13
Summit Bank Limited	A-3	BBB-	PACRA	10
Bank Al Falah Limited	A-1+	AA+	PACRA	7,500
Bank AL Habib Limited	A-1+	AA+	PACRA	-
MCB Bank Limited	A-1+	AAA	PACRA	-
National Bank of Pakistan	A-1+	AAA	PACRA	-
				<u>9,548</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

2017

	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	1,205
Bank Islami Pakistan Limited	A-1	A+	PACRA	11
Summit Bank Limited	A-1	A-	JCR - VIS	10
Bank Al Falah Limited	A1+	AA+	PACRA	17
Allied Bank Limited	A1+	AA+	PACRA	24
Bank AL Habib Limited	A1+	AA+	PACRA	3,753
MCB Bank Limited	A1+	AAA	PACRA	199
National Bank of Pakistan	A1+	AAA	PACRA	14
				5,233

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

28.3 Liquidity risk

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

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

	2018					
	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	15,281	15,281	-	-	-	(15,281)
Trade and other payables	38,549	38,549	(38,549)	-	-	-
Short term borrowings	218,146	218,146	(218,146)	-	-	-
Unclaimed dividend	32,599	32,599	(32,599)	-	-	-
	304,575	304,575	(289,294)	-	-	(15,281)

	2017					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
	(Rupees in '000)					
On balance sheet financial liabilities and others						
Deferred liability	12,237	12,237	-	-	-	(12,237)
Trade and other payables	45,687	45,687	(45,687)	-	-	-
Short term borrowings	400	400	(400)	-	-	-
Unclaimed dividend	30,671	30,671	(30,671)	-	-	-
	88,995	88,995	(76,758)	-	-	(12,237)

28.4 Market risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

28.4.1 Interest rate risk

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

	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2018	2017	2018	2017
Financial Assets				
Fixed rate instruments				
- Government Securities	44,979	44,643	8.74%	5.96%
- TDR	3,000	3,000	8.00%	5.25%
Variable rate instruments				
- Saving accounts	2,048	5,020	3.35% to	2.78% to
- Short term deposits	-	-	8.00%	4.00%

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 or loss account and equity of the Company.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would increase or decrease net assets by Rs. 0.005 million (2017: Rs. 0.013 million). The analysis assumes that all other variables remain constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

28.4.1.1 Maturity profile of financial assets and liabilities

2018						
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	6.00%	-	2,330	6,154	-	8,484
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	2,075	2,075
Investments	8.00% to 8.74%	47,979	-	-	2,060,967	2,108,946
Trade and other receivables		-	-	-	43,772	43,772
Cash and bank balances	3.35% to 8.00%	2,048	-	-	22	2,070
		50,027	2,330	6,154	2,109,336	2,167,847
Financial liabilities						
Deferred liability		-	-	15,281	-	15,281
Trade and other payables		-	-	-	38,549	38,549
Unclaimed dividend		-	-	-	32,599	32,599
Short term borrowings		-	-	-	218,146	218,146
		-	-	15,281	289,294	304,575
On-balance sheet gap (a)		50,027	2,330	(9,127)	1,820,042	1,863,272
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		50,027	2,330	(9,127)	1,820,042	1,863,272
Cumulative interest rate sensitivity gap		50,027	52,357	43,230		

2017						
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	6.00%	699	1,631	8,133	-	10,463
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	2,605	2,605
Investments	5.25% to 5.96%	3,000	44,643	-	2,393,247	2,440,890
Trade and other receivables		-	-	-	16,242	16,242
Cash and bank balances	2.78% to 4.00%	5,020	-	-	36	5,056
		8,719	46,274	8,133	2,414,630	2,477,756
Financial liabilities						
Deferred liability		-	-	-	12,237	12,237
Trade and other payables		-	-	-	15,016	15,016
Unclaimed dividend		-	-	-	30,671	30,671
Short term borrowings		-	-	-	400	400
		-	-	-	58,324	58,324
On-balance sheet gap (a)		8,719	46,274	8,133	2,356,306	2,419,432
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		8,719	46,274	8,133	2,356,306	2,419,432
Cumulative interest rate sensitivity gap		8,719	54,993	63,126		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

28.4.2 Equity price risk

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

In case of 5% increase / decrease in KSE 100 index on December 31, 2018, net profit for the year would increase / decrease by Rs. 88.748 million (2017: Rs. 28.300 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, 2018 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

28.4.3 Foreign currency risk

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

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

The table below analyses financial instruments carried at fair value, by valuation method.

For the year ended December 31, 2018

ASSETS	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	1,682,761	-	-	1,682,761
- Mutual fund units	64,172	-	-	64,172
Investment in securities - financial assets available for sale				
- Quoted shares	646,314	-	-	646,314

There were no transfers between levels 1, 2 and 3 during the year.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

31	LOSS PER SHARE – basic and diluted	2018	2017
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
	Net loss for the year attributable to ordinary shareholders	<u>(218,086)</u>	<u>(537,901)</u>
		----- (Number of shares) -----	----- (Number of shares) -----
	Weighted average number of ordinary shares outstanding during the year	<u>58,627,722</u>	<u>58,627,722</u>
		----- (Rupees) -----	----- (Rupees) -----
	Basic loss per share	<u>(3.72)</u>	<u>(9.17)</u>

32 PROVIDENT FUND RELATED DISCLOSURES

The Company has contributory provident fund scheme for the benefit of all its permanent employees under the title of "Cyan Limited Staff Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

The following information is based on the latest unaudited financial statements of the Fund for the half year ended December 31, 2018:

	2018	2017
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Size of the fund - Total assets	<u>32,979</u>	<u>24,927</u>
Cost of investments made	<u>32,982</u>	<u>24,873</u>
Percentage of investments made	<u>100.0%</u>	<u>99.78%</u>
Fair value of investments	<u>32,960</u>	<u>24,873</u>

32.1 The break-up of fair value of investments is

	2018		2017	
	(Rupees in '000)	-----%----	(Rupees in '000)	-----%----
Treasury Bills	30,484	92%	-	0%
Cash and Bank deposits	2,476	8%	24,873	100%

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

33 NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at December 31, 2018 and 2017 respectively are as follows:

	2018 No. of employees	2017
Average number of employees during the year	18	15
Number of employees as at December 31	19	15

34 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year.

