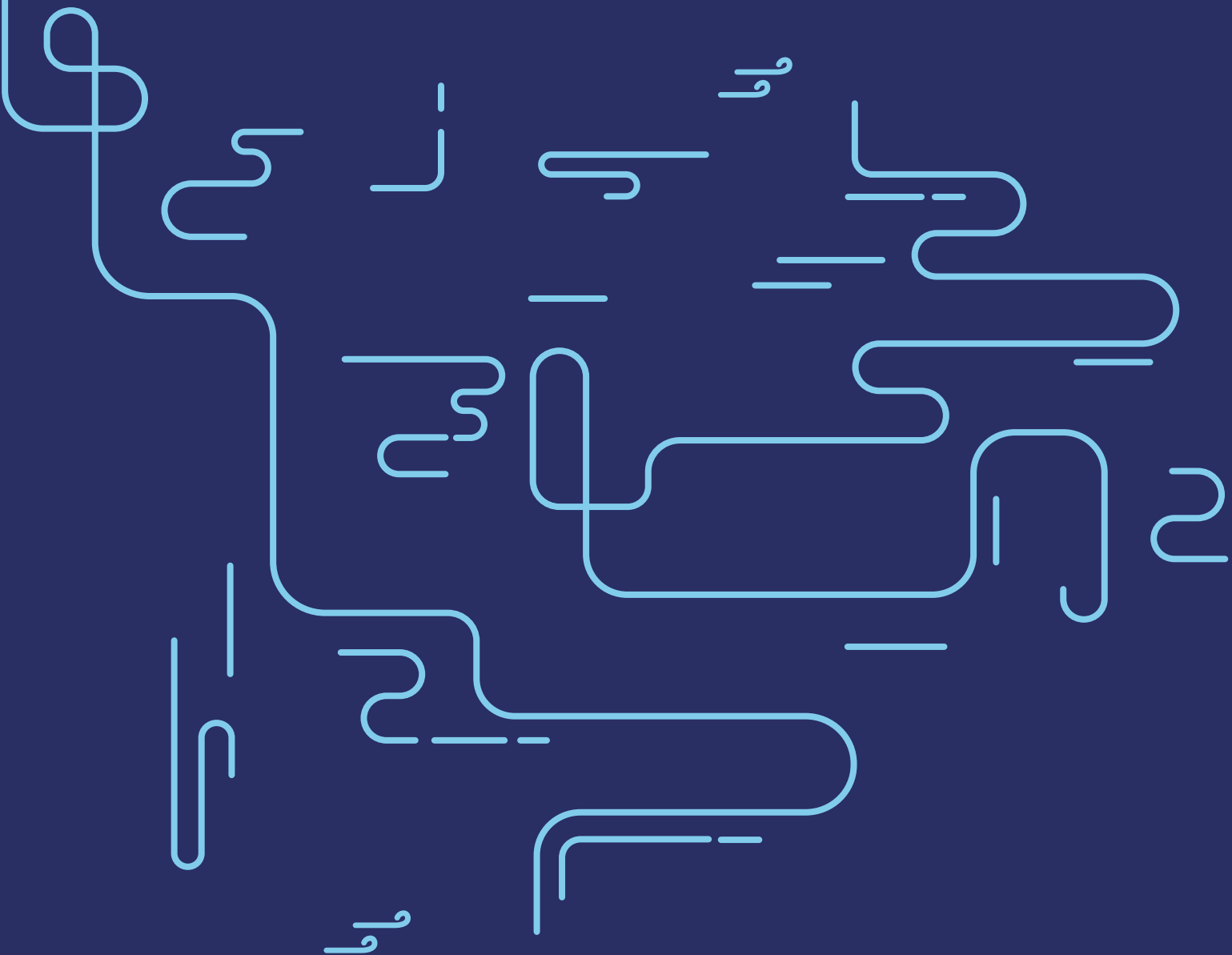




BUILDING VALUE



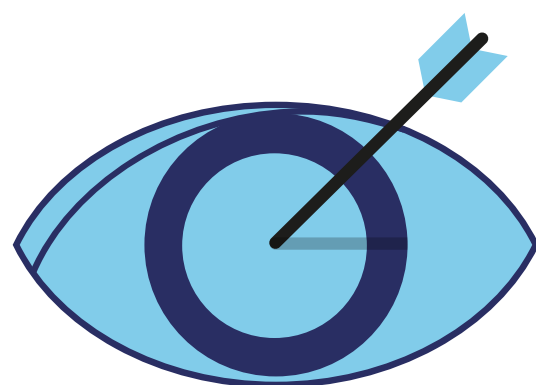
**ANNUAL
REPORT 2022**



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VISION & MISSION



Taking Entrepreneurship to Scale

COMPANY INFORMATION

Board of Directors

Mr. Abdul Samad Dawood - Chairman
Ms. Sabrina Dawood – Director
Mr. Shafiq Ahmed - Director
Mr. Hasan Reza Ur Rahim – Independent Director
Mr. Kamran Nishat - Independent Director
Mr. Shabbir Hussain Hashmi- Independent Director
Mr. Mohammad Shamoon Chaudry - Chief Executive Officer/Director

Board Audit Committee

Mr. Shabbir Hussain Hashmi - Chairman
Mr. Hasan Reza Ur Rahim - Member
Mr. Kamran Nishat – Member

Board HR & Remuneration Committee

Mr. Hasan Reza Ur Rahim - Chairman
Mr. Abdul Samad Dawood - Member
Ms. Sabrina Dawood - Member

Board Investment Committee

Mr. Abdul Samad Dawood - Chairman
Mr. Hasan Reza Ur Rahim - Member
Mr. Kamran Nishat - Member
Mr. Shabbir Hussain Hashmi - Member

Chief Financial Officer

Mr. Muhammad Anas Karimi

Company Secretary

Mr. Imran Chagani

Bankers

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

Auditors

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

Tax Consultants

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

Share Registrar/Transfer Agent

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

Legal Advisor

Ali Raza
643, Block B, Bhattai Colony,
Korangi Crossing, Karachi

Rating Agency

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

Registered Office

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

CORE VALUES



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. Shabbir Hussain Hashmi | Chairman |
| • Mr. Hasan Reza Ur Rahim | Member |
| • Mr. Kamran Nishat | 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.

BOARD COMMITTEES

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. Hasan Reza Ur Rahim Chairman
- Mr. Abdul Samad Dawood Member
- Ms. Sabrina Dawood 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;

BOARD COMMITTEES

- (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. Abdul Samad Dawood Chairman
- Mr. Hasan Reza Ur Rahim Member
- Mr. Kamran Nishat Member
- Mr. Shabbir Hussain Hashmi 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.

BOARD OF DIRECTORS



Abdul Samad Dawood

Chairman

Mr. Abdul Samad Dawood joined the Board in February 2022 and serves as Chairman of Cyan Limited.

Mr. Abdul Samad Dawood is Vice Chair of the Board of Dawood Hercules Corporation. Prior to this role, he served as the Vice Chair of the Board of Engro Corporation which remains one of Dawood Hercules Corporation's largest investments to date.

Mr. Abdul Samad Dawood's experience of management and governance spans over 20 years with a special interest in mergers and acquisitions. He has led more than US\$ 4 billion of M&A deals, including the Dawood group's acquisition of HUBCO from National Power International Holdings in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company in 2015. Mr. Dawood was also entrusted with the responsibility of leading the merger of Engro Foods (a subsidiary of Engro Corporation) into global dairy giant Royal FrieslandCampina based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chair of the Board of FrieslandCampina Engro Pakistan.

In addition to these responsibilities, Mr. Dawood is an active director on the Board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. His corporate governance journey spans various sectors including financial investments, energy, and education; in line with his interests, he is a Director on the Boards of The Dawood Foundation, KSBL, Dawood Lawrencepur Ltd, and Reon Energy Ltd. In addition to governance, Mr. Dawood has served as Chief Executive Officer for Dawood Hercules Corporation Ltd and Cyan Ltd, and is an active member of the Young Presidents Organization.

Aside from work, Mr. Abdul Samad Dawood has a keen interest in music and plays the piano and guitar. He is an Economics graduate from University College London, UK and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.



Sabrina Dawood

Director

Ms. Sabrina Dawood is the Vice Chair of Board of The Dawood Foundation (TDF), a philanthropic organisation working for the development of communities through education and informal learning spaces and opportunities. Prominent projects of TDF have been the TDF Ghar (a safe space for youth engagement in a manner which preserves Karachi's heritage and culture), TDF Nature Series (a documentation of Pakistan's biodiversity and ecosystems to create awareness regarding conservation), and Dawood Public School (an institution for primary and secondary level education for girls in Karachi). One of the most high-impact projects of the Dawood Foundation has

been the MagnifiScience Center, a first-of-its-kind science museum in Pakistan which promotes science literacy and critical thinking in children and young adults through experiential learning.

Ms. Sabrina Dawood is a Director of the Boards of Engro Corporation Ltd., Dawood Hercules Corporation Ltd., Dawood Lawrencepur Ltd., Cyan Ltd., Karachi Education Initiative, and a Trustee at Engro Foundation. She is also a member of the Board of Governors of the National Management Foundation of Lahore University of Management Sciences and on the Board of WWF – Pakistan. She also chaired the Hussain Dawood Pledge (also known as HD Pledge), which is a corporate PKR 1 billion Rupee pledge for the mitigation and/or relief of COVID-19 and its ramifications.

Ms. Sabrina Dawood holds an MSc in Medical Anthropology from University College London and a BA from London School of Economics in Anthropology and Law.

BOARD OF DIRECTORS



Shafiq Ahmed

Director

Mr. Shafiq Ahmed joined the Dawood Group in 2007 and has worked for several Group concerns in different positions of leadership, including as Chief Executive Officer of Dawood Lawrencepur Limited and Tenaga Generasi Limited. He is also currently looking after the Group's private companies comprising of Dawood Corporation (Private) Limited and Towershare (Private) Limited as Chief Executive Officer. Mr. Ahmed sits on the Boards of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Alpha (Private) Limited, Dawood Corporation (Private) Limited, Tower Share (Private) Limited, SACH International (Private) Limited, Pebbles (Private) Limited, Inbox Business

Technologies Limited and The Dawood Foundation.

Prior to joining the Dawood Group, he served in a 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 30 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. Mr. Shafiq is also a certified director from the Pakistan Institute of Corporate Governance.



Hasan Reza Ur Rahim

Director

Mr. Hasan Reza Ur Rahim joined the Board of Cyan in April 2014. He also serves on the Boards of Atlas Insurance Limited and Dawood Hercules Corporation Limited. Mr. Rahim is an accomplished professional who has over 35 years of local and international experience in the Banking & Financial Services industry. Previously, he was the Executive Director of the Chairman's Corporate Office at the Dawood Hercules Group.

Mr. Rahim spent 15 years at J.P. Morgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing & heading the Global Corporate Bank in Bahrain, Qatar & Saudi Arabia. He served as a Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has initiated, led & executed large complex M&A transactions and privatizations totaling USD 5 billion, and Sovereign Debt & Bond issues of over USD 2 billion in the Telecom, Airlines, Banking, Oil and Gas and the Petrochemical industries. Earlier in his career Mr. Rahim was also with Mashreq Bank PSC, and ANZ Grindlays Bank Plc with whom he was transferred to. He received his bachelor's degree from the University of Delaware in USA.

BOARD OF DIRECTORS



Kamran Nishat

Director

Mr. Kamran Nishat is currently the Managing Director & Chief Executive Officer of Muller & Phipps Pakistan (Private) Limited. He is also serving in the capacity of Chief Executive Officer at M&P Express Logistic (Private) Limited, M&P Logistic (Private) Limited, Logex (Private) Limited, Tech Sirat (Private) Limited, Veribest Brands Pakistan (Private) Limited and Tech Sirat Technology (Private) Limited. He holds rich professional experience in different sectors for more than 35 years.

He is serving as an Independent Director on the Boards of Dawood Hercules Corporation Limited and Cyan Limited. He is also a Director on the Boards of AGP Limited, OBS AGP (Pvt.) Limited and Briogene (Private) Limited. He is currently a member of the Executive Committee and Chairman of the Industry, Trade & Logistics subcommittee at the American Business Council. He has served as past president of the American Business Council as well. Recently, he is serving his contributions at the National Skills University Islamabad as a member of the Advisory Council. He is on The Board of Trustees of Developments in Literacy (DIL). In the past, he has served as a Member of the Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP), and the Information Technology Committee (South) of the ICAP and Management Association of Pakistan. He is a Chartered Accountant and a fellow member of ICAP.



Shabbir Hussain Hashmi

Director

Mr. Shabbir Hashmi joined the Board in February 2022 and is the Chairman of its Audit Committee and a member of its Investment Committee. He serves on the Boards of Engro Powergen Qadirpur Limited, Dawood Hercules Corporation Limited, OJ Engineering Ltd. and FINCA Microfinance Bank Limited. He is also on the Board of Governors of The Help Care Society that operates K- 12 schools in Lahore for underprivileged children. His career spans over 36 years of project finance and private equity experience.

In prior corporate governance experience, Mr. Hashmi has held more than 24 Board directorships as a nominee of CDC/Actis and 12 directorships as an Independent.

In executive roles, he has directed the Pakistan operations at Actis Capital, one of the largest private equity investors in the emerging markets. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc. for Pakistan and Bangladesh. He had a long stint with USAID and also briefly with the World Bank in Pakistan, with a focus on planning and development of the energy sector. Mr. Hashmi is an engineer from Dawood College of Engineering and Technology, Pakistan, and holds an MBA degree from J.F. Kennedy University, USA.

BOARD OF DIRECTORS



Mohammad Shamoony Chaudry

Director / Chief Executive Officer

Mohammad Shamoony Chaudry is the Chief Executive Officer of Cyan Limited since March 15, 2022. He currently serves on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Cyan Limited, Inbox Business Technologies Limited, Pebbles (Private) Limited and Tenega Generasi Limited.

Mr. Chaudry has more than 28 years of progressive and diverse experience in the financial sector, including financial control and governance. Mr. Chaudry started his career in investment banking within corporate finance and advisory in Pakistan. He then moved to New York selling listed equities to funds investing in emerging markets. Subsequently he shifted to development finance, and focused on Small and Medium Enterprises (SMEs). During this time, Mr. Chaudry worked at the government and policy level and with individual enterprises. He was in the GCC region for twelve years, working in the Islamic Finance sector primarily in investments, asset management, and financial control.

Mr. Chaudry has extensive experience managing private equity and real estate investments globally and notable expertise in structuring and developing investment products and asset management. Mr. Chaudry has successfully managed investments in the UK, USA, EU, South East Asia, and GCC region.

Mr. Chaudry was an adjunct faculty at LUMS and has a master's in Finance from London Business School and an MBA from Lahore University of Management Sciences (LUMS).

CRITICAL PERFORMANCE INDICATOR

Ten Years at a Glance

| Particulars | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|-----------------------------|-----------|-----------|-----------|-----------------------------|-----------|-----------|-----------|-----------|------------------|
| | ------(Rupees in '000)----- | | | | ------(Rupees in '000)----- | | | | | |
| Earnings | | | | | | | | | | |
| Investments Income / (loss) | 1,451,519 | 1,209,576 | 706,755 | 824,472 | (442,333) | (94,061) | 235,134 | 742,042 | 420,772 | (345,126) |
| Profit / (loss) before taxation | 1,212,275 | 1,027,245 | 495,907 | 734,281 | (535,857) | (211,002) | 94,873 | 469,509 | 216,801 | (464,885) |
| Profit / (loss) after taxation | 1,176,049 | 898,787 | 335,035 | 711,233 | (537,901) | (218,086) | 97,942 | 357,282 | 203,393 | (439,010) |
| Pay Out Information % | | | | | | | | | | |
| Cash dividend | 100 | 675 | 40 | 50 | - | 25 | 10 | 50 | 100 | - |
| Stock dividend | - | - | - | - | - | - | 5 | - | - | - |
| Balance Sheet | | | | | | | | | | |
| Paid up capital | 586,277 | 586,277 | 586,277 | 586,277 | 586,277 | 586,277 | 586,277 | 615,591 | 615,591 | 615,591 |
| Equity | 5,311,292 | 4,590,513 | 2,515,137 | 3,172,603 | 2,270,093 | 1,834,130 | 2,116,330 | 2,452,358 | 1,883,238 | 1,231,518 |
| Investments | 5,383,322 | 4,780,356 | 2,825,317 | 3,612,508 | 2,440,890 | 2,108,946 | 2,367,523 | 2,946,320 | 2,632,347 | 1,469,491 |
| Cash & cash equivalents | 17,835 | 21,844 | 159,891 | 906 | 5,269 | 9,570 | 1,869 | 7,803 | 234 | 428 |
| Fixed assets | 22,814 | 18,752 | 15,623 | 14,017 | 15,088 | 13,471 | 39,345 | 28,320 | 50,260 | 3,550 |
| Total assets | 5,507,511 | 4,886,548 | 3,032,369 | 3,659,044 | 2,546,226 | 2,264,085 | 2,521,702 | 3,004,370 | 2,730,302 | 1,574,789 |
| Operating Performance | | | | | | | | | | |
| Earning / (Loss) per share (Rupees) | 20.06 | 15.33 | 5.71 | 12.13 | (9.17) | (3.72) | 1.67 | 5.80 | 3.30 | (7.13) |
| Break up value per share (Rupees) | 91.00 | 78.30 | 42.90 | 54.11 | 38.72 | 31.28 | 36.10 | 39.84 | 30.59 | 20.01 |
| Return on investments % | 24.10 | 22.47 | 14.78 | 29.18 | (12.24) | (3.85) | 11.15 | 31.34 | 14.26 | (13.11) |