Due to the revision in Fourth Schedule to the Companies Act, 2017 unclaimed dividend amounting to Rs. 32.59 million (2017: Rs. 30.67 million) which was classified under creditors, accrued expenses and other liabilities has now been reclassified and shown separately on the face of statement of financial position. Further, accrued mark-up amounting to Rs. 6.346 million (2017: Rs. 0.4 million) which were presented separately on the statement of financial position has been reclassified and shown as part of short term borrowings. As a result of these re-classifications, the statement of financial position as at December 31, 2017 and December 31, 2016 has been restated in accordance with the requirements of International Financial Reporting Standards (International Accounting Standard 1 "Presentation of Financial Statements").

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 18, 2019 by the Board of Directors of the Company.

Faisal Nadeem
Chief Financial Officer

Sulaiman S. Mehdi
Chief Executive

Kamran Nishat
Director

PATTERN OF SHAREHOLDING

The Companies Act, 2017 (Section 227 (2) (f))

Cyan Limited

Pattern of holding of the shares held by the Shareholders as at December 31, 2018

Number of Shareholders	Shareholdings' Slab			Total Shares Held
300	1	to	100	5,096
319	101	to	500	132,810
330	501	to	1000	312,602
499	1001	to	5000	1,330,357
120	5001	to	10000	914,275
55	10001	to	15000	679,159
31	15001	to	20000	560,743
19	20001	to	25000	424,944
17	25001	to	30000	485,583
9	30001	to	35000	295,250
10	35001	to	40000	379,309
4	40001	to	45000	169,836
6	45001	to	50000	293,071
3	50001	to	55000	156,963
4	55001	to	60000	238,058
5	65001	to	70000	337,949
2	70001	to	75000	140,653
2	75001	to	80000	156,704
1	80001	to	85000	81,188
1	85001	to	90000	88,500
1	90001	to	95000	93,744
1	95001	to	100000	100,000
1	100001	to	105000	104,200
1	105001	to	110000	106,000
2	110001	to	115000	223,697
1	115001	to	120000	117,500
1	120001	to	125000	124,000
1	170001	to	175000	172,071
1	190001	to	195000	190,500
1	415001	to	420000	420,000
1	495001	to	500000	500,000
1	510001	to	515000	513,330
1	815001	to	820000	817,000
1	1560001	to	1565000	1,564,383
1	1775001	to	1780000	1,777,603
1	1780001	to	1785000	1,780,097
1	1785001	to	1790000	1,787,511
1	4685001	to	4690000	4,688,356
1	36360001	to	36365000	36,364,680
1,757				58,627,722

PATTERN OF SHAREHOLDING

The Companies Act, 2017 (Section 227 (2) (f))

S.No.	Categories of Shareholders	Share held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	5,108,356	8.71%
2	Associated Companies, undertakings and related parties.	39,262,826	66.97%
3	NIT and ICP	570	0.00%
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	22,042	0.04%
5	Insurance Companies	21,658	0.04%
6	Modarabas and Mutual Funds	1,194	0.00%
7	Shareholders holding 10% or more	36,364,680	62.03%
8	General Public		
	a. Local	13,590,351	23.18%
	b. Foreign	1,005	0.00%
9	Others		
	Foreign Companies	81,500	0.14%
	Others	538,220	0.92%

PATTERN OF SHAREHOLDING

The Companies Act, 2017 (Section 227 (2) (f))

Disclosure Requirement under Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG) as on December 31, 2018

S.No.	Categories of Shareholders	Shares Held	Percentage
1.	Directors and their spouse(s) and minor children		
	Hussain Dawood	4,688,356	8.00%
	Kulsum Dawood	420,000	0.72%
2.	Associated Companies, undertakings and related parties		
	Dawood Industries (Pvt.) Ltd.	3,433	-
	Dawood Corporation (Pvt.) Ltd.	36,364,680	62.03%
	Hajiani Hanifa Bai Memorial Society	817,000	1.39%
	Asian Co-Operative Society Ltd.	513,330	0.88%
	Pebbles (Pvt) Limited	1,564,383	2.67%
3.	NIT & ICP		
	Investment Corporation of Pakistan	40	-
	IDBL (ICP Unit)	530	-
4.	Public Sector Companies and Corporations	38,805	0.07%
5.	Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	43,700	0.07%
6.	Mutual Funds		
	M/S Growth Mutual Funds Ltd.	1,194	-
7.	General Public		
	a. Local	13,590,351	23.18%
	b. Foreign	1,005	-
8.	Others	580,915	0.99%
Totals		58,627,722	100%
Share holders holding 5% or more voting rights		Shares Held	Percentage
	Dawood Corporation (Pvt.) Ltd.	36,364,680	62.03%
	Hussain Dawood	4,688,356	8.00%

GLOSSARY

Abbreviation	Description
AuM	Assets under Management
AGM	Annual General Meeting
BOD	Board of Directors
BIC	Board Investment Committee
BAC	Board Audit Committee
BHR & RC	Board HR & Remuneration Committee
CEO	Chief Executive Officer
CS	Company Secretary
CFO	Chief Financial Officer
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 18	Calendar Year 2018
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 harddrive
FY 18	Fiscal Year 2018
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource
1H FY18	First Half Year 2018
2H CY 18	Second Half Calendar Year 2018
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

Abbreviation	Description
IFAC	International Federation of 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

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے اہل ہونے کے باعث 59 ویں سالانہ اجلاس عام میں اپنی تقرری کی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2019 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

پاک چین اقتصادی راہداری (CPEC) کا خواب اب ایک حقیقت بن کر سامنے آ رہا ہے اور اس کے ساتھ ہی پاکستانی معیشت بھی بہتری کی راہ پر گامزن ہے۔ کاروباری برادری خاصی پُر امید ہے اور مجموعی طور پر معاشی سرگرمی میں مزید بہتری آئی ہے۔ کمپنی سرگرمی سے پورٹ فولیو مینجمنٹ اور کارپوریٹ فنانس ایڈوائزری بزنس کر رہی ہے اور آئندہ آثار مثبت نظر آتے ہیں۔ مینجمنٹ ٹیم اپنے سی ای او کی قیادت میں اپنے حصص یافتگان کو بہترین رسک ایڈجسٹ منافع فراہم کرنے کے لئے پُر عزم 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 اور انتھک محنت کے لئے ان کی کاوشوں کو سراہتے ہیں۔ بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کو بھی ان کے تعاون اور رہنمائی کے لئے خراج تحسین پیش کرتا ہے۔