HORIZONTAL ANALYSIS

Balance Sheet

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 18 Over 17 | 19 Over 18 | 20 Over 19 | 21 Over 20 | 22 Over 21 |
|---|-----------------------------|------------------|------------------|--------------------------|------------------|------------------|-----------------------------|------------|------------|------------|-------------|
| | ------(Rupees in '000)----- | | | -----Rs. in Million----- | | | -----Percentage Change----- | | | | |
| Cash and bank deposits | 5,269 | 9,570 | 1,869 | 7,803 | 234 | 428 | 82% | -80% | 317% | -97% | 83% |
| Loan to employee | 10,463 | 8,484 | 6,376 | 4,362 | - | - | -19% | -25% | -32% | -100% | 0% |
| Investments | 2,440,890 | 2,108,946 | 2,367,523 | 2,946,320 | 2,632,347 | 1,469,491 | -14% | 12% | 24% | -11% | -44% |
| Deferred tax | 52,235 | 74,051 | 83,815 | - | 28,956 | 87,287 | 42% | 13% | -100% | 100% | 201% |
| Amounts due from other insurers / reinsurers | 2,464 | - | - | - | - | - | -100% | - | - | - | 0% |
| Accrued investment income | 3,875 | - | - | - | - | - | -100% | - | - | - | 0% |
| Reinsurance recoveries against outstanding claims | 5,406 | 5,406 | 5,406 | 5,406 | 5,406 | 1,912 | - | - | - | - | -65% |
| Advances, prepayments deposit & sundry receivables | 10,536 | 44,157 | 17,368 | 12,159 | 13,099 | 12,121 | 319% | -61% | -30% | 8% | -7% |
| Fixed assets | 15,088 | 13,471 | 39,345 | 28,320 | 50,260 | 3,550 | -11% | 192% | -28% | 77% | -93% |
| Total Assets | 2,546,226 | 2,264,085 | 2,521,702 | 3,004,370 | 2,730,302 | 1,574,789 | -11% | 11% | 19% | -9% | -42% |
| Issued, subscribed and paid up share capital | 586,277 | 586,277 | 586,277 | 615,591 | 615,591 | 615,591 | - | - | 5% | - | 0 |
| Unappropriated profit | 1,024,498 | 659,843 | 757,785 | 1,027,125 | 634,362 | 69,116 | -36% | 15% | 36% | -38% | -90% |
| Reserves | 133,088 | 133,088 | 133,088 | 133,088 | 133,088 | 13,088 | - | - | - | - | - |
| Remeasurement of post employees benefits | (2,142) | (1,855) | (384) | 1,831 | 3,215 | 3,145 | -13% | -79% | -577% | 76% | -2% |
| Surplus on revaluation - OCI investments | 528,372 | 456,777 | 639,564 | 674,723 | 496,982 | 530,578 | -14% | 40% | 5% | -26% | 7% |
| Provision for outstanding claims [including IBNR] | 8,805 | 8,805 | 8,805 | 8,805 | 8,805 | 5,311 | - | - | - | - | - |
| Deferred liabilities | 12,237 | 15,281 | 17,358 | 19,235 | 20,910 | 99 | 25% | 14% | 11% | 9% | -100% |
| Deferred tax | - | - | - | 17,147 | - | - | - | - | 100% | -100% | 0% |
| Lease liability against right-of-use asset | - | - | 9,143 | - | 22,829 | - | - | - | -100% | 100% | -100% |
| Amounts due to other insurers / reinsurers | 587 | 587 | 587 | 587 | 587 | 587 | - | - | - | - | - |
| Current portion of lease liability against right-of-use asset | - | - | 8,023 | 9,144 | 8,339 | - | - | 100% | 14% | -9% | -100% |
| Accrued expenses and other creditor and accrual | 5,624 | 29,157 | 58,782 | 162,194 | 60,010 | 3,253 | 418% | 102% | 176% | -63% | -95% |
| Accrued mark-up | 400 | 6,346 | 5,464 | 8,839 | 8,005 | 12,369 | 1487% | -14% | 62% | -9% | 55% |
| Short term running finance | - | 211,800 | 189,982 | 217,085 | 663,396 | 243,305 | 100% | -10% | 14% | 206% | -63% |
| Taxation - net | 217,809 | 125,380 | 80,501 | 83,457 | 25,324 | 48,526 | -42% | -36% | 4% | -70% | 92% |
| Unclaimed dividend | 30,671 | 32,599 | 26,727 | 25,519 | 28,859 | 29,821 | 6% | -18% | -5% | 13% | 3% |
| Total Shareholders' Equity and Liabilities | 2,546,226 | 2,264,085 | 2,521,702 | 3,004,370 | 2,730,302 | 1,574,789 | -11% | 11% | 19% | -9% | -42% |

VERTICAL ANALYSIS

Balance Sheet

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-----------------------------|------------------|------------------|-----------------------------|------------------|------------------|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| | ------(Rupees in '000)----- | | | ------(Rupees in '000)----- | | | ------(Percentage Change)----- | | | | | |
| Cash and bank deposits | 5,269 | 9,570 | 1,869 | 7,803 | 234 | 428 | 0% | 1% | 0% | 0% | 0% | 0% |
| Loan to employee | 10,463 | 8,484 | 6,376 | 4,362 | - | - | 0% | 0% | 0% | 0% | 0% | 0% |
| Investments | 2,440,890 | 2,108,946 | 2,367,523 | 2,946,320 | 2,632,347 | 1,469,491 | 96% | 93% | 94% | 98% | 96% | 93% |
| Deferred tax | 52,235 | 74,051 | 83,815 | - | 28,956 | 87,287 | 2% | 3% | 3% | 0% | 1% | 6% |
| Amounts due from other insurers / reinsurers | 2,464 | - | - | - | - | - | 0% | 0% | 0% | 0% | 0% | 0% |
| Accrued investment income | 3,875 | - | - | - | - | - | 0% | 0% | 0% | 0% | 0% | 0% |
| Reinsurance recoveries against outstanding claims | 5,406 | 5,406 | 5,406 | 5,406 | 5,406 | 1,912 | 0% | 0% | 0% | 0% | 0% | 0% |
| Advances, prepayments deposit & sundry receivables | 10,536 | 44,157 | 17,368 | 12,159 | 13,099 | 12,121 | 1% | 2% | 1% | 1% | 1% | 1% |
| Fixed assets | 15,088 | 13,471 | 39,345 | 28,320 | 50,260 | 3,550 | 1% | 1% | 2% | 1% | 2% | 0% |
| Total Assets | 2,546,226 | 2,264,085 | 2,521,702 | 3,004,370 | 2,730,302 | 1,574,789 | 100% | 100% | 100% | 100% | 100% | 100% |
| Issued, subscribed and paid up share capital | 586,277 | 586,277 | 586,277 | 615,591 | 615,591 | 615,591 | 23% | 26% | 24% | 21% | 23% | 40% |
| Unappropriated profit | 1,024,498 | 659,843 | 757,785 | 1,027,125 | 634,362 | 69,116 | 40% | 29% | 30% | 34% | 23% | 4% |
| Reserves | 133,088 | 133,088 | 133,088 | 133,088 | 133,088 | 13,088 | 5% | 6% | 5% | 5% | 5% | 1% |
| Remeasurement of post employees benefits | (2,142) | (1,855) | (384) | 1,831 | 3,215 | 3,145 | 0% | 0% | 0% | 0% | 0% | 0% |
| Surplus on revaluation - OCI investments | 528,372 | 456,777 | 639,564 | 674,723 | 496,982 | 530,578 | 21% | 20% | 25% | 22% | 18% | 34% |
| Provision for outstanding claims [including IBNR] | 8,805 | 8,805 | 8,805 | 8,805 | 8,805 | 5,311 | 0% | 0% | 1% | 0% | 0% | 0% |
| Deferred liabilities | 12,237 | 15,281 | 17,358 | 19,235 | 20,910 | 99 | 0% | 1% | 1% | 1% | 1% | 0% |
| Deferred tax | - | - | - | 17,147 | - | - | 0% | 0% | 0% | 1% | 0% | 0% |
| Other non current liability | - | - | 9,143 | - | 22,829 | - | 0% | 0% | 0% | 0% | 1% | 0% |
| Amounts due to other insurers / reinsurers | 587 | 587 | 587 | 587 | 587 | 587 | 0% | 0% | 0% | 0% | 0% | 0% |
| Current portion of lease liability against right-of-use asset | - | - | 8,023 | 9,144 | 8,339 | - | 0% | 0% | 0% | 0% | 0% | 0% |
| Accrued expenses and other creditor and accrual | 5,624 | 29,157 | 58,782 | 162,194 | 60,010 | 3,253 | 0% | 1% | 2% | 5% | 3% | 0% |
| Accrued mark-up | 400 | 6,346 | 5,464 | 8,839 | 8,005 | 12,369 | 0% | 0% | 0% | 0% | 0% | 1% |
| Short term running finance | - | 211,800 | 189,982 | 217,085 | 663,396 | 243,305 | 0% | 10% | 8% | 7% | 24% | 15% |
| Taxation - net | 217,809 | 125,380 | 80,501 | 83,457 | 25,324 | 48,526 | 9% | 6% | 3% | 3% | 1% | 3% |
| Unclaimed dividend | 30,671 | 32,599 | 26,727 | 25,519 | 28,859 | 29,821 | 2% | 1% | 1% | 1% | 1% | 2% |
| Total Shareholders' Equity and Liabilities | 2,546,226 | 2,264,085 | 2,521,702 | 3,004,370 | 2,730,302 | 1,574,789 | 100% | 100% | 100% | 100% | 100% | 100% |

HORIZONTAL ANALYSIS

(Profit and Loss Account)

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 18 Over 17 | 19 Over 18 | 20 Over 19 | 21 Over 20 | 22 Over 21 |
|--|-----------------------------|-----------|-----------|-----------------------------|-----------|------------------|--------------------------------|------------|------------|------------|--------------|
| | ------(Rupees in '000)----- | | | ------(Rupees in '000)----- | | | ------(Percentage Change)----- | | | | |
| Investment income /(loss) | (442,333) | (94,061) | 235,134 | 742,042 | 420,772 | (345,126) | -79% | -350% | 216% | -43% | -182% |
| Other income | 17,525 | 12,422 | 15,695 | 14,190 | 14,398 | 1,505 | -29% | 26% | -10% | 5% | -90% |
| Financial charges | (14,622) | (14,689) | (11,463) | (42,186) | (32,462) | (69,802) | 0% | -22% | 268% | -23% | 115% |
| General and administration expenses | (96,427) | (114,674) | (144,493) | (244,537) | (185,907) | (51,462) | 19% | 26% | 69% | -24% | -72% |
| Taxation | (2,044) | (7,084) | 3,069 | (112,227) | (13,408) | 25,875 | 247% | -143% | -3757% | -88% | -293% |
| Profit / (Loss) after tax | (537,901) | (218,086) | 97,942 | 357,282 | 203,393 | (439,010) | -59% | 145% | 265% | -43% | -316% |
| Earnings / (Loss) per share - Rupees (Basic) | (9.17) | (3.72) | 1.67 | 5.80 | 3.30 | (7.13) | -59% | 145% | 265% | -43% | -316% |

VERTICAL ANALYSIS

(Profit and Loss Account)

| Particulars | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|-----------------------------|-----------|-----------|-----------------------------|-----------|------------------|--------------------------------|---------|---------|---------|-------------|
| | ------(Rupees in '000)----- | | | ------(Rupees in '000)----- | | | ------(Percentage Change)----- | | | | |
| Investment income /(loss) | (442,333) | (94,061) | 235,134 | 742,042 | 420,772 | (345,126) | 43% | 240% | 208% | 207% | 79% |
| Other income | 17,525 | 12,422 | 15,695 | 14,190 | 14,398 | 1,505 | -6% | 16% | 4% | 7% | 0% |
| Financial charges | (14,622) | (14,689) | (11,463) | (42,186) | (32,462) | (69,802) | 7% | -12% | -12% | -16% | 16% |
| General and administration expenses | (96,427) | (114,674) | (144,493) | (244,537) | (185,907) | (51,462) | 53% | -148% | -68% | -91% | 12% |
| Taxation | (2,044) | (7,084) | 3,069 | (112,227) | (13,408) | 25,875 | 3% | 4% | -32% | -7% | -7% |
| Profit / (Loss) after tax | (537,901) | (218,086) | 97,942 | 357,282 | 203,393 | (439,010) | 100% | 100.00% | 100.00% | 100.00% | 100% |

STATEMENT OF VALUE ADDITION

| | 2022 | | 2021 | |
|---|------------------|-------------|-----------|-------------|
| | Rs. 000 | % | Rs. 000 | % |
| Value added | | | | |
| Return on investments | 153,948 | | 94,235 | |
| Capital (loss)/gains | (127,659) | | 566,166 | |
| Unrealized (loss) - Net | (371,415) | | (240,185) | |
| Other income | 1,505 | | 14,954 | |
| Gross (loss)/Revenue | (343,621) | | 435,170 | |
| Less: Administrative expenses | 94,540 | | 93,572 | |
| | (438,161) | 100 | 341,598 | 100 |
| Value Allocated | | | | |
| To Employees | | | | |
| Salaries, allowances and other benefits | 22,224 | -5% | 111,738 | 33% |
| To Shareholders | | | | |
| Cash Dividend | 246,236 | -56% | 369,355 | 108% |
| To Government | | | | |
| Company Taxation | (25,875) | 6% | 13,408 | 3% |
| To expansion | | | | |
| Depreciation and amortization | 4,500 | -1% | 13,059 | 4% |
| To growth | | | | |
| As Reserve and Retained earning | (685,246) | 156% | (165,962) | -48% |
| | (438,161) | 100% | 341,598 | 100% |

NOTICE OF 63rd ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of Cyan Limited (the "Company") that 63rd annual general meeting of the Company will be held on April 26, 2023 at 12:00 PM at the Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi and via video link facility to transact the following businesses:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2022 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman.
- To appoint Auditors and to fix their remuneration. The members are hereby notified that the Board and the Audit Committee have recommended the reappointment of A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

By Order of the Board



Imran Chagani
Company Secretary

Karachi
Dated: March 2, 2023

Notes:

1. Video Conference Facility for Annual General Meeting (AGM) of shareholders:

As per the directive issued by Securities and Exchange Commission of Pakistan ("SECP"), the Company has made arrangements of video conference facility to ensure that shareholders can also participate in the AGM proceeding via video link.

The members and their proxies who intends to attend the AGM through video-link must register their particulars by sending an email at company.secretary@dawoodhercules.com. The members registering to connect through video-link facility are required to mention their name, folio number and number of shares held in their name in the email with subject 'Registration for Cyan AGM' along with valid copy of their CNIC/Passport. Video link and login credentials will be shared with the members

whose emails, containing all the required particulars, are received at the given email address at least 24 (twenty-four) hours before the time of the AGM.

2. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 20, 2023 to April 26, 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., Shahrah-e-Faisal, Karachi, by close of business on April 19, 2023, will be considered in time to attend and vote at the AGM.

3. Placement of Financial Statements

The Company has placed the Annual Report which includes inter alia notice of meeting, Audited Annual Financial Statements together with Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2022 on its website: www.cyanlimited.com

4. Participation in the AGM:

All members, entitled to attend and vote at the meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint its representative, to attend the meeting through resolution of its Board of Directors. Proxy Forms in English and Urdu languages are attached with the notice circulated to the shareholders.

In case of appointment of proxy by a corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form.

The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at least 48 (forty eight) hours before the time of the meeting.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the SECP.

NOTICE OF 63rd ANNUAL GENERAL MEETING

A. For Attending the Meeting

- a. 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 CNIC or the original passport at the above mentioned email address at least 48 (forty eight) hours before the AGM.
- b. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be shared on the above mentioned email address at least 48 (forty eight) hours before the AGM (unless it has been provided earlier).

B. For Appointing Proxies

- a. 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 above requirements.
- b. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- c. The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 (forty eight) hours before the meeting.
- d. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 (forty eight) hours before the meeting (unless it has been provided earlier) along with proxy form to the Company.
- e. Proxy form will be witnessed by 2 (two) persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

Attention of the Shareholder is drawn towards the following:

1. Computerized National Identity Card (CNIC) / National Tax Number (NTN):

All those individual members holding physical shares who have not yet recorded their CNIC No., are once again reminded to immediately

submit the copy of their CNIC to Company's Share Registrar, CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., Shahrah-e-Faisal, Karachi. Members while sending CNIC must quote their respective folio numbers. The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to Company's Share Registrar. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

2. Payment of Cash Dividend Electronically

Under second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders.

Accordingly, the shareholders of the Company are requested to provide the following information for payment of cash dividend to be declared by the Company through electronic mode directly in the bank account designated by you.

| | |
|---|--|
| Name of Shareholder | |
| Folio Number | |
| CNIC Number | |
| Title of Bank Account | |
| Account Number | |
| IBAN Number | |
| Bank's Name | |
| Branch Name and Address | |
| Cell Number of Shareholder | |
| Landline number of Shareholder | |
| Email of Shareholder | |
| Signature of Member | |
| Note: Signature must match specimen signature registered with the Company | |

The shareholders are also required to intimate the changes, if any in the above-mentioned information to the Company and the Share Registrar as soon as these occur. In case of shares held electronically, then the above electronic credit mandate form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

3. Withholding Tax on Dividend

In compliance with Section 150 read with Division I of

NOTICE OF 63rd ANNUAL GENERAL MEETING

Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. CDC Share Registrar Services Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. CDC Share Registrar Services Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

4. Zakat Declaration

The members are requested to submit their Zakat Declarations to the Share Registrar in order to claim exemption from deduction of Zakat.

5. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000, to collect/enquire about their unclaimed dividend/shares, 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 and in case of shares, shall be delivered to the SECP.

6. Transmission of Annual Accounts, Notices of Meetings, Auditor's Report and Directors' Report through CD, DVD or USB:

The shareholders of the Company have accorded approval in general meeting for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Please note that from this year we are sending Annual Reports / Notice of AGM through emails to those shareholders whose email addresses are available with the Company and rest shareholders will be dispatched Annual Report on CDs and printed Notice of AGM and Proxy form through Book Post.

The shareholders who wish to receive hard copy of the aforesaid documents may send request to the Company Secretary / Share Registrar, the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

7. Deposit of Physical Shares into CDC Accounts

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., May 31, 2017.

Furthermore, Securities and Exchange Commission of Pakistan vide its letter CSD/ED/Misc/2016-639-640 dated March 26, 2021, has directed all listed companies to pursue such shareholders who are still holding shares in physical form to convert the same into book entry form. In this regard, shareholder having physical shareholding are requested to open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

CHAIRMAN'S REVIEW 2022

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the Annual Report of Cyan Limited for the year ended 31st December 2022.

The previous year has reinforced the need to constantly adapt to change and uncertainty. After dealing with a global pandemic for 2 years, we bore witness to regional sociopolitical instability, a War that catalyzed an energy crisis across the world, and climate events that destroyed critical infrastructure across major parts of the globe. These events have severely impacted the global economy and caused headwinds of international, regional, and local natures.

As a result of these headwinds, we saw a highly volatile financial climate in Pakistan that tested organizations across the board, including ours. In 2022, the organization focused on three mandates to reinforce itself for the longer-term. Firstly, Cyan went through a cost rationalization exercise where resources were optimized for the best performance possible, which had a prominent role to play in buffering the bottom-line. Secondly, we significantly deleveraged our balance sheet by nearly 60 per cent which has reduced our overall risk and enabled the organization to brace itself against the impact of interest rate increases, which have been the highest witnessed in nearly three decades. And thirdly, we sharpened our investment focus towards high cashflow yielding stocks with good management teams behind them, further reducing our risk; a portion

of the trading portfolio remained to capitalize on potential gains in volatile markets. This also meant a change in the management teams to lead the revamped organization. The Board believes that these changes have been instrumental in strengthening Cyan in the near future and will enable financial performance in the years to come.

In these efforts, the Company has been guided thoroughly by the Board of Directors. Based on the investment mandates of Cyan, the Board went through a change and we said goodbye to long-standing directors who had helped cement Cyan as a pillar of value. I'd like to thank them once again for their service and appreciate the contributions of our new directors who have helped Cyan craft a new strategy for investing.

The consistent support of all our stakeholders, especially our people, shareholders, customers, partners, service providers, the Government and regulators is most appreciated. The past year has reinforced the need for solid investment strategies that can withstand volatility and we are committed to building on what has already been achieved by participating in better investments. In doing so, we hope to enable prosperity for everyone connected to our financial ecosystem and chart a course towards a more resilient world.



Abdul Samad Dawood
Chairman

DIRECTORS' REPORT

The Board of Directors is pleased to present the 63rd Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2022.

Economy Overview

Pakistan's economy experienced a turbulent 2022, as political instability coincided with the worst floods the country has witnessed in over a decade, all against the backdrop of a very tough global environment punctuated by the Russia-Ukraine War that triggered an energy crisis and globally rising interest rates. The floods in Pakistan were particularly devastating; nearly 33 million people were affected by them as the country also grappled with major losses in key crops like rice and cotton. A sharp rise in oil prices during the year owing to sanctions on Russia and resumption of global travel along with other supply-side issues led to increased pressure on Pakistan's Current Account Deficit (CAD), which rose to USD 17.4bn in FY22, and placed significant pressure on SBP's FX reserves which closed out CY22 at just about USD 5.5bn. With the import cover falling to less than 1 month and the IMF program coming in for yet another disruption, economic confidence fell to all time low with the Pakistan Rupee losing more than 20% against the US Dollar in CY22. Inflation rose sharply at the start of the year to ~20% as a result of which the SBP increased the benchmark policy rate by 625 bps to 16%. With the authorities resorting to import controls to preserve foreign exchange, several import dependent sectors such as automobiles and steel were adversely impacted, resulting in periodic closures of industry. As a result, GDP growth in FY23 is expected to be much weaker than the long-term average.