منجانب بورڈ

سلیمان ایس مہدی

سی ای او

حسن رضا الرحیم

چیئر مین

کراچی 118 فروری، 2019

کاروباری اور مالیاتی رپورٹنگ کا دائرہ کار

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

(b) کمپنی نے کمپنیز ایکٹ، 2017 کی ضروریات کے مطابق کھاتوں کی کتابیں باقاعدہ طور پر مرتب کی ہیں۔

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

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

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

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

(g) کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے بہترین طریقہ کار پر عمل درآمد کیا ہے اور اس سے کسی بھی قسم کا مادی انحراف نہیں ہے۔

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

(i) کمپنی کے پاس موجود پروویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون 2018 تک 28.09 ملین ہے۔

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

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

ملکیت

31 دسمبر 2018 تک کمپنی کے ریکارڈز پر حصص یافتگان کی تعداد 1,757 تھی۔

حصص یافتگی کی ساخت

31 دسمبر 2018 تک کمپنی کی حصص یافتگی کی ساخت بمعہ ضروری معلومات اس رپورٹ کے اختتام پر دستیاب ہے۔

5	5	کامران نشاط (چیئر مین)
5	5	شفیق احمد (ممبر)
2	5	انعام الرحمان (ممبر)

بورڈ انویسٹمنٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
2	2	حسن رضا الرحیم (چیئر مین)
2	2	انعام الرحمن (ممبر)
2	1	شفیق احمد (ممبر)

بورڈ HR اور مشاہیرہ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
2	2	کامران نشاط (ممبر)
2	2	حسن رضا الرحیم (چیئر مین)
2	1	انعام الرحمن (ممبر)

ضابطہ اخلاق

دوران سال، بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لئے ایک ضابطہ اخلاق اختیار کیا ہے اور لیمٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 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۔

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 سر بمبر بکس میں مرتب رکھنے کے فرائض انجام دیتا ہے۔ اس مقام پر ہر بکس اور کیبنٹ بار کوڈ ہے جس سے بھرپور اور مؤثر تلاش میں مدد ملتی ہے۔

بورڈ کے اجلاس

زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے جن کی صدارت چیئرمین اور ان کی غیر موجودگی میں بورڈ کی جانب سے منتخب کردہ ڈائریکٹر نے کی۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 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:

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
6	5	حسن رضا الرحیم (چیئرمین/ڈائریکٹر)
6	3	کلثوم داؤد (ڈائریکٹر)
6	6	کامران نشاط (ڈائریکٹر)
6	4	انعام الرحمن (ڈائریکٹر)
6	4	شفیق احمد (ڈائریکٹر)
6	6	سلیمان ایس مہدی (سی ای او/ڈائریکٹر)
6	6	فیصل ندیم مانگرویا (ڈائریکٹر)

بورڈ آڈٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد
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بورڈ کی تشکیل درج ذیل ہے:

قسم	نام
آزاد ڈائریکٹر	کامران نشاط
ایگزیکٹو ڈائریکٹر	سلیمان ایس مہدی فیصل ندیم مانگرویا
نان ایگزیکٹو ڈائریکٹر	کلثوم داؤد انعام الرحمان حسن رضا الرحیم شفیق احمد

بورڈ آف ڈائریکٹرز کے ممبران کے درمیان مفادات کا تصادم

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

CEO کی کارکردگی کا جائزہ

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 ریفرنڈم پالیسی

کمپنی نے اپنے 51 ویں سالانہ اجلاس عام منعقدہ 30 اپریل، 2011 میں کمپنی کے دستور کے آرٹیکل 78(a) کی ضروریات کی تکمیل میں بورڈ کے اجلاس اور بورڈ کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کے معاوضے (گروپ ایگزیکٹو کے علاوہ) کی منظوری دی تھی۔

ڈائریکٹرز کی تربیت کے پروگرام

تمام سات ڈائریکٹرز کم از کم 14 سالہ تعلیم کے حامل ہیں۔ تمام ڈائریکٹرز نے لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریکیولیشنز، 2017 میں مقرر کردہ ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن حاصل کر لی ہے۔

غیر اخلاقی رویوں کی ہمارے کاروبار میں کوئی گنجائش نہیں ہے۔ تمام ملازمین کو ہمیشہ کمپنی کے حصص یافتگان کے مفاد کے لئے کام کرنا چاہئے اور کسی بھی ملازم کو نہ تو کوئی غیر قانونی و غیر اخلاقی کام خود کرنا چاہئے اور نہ ہی کسی دوسرے ملازم کو اس کی ہدایت اور ترغیب دینی چاہئے۔

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

Cyan نے سال 2018 کے دوران ٹیکسوں کی شکل میں قومی خزانے میں 121.50 ملین روپے کا خاصا بڑا حصہ ڈالا ہے۔

کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 02 جنوری، 2019 کو سیان لمیٹڈ (CL) کی اینٹی ریٹنگ A/A-1 (A/A-one) کی دوبارہ توثیق کی ہے۔ ریٹنگ کے آثار ”مستحکم“ ہیں۔

متعلقہ فریقین سے لین دین

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

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے جو درج ذیل ہے:

(a) مرد: 06

(b) خواتین: 01

بچوں کی فلاح و بہبود

ثقافتی ورثہ کا تحفظ

امدادی سرگرمیاں

توانائی کی بچت

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

پیشہ ورانہ صحت، تحفظ اور ماحول کی حفاظت

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

سماجی تعاون اور فلاح و بہبود کی اسکیمیں

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

کاروباری مراسم

کاروباری مراسم استعداد، پیداواریت اور مناسب کام کے فروغ میں مدد دیتے ہیں۔ سرمایہ کاران کے ساتھ شراکت کارانہ اور باہمی احترام پر مبنی تعلقات اور اضافی تعاون پیداواریت اور باہمی اعتماد میں اضافہ کرتے ہیں جس سے ناپسندیدگی اور استحصال میں کمی آتی ہے۔ اس سال دیگر اداروں کے ساتھ کرکٹ میچز کی صورت میں تفریحی اور تحرکی سرگرمیاں منعقد کی گئیں۔