Market Review

The stock market mirrored Pakistan's deteriorating macroeconomic conditions as the KSE100 fell to 40,420pts (-9.4% YoY) by the end of 2022. Higher finance costs coupled with scarcity of raw materials due to import restrictions in the second half of the year hindered production that eventually led to temporary closure of factories across a range of sectors. Demand for products also declined during the year as consumer purchasing power suffered on account of higher inflation, PKR depreciation, elevated taxes, and devastating floods where the latter significantly reduced rural incomes. As a result, institutional investors switched away from equities and into fixed-income instruments, with foreign investors, local mutual funds, and insurance companies all being net sellers. The defensive themes held up relatively well, with outperformance shown by the likes of technology and fertilizer sectors, while the more exposed sectors such as steel, cements, automobiles and pharmaceuticals saw the bulk of the selling pressure.

2023 Outlook

Pakistan's Government is currently in talks with the IMF to restore the stalled EFF program to access funding of US\$ 1.1bn, which along with potential funding from other friendly countries is expected to provide some support to dwindling foreign exchange reserves. This may help support Pakistan until June, when the IMF program ends, but it is unclear if there is enough runway to wait until general elections before approaching the IMF for another program. In addition to this uncertainty, inflation is likely to remain at a multi-decade high as the government has increased energy prices, devalued the PKR further, and raised revenues through higher taxes with removal of subsidies to obtain the stalled IMF funding. This may keep interest rates on the higher side across CY23 as well. That said, going by the very cheap valuations (c.60% discount to the long-term average on some metrics), there is arguably a case to be made that equities have largely priced in the worst.

Financial Performance and Corporate Strategy

During the year 2022, loss after tax stood at Rs 439 million as compared to profit after tax of Rs 203 million reported last year.

The Company recorded a loss on investment of Rs 345 million as compared to income on investment of Rs 421 million in the same period last year.

This year, the Company is in the process of pivoting its strategy to invest in high-yielding blue chip stocks. Accordingly, the portfolio is being rationalized to reduce exposure in high beta scrips to dividend-paying value stocks. Additionally, the leverage position is being optimized while efficiently managing operating cost.

This change of strategy for the investment portfolio and rationalizing the bank leverage will continue and is targeted to be completed by the end of Q1 2023. It is expected that to achieve this, further losses may be realized, however, once achieved, the Company will have a low-beta/risk and relatively high-yielding portfolio.

During the Year 2022, the Company has curtailed operations and changed the management team. In this regard, the Company has entered into an agreement with DH Corporation for sharing of rent and administrative cost and created a common pool of requisite resources and experienced personnel to undertake certain functions.

(Loss) / Earnings per Share

During the year the company posted loss per share of Rs 7.13 compared to profit per share of Rs.3.31 in 2021.

DIRECTORS' REPORT

Corporate Social Responsibility

Cyan strongly believes that improving its environmental and social performance is inevitable for its financial success. Under its CSR program, the Company has paid a donation amounting to Rs 3.234 million to the Dawood Foundation during the year ended December 31, 2022.

Appropriation and Dividend

The Company's loss after tax for the year ended December 31, 2022 stood at Rs 439 million compared to profit of Rs 204 million last year. During the year Company paid Nil Dividend.

Liquidity, Cash Flows and Financing Arrangement

The Company has an effective cash management system, powered by a team of dedicated and competent employees that prepares forecasts and regularly monitors the Company's cash needs. Inflows and outflows of cash and other liquid assets, including investments, are managed on a net adjusted return basis. The Company has a running finance facility of Rs 1,800 million which has been partially utilized during the year and will be used as and when any investment opportunity arises.

Capital Structure

In past years, the Company has issued bonus shares which increased the paid-up capital of the Company to Rs. 615.59 million. During the year Rs120.00 million have been transferred from general reserve, made prior to 2007 for the insurance business, to un-appropriated profit account, as the insurance business has been discontinued. Shareholders' fund at the year-end totaled Rs 1,232 million. The liquidity position of the Company remains strong with a year-end current ratio of 2.50.

Risk management

The Company's activities expose it to a variety of financial risks given the macroeconomic situation including market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Cyan's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Hence, risk management policies are established to address the risks faced by Company, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly keeping market conditions and activities in perspective.

Human Resources Development, Training & Succession Planning

The Company has employed experienced and qualified people to meet the challenges ahead.

Staff training is carried out on a continuous basis throughout the year, based on training needs, particularly in areas of knowledge enhancement and skills. Training and human resources development remains a key area for the Company. The Company HR Manual is designed in a way that enables proper rewards, and a sense of encouragement and motivation amongst staff members.

The Company not only attracts the best talent 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 plans are prepared for sensitive and critical positions in the Company.

Internal Control

The internal control framework has been effectively implemented by the management and is reviewed by the 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 matters to the Board's attention where required. Coordination between 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.

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 tolerated at the Company. All employees must, at all times, act in the interest of Company's shareholders and no employee shall ever

DIRECTORS' REPORT

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 9.23 million to the National Exchequer by way of taxes during the year 2022.

Credit Rating

On November 14, 2022 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 'Negative'.

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:

- Male: 06
- Female: 01

The composition of board is as follows:

| Category | Names |
|-------------------------|--|
| Independent Directors | Kamran Nishat Hasan Reza-Ur Rahim Shabbir Hussain Hashmi |
| Non-executive Directors | Abdul Samad Dawood Shafiq Ahmed |
| Executive Directors | Mohammad Shamooun Chaudry |
| Female Director | Sabrina Dawood |

Conflict of Interest among BOD Members

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

Directors' Remuneration Policy

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

The Company is compliant in respect of certification of all directors under the Director's Training program.

Board of Directors meetings

During the year ended December 31, 2022, a total of eight meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Existing Board

| Name of Director | Meetings | |
|-------------------------------|----------|----------|
| | Held | Attended |
| Mr. Abdul Samad Dawood | 5 | 5 |
| Ms. Sabrina Dawood | 5 | 3 |
| Mr. Shafiq Ahmed | 8 | 8 |
| Mr. Hasan Reza Ur Rahim | 8 | 8 |
| Mr. Kamran Nishat | 8 | 7 |
| Mr. Shabbir Hussain Hashmi | 5 | 5 |
| Mr. Mohammad Shamooun Chaudry | 4 | 4 |

Mr. Abdul Samad Dawood, Ms. Sabrina Dawood, and Mr. Shabbir Hussain Hashmi have been appointed as Directors of the Company on February 18, 2022 to fill the vacancies occurred due to the resignation of Ms. Kulsum Dawood, Mr. Inam ur Rahman, and Mr. Faisal Nadeem. Mr. Mohammad Shamooun Chaudry has filled the casual vacancy of Mr. Sulaiman S. Mehdi on March 15, 2022.

Outgoing Director

| Name of Director | Meetings | |
|-----------------------|----------|----------|
| | Held | Attended |
| Ms. Kulsum Dawood | 3 | - |
| Mr. Inam ur Rahman | 3 | 2 |
| Mr. Faisal Nadeem | 3 | 2 |
| Mr. Sulaiman S. Mehdi | 4 | 3 |

DIRECTORS' REPORT

Ms. Kulsum Dawood, Mr. Inam ur Rahman, and Mr. Faisal Nadeem resigned from the Board on February 18, 2022. Mr. Sulaiman S. Mehdi resigned as Director and Chief Executive Officer of the Company on March 14, 2022. We would like to appreciate their significant contributions over the years to the governance of the Company.

Board Audit Committee meetings

The Board of Directors has established an Audit Committee, in compliance with the Code of Corporate Governance, which oversees internal controls and compliance and has been working efficiently since its inception. The Audit Committee reviewed the quarterly, half-yearly, and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors on various issues, including their letter to the management. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

During the year ended December 31, 2022, a total of four meetings of the Board Audit Committee were held. The position of attendance during the respective tenure was as follows:

| Name of Director | Meetings | |
|----------------------------|----------|----------|
| | Held | Attended |
| Mr. Shabbir Hussain Hashmi | 3 | 3 |
| Mr. Kamran Nishat | 4 | 4 |
| Mr. Hasan Reza Ur Rahim | 3 | 3 |
| Mr. Shafiq Ahmed | 1 | 1 |
| Mr. Inam ur Rahman | 1 | 1 |

Human Resource and Remuneration Committee meetings

During the year ended December 31, 2022, a total of four meetings of the Human Resource and Remuneration Committee (HR&RC) were held. The position of attendance during the respective tenure was as follows:

| Name of Director | Meetings | |
|-------------------------|----------|----------|
| | Held | Attended |
| Mr. Hasan Reza Ur Rahim | 4 | 4 |
| Mr. Abdul Samad Dawood | 3 | 3 |
| Ms. Sabrina Dawood | 3 | - |
| Mr. Kamran Nishat | 1 | 1 |
| Mr. Inam ur Rahman | 1 | 1 |

Board Investment Committee meetings

During the year ended December 31, 2022, a total of one meeting of the Board Investment Committee (BIC) was held. The position of attendance during the respective tenure was as follows:

| Name of Director | Meetings | |
|----------------------------|----------|----------|
| | Held | Attended |
| Mr. Abdul Samad Dawood | 1 | 1 |
| Mr. Shabbir Hussain Hashmi | 1 | 1 |
| Mr. Kamran Nishat | 1 | 1 |
| Mr. Hasan Reza Ur Rahim | 1 | 1 |

Code of Conduct

The board of directors has adopted the Code of Conduct for Directors and employees which has been circulated to board members and employees in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The code of conduct is also placed on the company's website.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company fairly present 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 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.
- The Company has followed the best practices of Corporate Governance as laid down in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and there has been no material departure there from.

DIRECTORS' REPORT

- 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, 2022 is Rs 0.02 million.
- All of the company directors are Certified Directors under Directors' Training Program from approved institutes as prescribed by SECP.

Ownership

As of December 31, 2022, there were 1,735 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as of December 31, 2022, along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework, and the statement of purchase of shares by substantial shareholder during 2022 are shown in the shareholding section of this report.

Auditors

The present auditors M/s. A.F. Fergusons & Co. (Chartered Accountants) being eligible, have provided their consent for appointment at the 63rd 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, 2023. 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.

Acknowledgement

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and we also appreciate the effort put in by the management teams for their unwavering commitment and hard work. The Board would also like to state 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


Shabbir Hussain Hashmi
 Director


Mohammad Shamoony Chaudry
 CEO

Karachi: March 02, 2023

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Cyan Limited

For the year ended December 31, 2022

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

- The total number of directors are seven (7) as per the following:
 - Male: Six (6)
 - Female: One (1)

- The composition of Board as at December 31, 2022, was as follows:

| Category | Names |
|-------------------------|---|
| Independent Directors | Mr. Hasan Reza Ur Rahim Mr. Kamran Nishat Mr. Shabbir Hussain Hashmi |
| Non-executive Directors | Mr. Abdul Samad Dawood (Chairman) Ms. Sabrina Dawood (Female Director) Mr. Shafiq Ahmed |
| Executive Director | Mr. Mohammad Shamoony Chaudry (Chief Executive Officer - CEO) |

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
- The Company is compliant in respect of certification of all directors under the Director's Training program;
- The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed following committees comprising of members given below:

a) Board Audit Committee:

| Name | Designation | Category |
|----------------------------|-------------|----------------------|
| Mr. Shabbir Hussain Hashmi | Chairman | Independent Director |
| Mr. Hasan Reza Ur Rahim | Member | Independent Director |
| Mr. Kamran Nishat | Member | Independent Director |


b) Human Resource and Remuneration Committee:


| Name | Designation | Category |
|-------------------------|-------------|------------------------|
| Mr. Hasan Reza Ur Rahim | Chairman | Independent Director |
| Mr. Abdul Samad Dawood | Member | Non-Executive Director |
| Ms. Sabrina Dawood | Member | Non-Executive Director |

a) Board Investment Committee:

| Name | Designation | Category |
|----------------------------|-------------|------------------------|
| Mr. Abdul Samad Dawood | Chairman | Non-Executive Director |
| Mr. Hasan Reza Ur Rahim | Member | Independent Director |
| Mr. Shabbir Hussain Hashmi | Member | Independent Director |
| Mr. Kamran Nishat | Member | Independent Director |

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
- The frequency of meetings (quarterly/half yearly/yearly) of the committees were as follows:
 - Board Audit Committee: Four (04) meetings held during the financial year ended on December 31, 2022.
 - HR and Remuneration Committee: Four (4) meetings held during the financial year ended on December 31, 2022.
 - Board Investment Committee: One (1) meeting held during the financial year ended on December 31, 2022.
- The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff on a shared service basis with an associated company, who are conversant with the policies and procedures of the Company;
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company;
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
- We confirm that all requirements of Regulation 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.


 Mohammad Shamoony Chaudry
 Chief Executive Officer
 Karachi
 Date: March 2, 2023


 Abdul Samad Dawood
 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Cyan Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 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. 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.

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 Regulations as applicable to the Company for the year ended December 31, 2022.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 24, 2023
UDIN: CR20221008119lbn6Pc

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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, 2022, and 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 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, 2022 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 is the Key Audit Matter:

| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|--|---|
| (i) | Investments (Refer note 8 to the financial statements) | |
| | <p>The total assets of the Company aggregate to Rs. 1,574.789 million out of which investments amounts to Rs. 1,469.491 million. These investments are measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost.</p> <p>Due to the significance of these investments to the overall statement of financial position of the Company as at December 31, 2022, the valuation of these investments in accordance with the adopted accounting policy was a significant audit risk and considered a key audit matter.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> Reviewed the design and tested the operating effectiveness of the key controls for valuation of investments; Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2022 and reconciled it with the books and records of the Company; |

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A.F.FERGUSON & Co.

| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|------------------|--|
| | | <ul style="list-style-type: none"> Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Reviewed the presentation and disclosures related to investments and assessed whether it complied with the applicable financial reporting framework. |

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 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.

Att



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- 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 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 **Khatab Muhammad Akhi Baig**.

A.F. Ferguson & Co.

Chartered Accountants

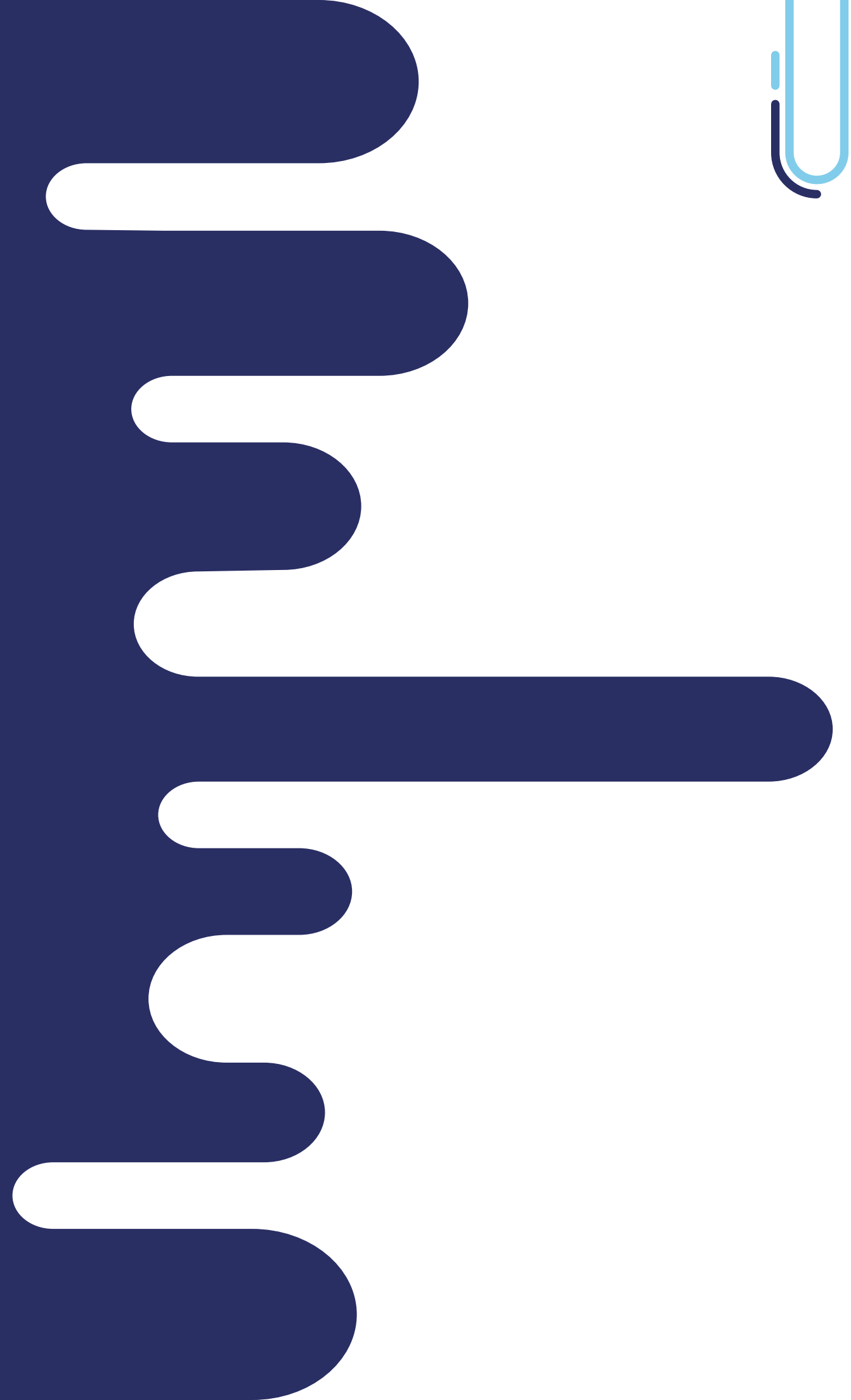
Karachi

Date: March 24, 2023

UDIN: AR2022100811r7HFMkNZ



FINANCIAL STATEMENTS



STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

| | Note | 2022 ----- (Rupees in '000) ----- | 2021 |
|--|------|--------------------------------------|-----------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property and equipment | 6 | 3,444 | 50,146 |
| Intangible assets | 7 | 106 | 114 |
| Deferred taxation | 15 | 87,287 | 28,956 |
| Long term investment | 8 | 622,671 | 46,218 |
| Long term deposit | | 2,500 | 2,500 |
| | | 716,008 | 127,934 |
| CURRENT ASSETS | | | |
| Short term investment | 8 | 846,820 | 2,586,129 |
| Trade and other receivables | 9 | 10,497 | 12,895 |
| Advances and short term prepayments | 10 | 1,036 | 3,110 |
| Cash and bank balances | 11 | 428 | 234 |
| | | 858,781 | 2,602,368 |
| TOTAL ASSETS | | 1,574,789 | 2,730,302 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital 100,000,000 (2021: 100,000,000) Ordinary shares of Rs. 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid-up share capital | 12 | 615,591 | 615,591 |
| Unappropriated profit | | 69,116 | 634,362 |
| Reserves | 13 | 13,088 | 133,088 |
| Remeasurement on post retirement benefits obligation - net of tax | | 3,145 | 3,215 |
| Surplus on revaluation of investments carried at fair value through other comprehensive income | | 530,578 | 496,982 |
| | | 1,231,518 | 1,883,238 |
| Non-current liabilities | | | |
| Payable to gratuity fund / Deferred liability - gratuity | 14 | 99 | 20,910 |
| Lease liability against right-of-use asset | | - | 22,829 |
| | | 99 | 43,739 |
| Current liabilities | | | |
| Trade and other payables | 16 | 9,151 | 69,402 |
| Current portion of lease liability against right-of-use asset | | - | 8,339 |
| Unclaimed dividend | | 29,821 | 28,859 |
| Short term borrowings | 17 | 255,674 | 671,401 |
| Taxation - net | | 48,526 | 25,324 |
| | | 343,172 | 803,325 |
| TOTAL EQUITY AND LIABILITIES | | 1,574,789 | 2,730,302 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 18 | | |

The annexed notes 1 to 34 form an integral part of these financial statements.