ملازمت برائے خصوصی افراد

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

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

کاروبار کو ایمانداری، دیانتداری اور اعلیٰ ترین اخلاقی اور قانونی معیارات کے مطابق چلانا کمپنی کی اساسی پالیسی ہے۔ کسی بھی قسم کے

اضافے کے شعبہ جات پر استوار ہوتی ہے۔ تربیت اور ہیومن ریسورسز ڈویلپمنٹ ہمیشہ کمپنی کے لئے نہایت اہمیت کے حامل رہے ہیں۔ کمپنی میں HR کے رہنما اصول اس طریقے سے وضع کئے گئے ہیں جو ہمیشہ عملے کے ارکان کو معقول معاوضے، حوصلہ افزائی کا احساس اور ترغیب فراہم کرتے ہیں۔

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

انٹرل کنٹرول

انٹرل کنٹرول کے لائحہ عمل کا اطلاق بورڈ کی جانب سے قائم کردہ ایک خود مختار اندرونی انٹرل آڈٹ فنکشن کے ذریعے مؤثر انداز سے کیا گیا ہے جو ایکسٹرل آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا انٹرل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس کی فعالیت اور موزونیت کی تسلسل کے ساتھ جانچ کی جاتی ہے۔ آڈٹ کمیٹی نے آپریشنل، کمپلائنس، رسک مینجمنٹ، فنانشل رپورٹنگ اور کنٹرول کے مقاصد کے حصول اور کمپنی کے تمام تر اثاثوں اور کمپنی کے درمیان ہر سطح پر حصص یافتگان کے سرمائے کی حفاظت کو یقینی بنایا ہے۔ انٹرل آڈٹ فنکشن نے کمیٹی کے مقرر کردہ منشور کے مطابق اپنے فرائض انجام دیئے ہیں۔ کمپنی نے انٹرل 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۔ ایکسٹرل اور انٹرل 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 اخلاقی ذمہ داری ہے جس پر اس کی پوری روح کے مطابق پیروی اور عمل درآمد کیا جانا چاہئے۔ Cyan اس بات پر پختہ یقین رکھتی ہے کہ اس کی مالی کامیابی کے لئے اس کی ماحولیاتی اور سماجی کارکردگی میں اضافہ ناگزیر ہے۔ کمپنی ہمیشہ مہارت، بہتر تنظیم، شفافیت، دیانتداری اور احتساب کی روایات پر زور دیتی ہے۔ ہم نے اپنا CSR پروگرام درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے جاری رکھا ہوا ہے:

تعلیم

صحت کا شعبہ

سماجی بہبود

ذریعے راست قدر پرائیویٹ پر اس رسک کا سامنا ہو سکتا ہے۔ ایکویٹی سکیورٹیز میں سرمایہ کاریوں سے پیدا ہونے والے پرائس رسک کا انتظام کرنے کے لئے کمپنی اپنے پورٹ فولیو کو کمزوروں اسٹاکس کے درمیان متنوع بناتی ہے۔

قادر 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، اپنے ہر اجلاس عام میں حصص یافتگان کی بھرپور شرکت کی حوصلہ افزائی کرتی ہے اور بہتر انتظام کاری اور عملیاتی انتظام سے متعلق ان کے خیالات کی قدر کرتی ہے۔ کمپنی جہاں بھی کام کرتی ہے اپنے حصہ داران کے متعلق اپنی قانونی اور اصلاحی ذمہ داریوں سے بخوبی آگاہ ہے اور کمپنی سے وابستہ ان کے مفادات کے حقیقت پسندانہ منظر کو سامنے رکھتے ہوئے ان کی توقعات پر بروقت پورا کرنے کے لئے مناسب اقدامات کرتی ہے۔

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

انفارمیشن ٹیکنالوجی

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

ہیومن ریسورسز ڈویلپمنٹ، ٹریننگ اور 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 نچ مارک سروے کا استعمال کرتے ہوئے ادارے کی تنظیمی ساخت اور افادیت کو مزید مستحکم کیا جاتا ہے۔

عملے کی تربیت کا عمل پورا سال تسلسل سے جاری رہتا ہے جس کی بنیاد تربیت کی ضروریات کی تشخیص بالخصوص معلومات اور مہارتوں میں

کریڈٹ رسک

کریڈٹ رسک فریق ثانی کے معاہدے کے مطابق کارکردگی دکھانے میں ناکامی کے نقصان کی عکاسی کرتا ہے۔ کمپنی کا کریڈٹ رسک خاص طور پر بینک کے ساتھ ڈپازٹس، ملازمین کو دیئے گئے قرضوں، میوچل فنڈز میں سرمایہ کاریوں اور تجارت اور دیگر قابل حصولی اثاثہ جات سے پیدا ہوتا ہے۔ بینکوں اور مالیاتی اداروں کے لئے انتظامیہ معروف اداروں کے ساتھ ڈپازٹس رکھتی ہے۔ میوچل فنڈز میں سرمایہ کاری کے لئے انتظامیہ اعلیٰ درجے کے میوچل فنڈز میں اضافی فنڈز رکھتی ہے۔ قابل وصولی ڈیویڈنڈ کے سلسلے میں کریڈٹ رسک قانونی تحفظ کے باعث انتہائی کم ہے۔ لیسڈ سیکورٹیز میں ٹرانزیکشنز پیش کلیرنگ کمپنی آف پاکستان لمیٹڈ کا نظام استعمال کرتے ہوئے ترسیل کے بعد تعین/ ادا کی جاتی ہیں۔ ان ٹرانزیکشنز میں نادر ہندگی 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 ماریٹ 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 پرائس رسک کا سامنا ہے۔

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

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

لکویڈیٹی، نقدی کا بہاؤ اور مالیاتی انتظامات

کمپنی نقدی کے انتظام (Cash Management) کے ایک مؤثر نظام کی حامل ہے جو پر عزم اور اہل ملازمین کی ٹیم کے ذریعے 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 2,500 ملین روپے کی رنگ فننس فیسلٹی بھی موجود ہے جسے اس سال جزوی طور پر استعمال کیا گیا اور جیسے اور جہاں کوئی سرمایہ کاری کا موقع پیدا ہوگا، اسے استعمال کیا جائے گا۔