Muhammad Anas Karimi
Chief Financial Officer



Mohammad Shamooun Chaudry
Chief Executive



Shabbir Hussain Hashmi
Director



Muhammad Anas Karimi
Chief Financial Officer



Mohammad Shamooun Chaudry
Chief Executive



Shabbir Hussain Hashmi
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

| | Note | 2022 ----- (Rupees in '000) ----- | 2021 |
|--|------|--------------------------------------|-----------|
| Return on investments | 19 | 153,948 | 94,791 |
| (Loss) / gain on sale of investments - net | | (127,659) | 566,166 |
| Other income - net | 20 | 1,505 | 14,398 |
| | | 27,794 | 675,355 |
| Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net | | (371,415) | (243,917) |
| Unrealised appreciation on remeasurement of derivative contract | | - | 3,732 |
| | | (343,621) | 435,170 |
| EXPENSES | | | |
| Operating and administrative expenses | 21 | 51,462 | 185,907 |
| Financial charges | 22 | 69,802 | 32,462 |
| | | (121,264) | (218,369) |
| (Loss) / profit before taxation | | (464,885) | 216,801 |
| Taxation | | | |
| - current year | 23 | (22,198) | (103,890) |
| - prior year | 23 | (10,229) | 43,814 |
| - deferred | 23 | 58,302 | 46,668 |
| | | 25,875 | (13,408) |
| Net (loss) / profit for the year after taxation | | (439,010) | 203,393 |
| Other comprehensive (loss) / income for the year | | | |
| Items that will not be reclassified to profit or loss | | | |
| Surplus / (deficit) on revaluation of investments carried at fair value through other comprehensive income | | 33,596 | (96,746) |
| Remeasurement of post retirement benefits obligation - net of tax | | (70) | 1,384 |
| Total comprehensive (loss) / income for the year | | (405,484) | 108,031 |
| ----- (Rupees) ----- | | | |
| Basic and diluted (loss) / earnings per share | 30 | (7.13) | 3.30 |


The annexed notes 1 to 34 form an integral part of these financial statements.


STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

| | Share capital | Capital reserves | | Revenue reserves | | Remeasurement on post retirement benefits obligation - net of tax | Surplus / (deficit) on revaluation of investments at fair value through other comprehensive income | Total |
|---|--------------------------------|---|----------------------------------|------------------|-----------------------|---|--|------------------|
| | Issued, subscribed and paid-up | Reserve for exceptional losses (Note 13.1)" | Capital gain reserve (Note 13.2) | General reserve | Unappropriated profit | | | |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Balance as at January 1, 2021 | 615,591 | 10,535 | 2,553 | 120,000 | 1,027,125 | 1,831 | 674,723 | 2,452,358 |
| Transactions with owners recorded directly in equity | | | | | | | | |
| Transfer to reserve on gain on sale of investment | - | - | - | - | 80,995 | - | (80,995) | - |
| Final dividend @ Rs.5 per share for the year ended Dec 31, 2020 | - | - | - | - | (307,796) | - | - | (307,796) |
| Interim dividend @ Rs.6 per share for the half year ended June 30, 2021 | - | - | - | - | (369,355) | - | - | (369,355) |
| | - | - | - | - | (596,156) | - | (80,995) | (677,151) |
| Total comprehensive income for the year ended December 31, 2021 | | | | | | | | |
| Net profit for the year | - | - | - | - | 203,393 | - | - | 203,393 |
| Other comprehensive income | - | - | - | - | - | 1,384 | (96,746) | (95,362) |
| | - | - | - | - | 203,393 | 1,384 | (96,746) | 108,031 |
| Balance as at December, 31 2021 | 615,591 | 10,535 | 2,553 | 120,000 | 634,362 | 3,215 | 496,982 | 1,883,238 |
| Balance as at January 1, 2022 | 615,591 | 10,535 | 2,553 | 120,000 | 634,362 | 3,215 | 496,982 | 1,883,238 |
| Transactions with owners recorded directly in equity | | | | | | | | |
| Transfer to unappropriated profit from general reserve | - | - | - | (120,000) | 120,000 | - | - | - |
| Final dividend @ Rs.4 per share for the year ended Dec 31, 2021 | - | - | - | - | (246,236) | - | - | (246,236) |
| Total comprehensive loss for the year ended December 31, 2022 | - | - | - | (120,000) | (126,236) | - | - | (246,236) |
| Net Loss for the year | - | - | - | - | (439,010) | - | - | (439,010) |
| Other comprehensive income | - | - | - | - | - | (70) | 33,596 | 33,526 |
| | - | - | - | - | (439,010) | (70) | 33,596 | (405,484) |
| Balance as at December 31, 2022 | 615,591 | 10,535 | 2,553 | - | 69,116 | 3,145 | 530,578 | 1,231,518 |

The annexed notes 1 to 34 form an integral part of these financial statements.


Muhammad Anas Karimi
Chief Financial Officer


Mohammad Shamooun Chaudry
Chief Executive


Shabbir Hussain Hashmi
Director

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

| | Note | 2022 | 2021 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) / profit before taxation | | (464,885) | 216,801 |
| Adjustment for non cash charges and other items: | | | |
| Depreciation on owned fixed asset | | 1,746 | 4,676 |
| Depreciation on right-of-use asset | | 2,647 | 8,251 |
| Amortisation of Intangible assets | | 107 | 132 |
| Loss / (gain) on sale of property and equipment | | 4,945 | (111) |
| Loss / (gain) on sale of investments - net | | 127,659 | (566,166) |
| Amortisation of premium on Pakistan investment bonds | | (2,407) | (2,108) |
| Financial charges | | 69,802 | 32,462 |
| Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net | | 371,415 | 243,917 |
| Unrealized appreciation remeasurement of derivative contract | | - | (3,732) |
| | | 575,914 | (282,679) |
| Operating profit / (loss) before working capital changes | | 111,029 | (65,878) |
| Decrease in operating assets | | | |
| Trade and other receivables | | (1,431) | 2,709 |
| Long term loans | | - | 4,362 |
| Advances and short-term prepayments | | 2,074 | 83 |
| | | 643 | 7,154 |
| (Decrease) / Increase in operating liabilities | | | |
| Payable to gratuity fund / Deferred liability - gratuity | | (20,811) | 3,624 |
| Trade and other payables | | (60,251) | (102,184) |
| | | (81,062) | (98,560) |
| Net cash generated from / (used in) operations | | 30,610 | (157,284) |
| Taxes paid | | (9,225) | (118,209) |
| Financial charges paid | | (65,438) | (33,296) |
| Dividend paid | | (245,274) | (673,811) |
| Net cash used in operating activities | | (289,327) | (982,600) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | | 888,007 | 7,699,856 |
| Investment in securities | | (184,492) | (7,158,272) |
| Capital expenditure incurred | | (99) | (3,297) |
| Proceeds from sale of property and equipment | | 8,049 | 170 |
| Net cash generated from investing activities | | 711,465 | 538,457 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of principal portion of lease liability against right-of-use asset | | (1,853) | (9,737) |
| Net increase/(decrease) in cash and cash equivalents | | 420,285 | (453,880) |
| Cash and cash equivalents at the beginning of the year | | (660,162) | (206,282) |
| Cash and cash equivalents at the end of the year | 11.2 | (239,877) | (660,162) |

The annexed notes 1 to 34 form an integral part of these financial statements.


Muhammad Anas Karimi
Chief Financial Officer


Mohammad Shamooun Chaudry
Chief Executive


Shabbir Hussain Hashmi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited ("the Company"), a Dawood Group Company, is a Public Limited Company incorporated in Pakistan on April 23, 1960 under the Companies Act, 1913 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 9th Floor Dawood Centre, Molvi Tamizuddin Khan Road, Karachi. The Company is a subsidiary of Dawood Corporation (Private) Limited (the Parent Company).

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

2. BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value as described in note 4.5 and certain staff retirement benefits which are carried at present value as described in note 4.12.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

- (a) Classification of investments (note 4.5 and 8).
- (b) Accounting for defined benefit plan (note 4.12 and 14).
- (c) Depreciation / amortisation and impairment of operating fixed assets and intangible assets (note 4.1, 4.6.2, 6 and 7)
- (d) Provision for taxation (current and prior years) and deferred taxation (note 4.3, 15 and 23)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

3.1 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2022. These are considered either to not be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following new standards and interpretations of and amendments to existing published accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

| Amendments | Effective date (accounting period beginning on or after) |
|---|--|
| - IAS 8, - 'Accounting policies, changes in accounting estimates and errors' (amendments) | Jan 01, 2023 |
| - IAS 12, - 'Income Taxes' (amendments) | Jan 01, 2023 |
| - IAS 1, - 'Presentation of financial statements' (amendments) | Jan 01, 2024 |

The above amendments are not expected to have any material impact on the financial statements of the Company.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and Equipment

4.1.1 Owned

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 as and when incurred. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 fixed assets is charged to the profit or loss 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 6. The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of fixed assets is charged to the profit or loss.

4.1.2 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.2 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 by applying the straight line method at the rates specified in note 7 to the financial statements.

4.3 Taxation

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

4.3.1 Current

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

4.3.2 Deferred

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4.4 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.

4.5 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase and classifies its investments at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification depends on the purpose for which the investments were acquired.

4.5.1 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses and gain or loss arising on derecognition are recognised directly in profit or loss. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

4.5.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (other than equity investments) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has classified certain equity instruments or financial assets at fair value through other comprehensive income. These securities are measured at fair value with consequent gain / (loss) recognised in other comprehensive income. The fair value gains and losses recognised in other comprehensive income are not subsequently reclassified to profit or loss, including on disposal.

4.5.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is recognised in the statement of profit or loss in the year in which it arises.

4.6 Impairment

4.6.1 Financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and FVOCI. The maximum period considered when estimating ECLs is the maximum contractual period for which the company is exposed to credit risk.