سرمائے کی ترتیب

گزشتہ سالوں میں کمپنی نے بونس حصص جاری کئے جس سے کمپنی کا ادا شدہ سرمایہ بڑھ کر 586.28 ملین روپے ہو گیا۔ سال کے اختتام تک حصص یافتگان کی رقم 1,834 ملین روپے تھیں، کمپنی کی لکویڈیٹی کی صورت حال سال کے اختتام تک 5 کے حالیہ تناسب کے ساتھ مستحکم ہے۔

رسک مینجمنٹ اور رسک کی تخفیف کے لئے حکمت عملی

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

روپے ملین میں

تبدیلی کی شرح	2017	2018	
(35%)	150	97	سرمایہ کاریوں پر منافع
(168%)	85	229	سرمایہ کاریوں کی فروخت پر (خسارہ/منافع) خالص
(24%)	17	13	دیگر آمدنی
(35%)	252	339	
(38%)	(677)	(420)	غیر موصول شدہ (تخفیف)
(81%)	(425)	(81)	
19%	(96)	(115)	عمل کاری اور انتظامی اخراجات
-	(15)	(15)	مالیاتی چارجز
(61%)	(536)	(211)	(خسارہ) قبل از ٹیکس
50%	(2)	(7)	ٹیکس
(60%)	(538)	(218)	(خسارہ) از ٹیکس
(60%)	(9.17)	(3.72)	(خسارہ) فی حصص - روپے

فی حصص خسارہ

اس سال کمپنی کا فی حصص خسارہ 3.72 روپے رہا جو 2017 میں 9.17 روپے فی حصص تھا۔

تخصیص اور ڈیویڈنڈ

31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے کمپنی کا بعد از ٹیکس خسارہ 218 ملین روپے رہا جبکہ گزشتہ سال کمپنی کا بعد از ٹیکس خسارہ 538 ملین روپے تھا۔ خسارے کے باعث کمپنی نے ڈیویڈنڈ کا اعلان نہیں کیا۔

مقاصد اور کاروباری حکمت عملی

شعبے کی کارکردگی کو مہینہ بلی۔ REITS کے قوانین میں مجوزہ تبدیلیوں اور اضافے کی زیادہ شرح کے باعث REITS کے حصص میں حوصلہ افزاء اضافے کا رجحان سامنے آیا۔

ترسیل میں اضافے کے باوجود سیمنٹ کا شعبہ انڈیکس کی گراوٹ کا باعث بنا جس کی وجہ زیادہ پیداواری لاگت تھی۔ طلب سے زائد فراہمی کے خدشات کے باعث کمپنیوں کو محدود پرائسنگ پاور کا سامنا رہا جس سے ان کے خالص منافع میں کمی آئی۔ بین الاقوامی سطح پر تیل کی کم قیمتوں اور نئے ذخائر کی تلاش نہ ہونے کے باعث E&P کا شعبہ بدستور دباؤ کا شکار رہا۔ ٹیکس نادہندگان (Non-Filers) کے گاڑیاں خریدنے پر پابندی اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے پیداواری لاگت کو خریدار تک منتقل کرنے کی صلاحیت میں کمی کے باعث آٹو مو بائل اسمبلر ز کی کارکردگی غیر تسلی بخش رہی۔ اگرچہ سال کے دوران شرح سود میں اضافہ ہوا تاہم کمزور مالیاتی نتائج کے باعث کمرشل بینکس انڈیکس میں گراوٹ کا باعث بنے۔ جس کی وجہ one-off پنشن لائبلٹی اور انڈیکس کے بھاری بینکنگ حصص کی بڑے پیمانے پر فراہمی تھی۔

کمپنی کی کارکردگی

اس سال کمپنی نے بنیادی طور پر اپنا ایکسپوزر پبلک ایکویٹیز کی جانب برقرار رکھا۔ ایکویٹی ایکسپوزر بنیادی میکرو اکنامک اشاروں، بالخصوص زرمبادلہ کے ذخائر اور افراط زر میں مجموعی بہتری کی بنیاد پر متعین کیا گیا۔ زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاریوں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو کو دوبارہ ترتیب دیا گیا۔ اس مقصد کے لئے بینکس، سیمنٹ، ٹیکسٹائل کمپوزٹ اور انجینئرنگ کے شعبوں میں بھاری سرمایہ کاریاں کی گئیں۔ ہمارے ایکویٹی پورٹ فولیو سے ڈیویڈنڈ آمدنی سال 2018 کے دوران 36% کمی کے بعد 94 ملین روپے ہو گئی جبکہ اس کے برعکس سال 2017 میں 147 ملین روپے آمدنی حاصل ہوئی تھی۔ ڈیویڈنڈ آمدنی میں کمی کی بنیادی وجہ HUBCQ کے حصص کی فروخت تھی۔ کمپنی نے اس مدت میں 229 ملین روپے کا موصول شدہ نفع (Realized Capital gain) (85:2017 ملین روپے) اور 420 ملین روپے کا غیر موصول شدہ خسارہ (Unrealized Loss) حاصل کیا جبکہ اس کے برعکس گزشتہ سال کی اسی مدت میں 677 ملین روپے کا غیر موصول شدہ نفع حاصل کیا تھا۔ 2018 کے دوران، ٹیکس کے بعد خسارہ 218 ملین روپے رہا جبکہ گزشتہ سال 538 ملین روپے کا خسارہ رہا تھا۔ 31 دسمبر 2018 اور 2017 کو ختم ہونے والے سالوں کے لئے مالیاتی نکات کا مختصر خلاصہ درج ذیل ہے:

دور سامنے آیا۔ یہ مسلسل چوتھا کیلنڈر سال تھا جب غیر ملکی اصل فروخت کنندہ رہے اور تمام تر لکویڈیٹی مقامی افراد نے ضم کی۔ کیلنڈر سال 2018 میں غیر ملکی سرمائے کا اخراج 537 امریکی ڈالر رہا جو گزشتہ چار سال کی بلند ترین سطح ہے۔ شعبہ جاتی سطح پر اس اخراج کو دیکھا جائے تو پینکس میں اخراج کی بلند ترین سطح (263 امریکی ڈالر) رہی، جس کے بعد E&P میں 148 ملین امریکی ڈالر اور سینٹ میں 73 امریکی ڈالر کا اخراج رہا۔

ہمیں یقین ہے کہ متحدہ عرب امارات اور دیگر دوست ممالک کی جانب سے ملنے والی مالی اعانت مع IMF سے کامیاب مذاکرات موجودہ معاشی مسائل میں بہتری لانے میں معاون ثابت ہوں گے۔ لہذا، حکومت کا اصلاحاتی ایجنڈا جس کا مقصد خود انحصاری پر مبنی معاشی ترقی کا حصول ہے، سرمایہ کاروں کے اعتماد میں اضافے کا باعث بنے گا۔ ہمیں اس بات کا امکان نظر آتا ہے کہ حالیہ کرنی مطابقت کے باعث آئندہ سال میں غیر ملکی سرمایہ کاروں کے فروخت کے رجحان میں کمی واقع ہوگی۔ اس کے علاوہ پالیسی استحکام اور معاشی سمت متعین ہونے کے بعد مقامی سرمائے کی بڑی مقدار اشاک مارکیٹ میں داخل ہونے کی توقع ہے۔ KSE-100 انڈیکس اس وقت 7.89 کے فارورڈ P/E ملٹی پل پر تجارت کر رہا ہے۔ جبکہ اس کا ڈیویڈنڈ منافع 6.38% ہے، جس سے کیلنڈر سال 2019 میں اس کا ممکنہ منافع دوہرے ہندسوں میں ظاہر ہونے کی توقع ہے۔

شعبہ جاتی جائزے

سال 2018 میں سنتھلیک اور رریان، بنا پیتی اور مہتمہ صنعتوں، ٹیکسٹائل اسپننگ، تمباکو اور ریلی اسٹیٹ انویسٹمنٹ ٹرسٹ کے شعبہ جات نے KSE-100 میں توقع سے زیادہ کارکردگی کا مظاہرہ کیا تاہم بدترین کارکردگی ظاہر کرنے والے پانچ شعبہ جات میں لیدر اور ٹینر، آٹوموبائل اسمبلر، انجینئرنگ، انویسٹمنٹ پینکس اور کیبل اور الیکٹریک گڈز شامل تھے۔

تناسب کے اعتبار سے انڈیکس میں مثبت انداز میں حصہ ڈالنے والے شعبوں میں فریلائزر، تمباکو، کیمیکل اور ریلی اسٹیٹ انویسٹمنٹ ٹرسٹ (REITS) شامل تھے جبکہ انڈیکس میں گراؤ کا باعث بننے والے شعبہ جات میں سینٹ، آئل اور گیس ایکپلوریشن، آٹوموبائل اسمبلر ز اور کمرشل پینکس شامل تھے۔

یوریا کی زیادہ قیمت برقرار رکھنے اور مسابقت کاروں کے درمیان کم انوینٹری لیول کے باعث فریلائزر کا شعبہ بدستور فائدہ بخش رہا۔ زبردست منافع کے باعث تمباکو کی صنعت نے مستحکم کارکردگی کا مظاہرہ کیا جس کی بنیادی وجہ بھاری مارکیٹنگ انویسٹمنٹ کے باعث صارفین کو پُرکشش پورٹ فولیو کی پیشکش تھی، بین الاقوامی منافع میں اضافہ چین میں کچھ پلانٹس کے بند ہو جانے کا باعث بنا اور کیمیکل کے

زرمبادلہ کے ذخائر میں 32% کی کمی واقع ہوئی اور کیلنڈر سال 2018 کے اختتام تک زرمبادلہ کے ذخائر 13.8 ارب امریکی ڈالر رہے۔

مزید برآں حکومت پاکستان معدوم ہوتے ہوئے زرمبادلہ کے ذخائر کے مسئلے کے حل کے لئے IMF سے مذاکرات کر رہی ہے اور اس کے ساتھ ساتھ دیگر دوست ممالک سے معاشی امداد پر بھی انحصار کر رہی ہے۔ متحدہ عرب امارات کی حکومت زرمبادلہ کے ذخائر کو سہارا دینے کے لئے 3 ارب امریکی ڈالر کی سہولت کا اعلان کر چکی ہے۔ ہمیں اس بات کا امکان نظر آتا ہے کہ سخت مانیٹری اور مالیاتی پالیسیوں کی بنیاد پر معیشت استحکام کے دور میں داخل ہوگی۔ یہ بھی متوقع ہے کہ حکومت پالیسی اقدامات مزید سخت کرے اور پبلک سیکٹر کے اخراجات میں کمی کا بھی امکان ہے۔ مالی سال 2019 میں مجموعی ترقیاتی پیداوار کی ممکنہ شرح، حکومت کے مقرر کردہ ہدف 6.2% سے بھی کم رہنے کی توقع ہے۔ تاہم یہ استحکام ایک مضبوط بنیاد استوار کرنے کا باعث بنے گی جو مستقبل میں معیشت کے لئے پائیدار معاشی ترقی کے حصول میں معاون ثابت ہوگی۔

اشاک مارکیٹ کا جائزہ کیلنڈر سال 2017 اور کیلنڈر سال 2018 کے آثار

کیلنڈر سال 2018 میں کے ایس ای 100 انڈیکس نے 8.4% (امریکی ڈالر کے اعتبار سے 27%-) کا خسارہ ظاہر کیا۔ یہ اشاک مارکیٹ کی مایوس کن کارکردگی کا دوسرا مسلسل سال تھا۔ تاہم امریکہ، چین، تجارتی جنگ کے کم اثرات کے باعث اس نے اپنے بیشتر ایشیائی حریفوں کی کارکردگی کو پیچھے چھوڑ دیا۔ انڈیکس اپریل 2018 میں 46,638 پوائنٹس کی بلند سطح پر پہنچا اور اکتوبر 2018 میں 36,663 پوائنٹس تک گرا اور 37,067 پوائنٹس پر بند ہوا۔

اس اتار چڑھاؤ کی وجہ عام انتخابات اور ادائیگیوں کے توازن کا بحران تھا۔ اسٹیٹ بینک کے زرمبادلہ کے ذخائر سال کے آغاز میں 14.1 ارب امریکی ڈالر تھے جو دسمبر 2018 تک 4.7 سالانہ کمی کے ساتھ 7.2 ارب امریکی ڈالر ہو گئے۔ اگرچہ چین اور سعودی عرب کی جانب سے ملنے والی مالی امداد نے شریک کاران کے اعتماد میں اضافہ کیا مگر IMF کے ساتھ غیر نتیجہ خیز مذاکرات بے یقینی کی کیفیت لوٹ آنے کا باعث بنے۔

مزید برآں، پاکستان کی FATF کی گرے لسٹ میں شمولیت، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں گراؤ، بلند پالیسی شرح اور MSCI-EM نے سرمائے سے اخراج نے زیر جائزہ سال میں مارکیٹ کی کارکردگی کو متاثر کیا۔

نتیجہ کے طور پر مجموعی سرگرمی میں کمی آئی اور کیلنڈر سال 2018 روزانہ کا اوسط تجارتی حجم کیلنڈر سال 2017 کے 102.5 ملین حصص کے مقابلے میں کم ہو کر 96.6 ملین حصص رہ گیا۔ اسی طرح اوسط روزانہ تجارتی قدر کیلنڈر سال 2018 میں گزشتہ سال کی اسی مدت کے 9.1 ارب روپے یومیہ کے مقابلے میں 6.0 ارب روپے رہی۔ غیر ملکی شرکت بدستور غیر تسلی بخش رہی کیونکہ ملک میں غیر ملکی فروخت کا ایک اور

ہو گئے، جس کا نتیجہ 16% اضافہ سال بہ سال کی صورت میں سامنے آیا۔ اس زبردست کارکردگی کی بنیادی وجوہات میں سازگار شرح سود کا ماحول اور مستحکم میکرو اکنامک پالیسیاں شامل ہیں۔ اہم شعبے جن میں مستحکم اضافہ دیکھنے میں آیا ان میں کاروبار اور تجارت 22%، صنعتی 18%، بجلی گیس اور واٹر سپلائی 13% اضافہ شامل ہیں۔

تاہم توازن ادائیگی کے بحران کے باعث بیرونی سطح پر دباؤ میں اضافہ ہونا شروع ہو گیا ہے۔ مالی سال 2018 میں کرنٹ اکاؤنٹ کا خسارہ (CAD) بطور مجموعی ترقیاتی پیداوار (GDP) کے فیصد کے 6.1% پر پہنچ گیا، جبکہ مالی سال 2017 میں 4.1% ریکارڈ کیا گیا تھا۔ مالی سال 2018 میں کرنٹ اکاؤنٹ خسارہ 19 ارب امریکی ڈالر تک پہنچ گیا جبکہ مالی سال 2017 میں یہ خسارہ 12.6 ارب امریکی ڈالر تھا۔ بڑے پیمانے پر درآمدات کے باعث تجارتی خسارے میں 18.9% کا اضافہ اس کی بنیادی وجہ بنا۔ دوسری جانب زیر جائزہ سال میں ترسیلات زر میں 1.4% کا معمولی اضافہ دیکھنے میں آیا اور ترسیلات زر 19.6 ارب روپے پر پہنچ گئیں۔ اس کے نتیجے میں اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر مالی سال 2018 کے آخر تک کم ہو کر محض 9.8 ارب امریکی ڈالر رہ گئے۔

اشیاء اور خدمات کی بڑے پیمانے پر درآمد کی حوصلہ شکنی اور ملکی برآمدات میں اضافے کے لئے برسر اقتدار حکومت نے مزید ریگولیٹری ڈیوٹیاں عائد کر دیں اور مالی سال 2018 میں پاکستانی روپے کی قدر میں ڈالر کے مقابلے میں 20.5% کی کمی واقع ہوئی۔ نتیجتاً کرنٹ اکاؤنٹ کا خسارہ مالی سال 2019 کی پہلی سہ ماہی میں 8.0 ارب امریکی ڈالر پر برقرار ہے جبکہ گزشتہ سال کی اسی مدت میں یہ خسارہ 8.4 ارب امریکی ڈالر تھا۔

مالی سطح پر پاکستان نے ٹیکس وصول کرنے والے حکام کی کم کارکردگی اور اضافی حکومتی اخراجات کے باعث مالی سال 2018 میں اپنی تاریخ کا بلند ترین مالی خسارہ 2.26 ٹریلین روپے ظاہر کیا۔ اگرچہ مالی سال 2018 میں کل آمدنی میں 5.9% سال بہ سال کا اضافہ ہوا تاہم مجموعی اخراجات میں 10.1% اضافے سے خسارہ بڑھ گیا۔ آمدنی میں اضافے کے لئے حکومت نے ٹیکس ایمنسٹی اسکیم متعارف کروائی تاکہ معیشت کی دستاویز سازی ممکن ہو اور زرمبادلہ کے ذخائر کی صورتحال بہتر ہوتاہم اس اسکیم کو بہت کم پذیرائی ملی۔ نتیجتاً مالی سال 2018 میں مجموعی ترقیاتی پیداوار (GDP) پر مالی خسارہ 4.1% کے ہدف اور گزشتہ سال کے 5.8% کے مالی خسارے کے برعکس 6.6% رہا۔

دہرے خساروں کے پھیلاؤ اور قیمتوں کی سطح میں اضافے کے نتیجے میں سخت مانیٹری پالیسی مؤقف اختیار کرنا پڑا۔ کیلنڈر سال 2018 کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں 425 بیس پوائنٹس کا اضافہ کیا جو بڑھ کر 10.0% کی سطح پر پہنچ گئی۔

کیلنڈر سال 2018 کے دوران تجارتی عدم توازن کے ساتھ ساتھ بیرونی قرضہ جات کی واپسی کی صورت حال نے ملک کے بیرونی زرمبادلہ کے ذخائر کو انحطاط کا شکار کر دیا۔ اگرچہ چین سے 2 ارب امریکی ڈالر اور سعودی عرب سے 1 ارب امریکی ڈالر کی امداد ملی مگر

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز، سیان لمیٹڈ 31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے 59 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

معیشت کا جائزہ

مالی سال 2018 میں پاکستانی معیشت کی کارکردگی متاثر کن رہی، جیسا کہ ملک میں مجموعی ترقیاتی پیداوار (GDP) گزشتہ 13 سال کی بلند ترین سطح 5.8% ریکارڈ کی گئی۔ اس غیر معمولی کارکردگی میں خدماتی شعبے میں 6.4%، صنعتی شعبے میں 5.8% اور زرعی شعبے میں 3.8% کی شرح سے ہونے والے اضافوں نے زبردست معاونت کی۔

زرعی شعبے میں زبردست اضافہ جاری رہا اور اس نے مالی سال 2017 کے 2.1% اضافے کو بلکہ ہدف شدہ 3.5% اضافے کو بھی پیچھے چھوڑ دیا۔ اس اضافے کی وجہ زرعی شعبے کو قرضہ جات کی فراہمی میں توسیع، کھاد اور کیڑے مار ادویات جیسے زرعی وسائل کی بروقت فراہمی تھی۔ صنعتی شعبے میں مالی سال 2017 کے 5.4% اضافے کے مقابلے میں مالی سال 2018 میں 5.8% فیصد اضافہ دیکھنے میں آیا جس کی وجہ پیداواری شعبے کی بہتر کارکردگی تھی۔ تھوک فروشی اور خوردہ فروشی کی تجارت نے مالی سال 2018 میں خدمات کے شعبے کو مزید فروغ دیا۔

بڑے پیمانے کی پیداوار (LSM) میں اضافہ مالی سال 2018 میں 5.4% تک پہنچ گیا، جس کی وجہ الیکٹرانکس میں (32.4%)، آئرن اور اسٹیل میں (21.8%)، آٹوموبائلز میں (17.8%)، کونکر اور پیٹرولیم میں (13.2%) اور نان مینالک منرل پروڈکٹس میں (11.0%) اضافہ ہے۔ توانائی کی بلا تھقل فراہمی، مناسب شرح سود اور معاون کاروباری ماحول کی وجہ سے گنجائش سے اضافہ شدہ استفادہ کاری، اس شعبے کے لئے فائدہ مند ثابت ہوئی۔

افراط زر کی شرح گزشتہ سال کے 4.2% کے مقابلے میں مالی سال 2018 میں 3.9% تک رہی۔ افراط زر کی شرح میں اوسطاً کمی کی وجہ اشیائے خورد و نوش کی قیمتوں میں کمی تھی۔ تاہم پالیسی محصولات میں اضافے، ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور توانائی کی قیمتوں میں اضافے نے افراط زر کی اوسط شرح کو مالی سال 2019 کی پہلی سہ ماہی میں 6.05% تک پہنچا دیا جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ شرح محض 3.75% تھی۔ اس کے باوجود مالی سال 2019 کی پہلی سہ ماہی میں افراط زر کی اوسط شرح اسٹینک کے مالی سال 2019 کے لئے نظر ثانی شدہ ہدف 7.5%-6.5% کے درمیان رہی ہے۔

مالی سال 2018 میں نجی شعبے کے قرضہ جات مالی سال 2018 کے 687 ارب روپے کے مقابلے میں بڑھ کر 753 ارب روپے

ELECTRONIC DIVIDEND MANDATE FORM CYAN LIMITED

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

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

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

Name of shareholder : _____
Folio Number/CDC Account No. : _____ of Cyan Limited.
Contact number of shareholder : _____
Title of Account : _____
IBAN (*) : _____
Name of Bank : _____
Bank branch : _____
Mailing Address of Branch : _____
CNIC No. (attach attested copy) : _____
NTN (in case of corporate entity) : _____

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

Shareholder's Signature

Date

NOTES:

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

PROXY FORM

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 TDF Business Hub, Ground Floor, Dawood Center, Karachi on March 29, 2019
at 11:00 am and at any adjournment thereof.

Signed this _____ day of _____, 2019

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.

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

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نمائندگی کا فارم

سیان لمیٹڈ

سیان لمیٹڈ کا انسٹواں سالانہ اجلاس عام

میں / مسمیٰ / مسماء ساکن ساکن ضلع

بحیثیت ممبر سیان لمیٹڈ، / مسمیٰ / مسماء ساکن کو بطور مختار

(پراکسی) مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے ۵۹ سالانہ اجلاس عام جو کہ TDF بزنس

حب، گراؤنڈ فلور داؤد سینٹر کراچی میں بتاریخ ۲۹ مارچ ۲۰۱۹ بوقت صبح ۱۱:۰۰ پر منعقد ہو رہا ہے اور اس کے کسی ملتوی

شدہ اجلاس میں ووٹ ڈالے۔

دستخط _____ بروز _____ ۲۰۱۹

گواہ (۱)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

گواہ (۲)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

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

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

نوٹس :

- کمپنی کا ایسا حصص یافتگان / ممبر جو اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت اور ووٹ ڈالنے کے لیے نامزد کر سکتا ہے۔
- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی سیکرٹری، رجسٹرڈ آفس چوتھی منزل، داؤد سینٹر، ایم۔ٹی۔خان روڈ، کراچی، کو اجلاس کے انعقاد کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- CDC اکاؤنٹ رکھنے والے / کارپوریٹ ممبر ان کے لیے مندرجہ بالا ضوابط کے علاوہ درج ذیل شرائط کو بھی پورا کرنا لازمی ہے
 - (۱) نامزدگی فارم دو اشخاص کی گواہی، پتے اور قومی شناختی کارڈ نمبر کے ساتھ پُر ہونے چاہیں۔
 - (۲) نامزدگی فارم کے ساتھ سادہ حصص یافتگان اور مجاز وکیل کے شناختی کارڈ کی تصدیق شدہ نقول منسلک ہونی چاہیں۔
 - (۳) مجاز وکیل (پراکسی ہولڈر) کے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔ ادارے کی صورت میں نامزد فارم (پراکسی فارم) کے ساتھ بورڈ آف ڈائریکٹرز کی قرار دایا مختار نامہ بمعہ نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ کمپنی ہڈامیں جمع کروائیں۔

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





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







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Website: www.cyanlimited.com



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