When determining whether the credit risk of the financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This include both qualitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment including forward looking information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The counterparty is unlikely to pay its credit obligations to the Company in full, without recourse by the company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4.6.2 Non-financial assets

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

4.7 Financial instruments

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

Financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transactions costs are recognised in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the profit or loss except for investment in equity securities classified as fair value through other comprehensive income.

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the profit or loss.

4.8 Off-setting of financial assets and liabilities

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

4.9 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 goods or services received, whether or not billed to the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4.10 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.

4.11 Revenue recognition

Return on Investments

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

Other income

- Income on long term loans, bank deposits and placements is recognised on accrual basis using the effective interest method.
- Income on advisory services is recognised when performance obligation for delivery of services is satisfied over time.

4.12 Employee Benefits

4.12.1 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 15% of the basic salary.

4.12.2 Defined benefit plan

The Company operates funded approved gratuity fund for all permanent employees who have completed the minimum qualifying period which is 6 months of service. Contributions to the fund 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.

4.12.3 Employees' compensated absences

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

4.13 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

6.2 Details of disposal of operating fixed assets are as follows:

| Particulars | Cost of assets | Accumulated depreciation | Carrying value | Sales proceeds | Gain / (loss) on disposal | Mode of disposal | Purchaser |
|------------------------------|------------------------------|--------------------------|----------------|----------------|---------------------------|-------------------------|-------------------|
| | ----- (Rupees in '000) ----- | | | | | | |
| Furniture and Fixture | | | | | | | |
| Leasehold Improvements | 9,558 | 6,033 | 3,525 | 21 | (3,504) | Sale in Market | Big Lots |
| Leasehold Improvements | 4,589 | 2,899 | 1,690 | 21 | (1,669) | Sale in Market | Big Lots |
| Various | 2,683 | 1,254 | 1,429 | 493 | (936) | Various | Various |
| | 16,830 | 10,186 | 6,644 | 535 | (6,109) | | |
| Motor Vehicle | | | | | | | |
| Super Power Bike | 45 | 36 | 9 | 9 | - | Sale to Employee | Sabzullah |
| Mercedes Benz Car | 9,975 | 5,013 | 4,962 | 5,237 | 275 | Sale to Employee | Sulaiman S. Mehdi |
| | 10,020 | 5,049 | 4,971 | 5,246 | 275 | | |
| Office Equipment | 10,616 | 8,154 | 2,462 | 2,268 | (194) | Various | Various |
| Right of Use Asset | 31,761 | 3,529 | 28,232 | 29,315 | 1,083 | Termination of contract | |
| 2022 | 69,227 | 26,918 | 42,309 | 37,364 | (4,945) | | |
| 2021 | 24,914 | 24,855 | 59 | 170 | 111 | | |

6.3 The cost of fully depreciated assets amounts to Rs. 0.891 million as at December 31, 2022 (December 31, 2021: 1.459 million)

Note
----- (Rupees in '000) -----

7. INTANGIBLE ASSETS

At January 1

| | | |
|----------------------------------|---------|---------|
| Cost | 7,461 | 7,461 |
| Accumulated amortisation | (7,347) | (7,215) |
| Opening net book value | 114 | 246 |
| Additions during the year | 99 | - |
| Disposals during the year | - | - |
| Cost | - | - |
| Accumulated amortisation | - | - |
| Amortisation charge for the year | (107) | (132) |
| Closing net book value | 106 | 114 |
| At December 31 | | |
| Cost | 7,560 | 7,461 |
| Accumulated amortisation | (7,454) | (7,347) |
| Closing net book value | 106 | 114 |
| Rate of amortisation | 33.33% | 33.33% |

8. INVESTMENT

| | | | |
|-----------------------|-----|------------------|------------------|
| Long term investment | 8.1 | 622,671 | 46,218 |
| Short term investment | 8.2 | 846,820 | 2,586,129 |
| | | 1,469,491 | 2,632,347 |

8.1 Long term investment

| | | | |
|--|---------|----------------|---------------|
| Investments carried at amortised cost | 8.2.1.2 | - | 46,218 |
| Investments carried at fair value through other comprehensive income | 8.1.1 | 622,671 | - |
| | | 622,671 | 46,218 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8.1.1 Investments carried at fair value through other comprehensive income

Quoted securities - related party

| Name of investee company | Number of Shares | | Cost | | Market value | |
|--------------------------------------|------------------------------|-----------|-----------|-----------|--------------|-----------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | ----- (Rupees in '000) ----- | | | | | |
| Inv. Bank/ Inv. Cos/ Sec. Cos | | | | | | |
| Dawood Lawrencepur Limited | 2,965,095 | 2,965,095 | 222,111 | 622,671 | 589,075 | |
| Equity held: 5% (2021: 5%) | | | 222,111 | 622,671 | 589,075 | |
| Less: Provision for impairment | | | (130,018) | | | |
| Carrying value | | | 92,093 | | | |
| Market value as at December 31, 2022 | | | 622,671 | | | |
| Unrealised gain | | | 530,578 | | | |

8.2 Short term investment

Financial assets comprise of the following:

| | | | |
|--|-------|----------------|------------------|
| - Investments carried at amortised cost | 8.2.1 | 51,625 | 10,500 |
| - Investments carried at fair value through other comprehensive income | 8.2.2 | - | 589,075 |
| - Investments carried at fair value through profit or loss | 8.2.3 | 795,195 | 1,986,554 |
| | | 846,820 | 2,586,129 |

8.2.1 Investments carried at amortised cost

| | | | |
|------------------------------------|---------|---------------|---------------|
| Deposits maturing within one month | 8.2.1.1 | 3,000 | 3,000 |
| Deposits maturing within one year | | - | 7,500 |
| Pakistan Investment Bonds | 8.2.1.2 | 48,625 | - |
| | | 51,625 | 10,500 |

8.2.1.1 These 'Term Deposit Receipts' carry mark-up at 13.75% per annum (2021: 8.5% per annum) and are due to mature on January 7, 2023 (December 31, 2021: January 17, 2022). These have been pledged against guarantees issued on behalf of the Company in favour of Nazir of Sindh High Court (note 18.1).

8.2.1.2 These are five year Pakistan Investment Bonds (PIBs) placed with the State Bank of Pakistan as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. The Pakistan Investment Bonds have a face value of Rs. 50 million and market value of Rs. 47.79 million as at December 31, 2022 (December 31, 2021: 47.690). These will be released once the outstanding claims and balances relating to insurance business are settled. These carry a profit yield at 13.71% and 13.49% per annum (December 31, 2021: 13.71% and 13.49%) payable at six month interval. These PIB's are maturing on July 12, 2023 (December 31, 2021: July 12, 2023).

8.2.2 Investments carried at fair value through other comprehensive income

| | Note | Market Value | |
|---------------------------------|---------|------------------------------|----------------|
| | | 2022 | 2021 |
| | | ----- (Rupees in '000) ----- | |
| Un-quoted shares | 8.2.2.1 | - | - |
| Un-quoted debentures | 8.2.2.2 | - | - |
| Quoted shares - related parties | 8.1.1 | - | 589,075 |
| | | - | 589,075 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8.2.2.1 Un-quoted Shares

| Note | Number of Shares | | Cost | |
|---------------------------------|------------------------------|-----------|-----------|-----------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | ----- (Rupees in '000) ----- | | | |
| Name of investee company | | | | |
| Bankers Equity Limited (BEL) | 13,465 | 13,465 | 117 | 117 |
| Cost as on December 31 | | | 117 | 117 |
| Less: Provision for impairment | | | (117) | (117) |
| Carrying value | | | - | - |

8.2.2.1.1 BEL is in the process of liquidation, therefore, the name of the Chief Executive is not available.

8.2.2.2 Un-quoted debentures

| Name of investee company | Number of Bonds | | Cost | |
|--------------------------------|------------------------------|-----------|-----------|-----------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | ----- (Rupees in '000) ----- | | | |
| Hyson Sugar Mills Limited | 120 | 120 | 60 | 60 |
| Cost as on December 31 | | | 60 | 60 |
| Less: Provision for impairment | | | (60) | (60) |
| Carrying value | | | - | - |

8.2.3 Investments carried at fair value through profit or loss

| | Note | Market Value | |
|---------------|---------|------------------------------|------------------|
| | | 2022 | 2021 |
| | | ----- (Rupees in '000) ----- | |
| Quoted shares | 8.2.3.1 | 792,900 | 1,984,265 |
| Mutual funds | 8.2.3.2 | 2,295 | 2,289 |
| | | 795,195 | 1,986,554 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8.2.3.1 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-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | | |
| | | ----- (Rupees in '000) ----- | | | | | | | |
| Cement | | | | | | | | | |
| Cherat Cement Company Limited | | 35,000 | - | 4,105 | 3,567 | - | - | 0.24% | 0.02% |
| Refinery | | | | | | | | | |
| National Refinery Limited | | 25,000 | - | 5,541 | 4,401 | - | - | 0.30% | 0.03% |
| Commercial banks | | | | | | | | | |
| Bank Alfalah Limited | | - | 1,000,000 | - | - | 34,600 | - | 0.00% | - |
| Habib Bank Limited | 8.2.3.1.1 | 1,115,153 | 2,500,000 | 130,049 | 71,069 | 291,550 | - | 4.84% | 0.08% |
| MCB Bank Limited | 8.2.3.1.1 & 8.2.3.1.3 | 1,250,000 | 1,250,000 | 191,688 | 145,200 | 191,688 | - | 9.88% | 0.11% |
| United Bank Limited | 8.2.3.1.1, 8.2.3.1.2, 8.2.3.1.3 & 8.2.3.1.4 | 3,994,773 | 4,500,405 | 545,606 | 402,473 | 614,665 | - | 27.39% | 0.33% |
| | | | | 867,343 | 618,742 | 1,132,503 | - | 42.11% | |
| Chemical | | | | | | | | | |
| Nimir Resins Limited | | 1,000,500 | 3,079,500 | 18,869 | 14,377 | 58,079 | - | 0.98% | 0.71% |
| Oil and gas marketing companies | | | | | | | | | |
| Pakistan State Oil Company Limited | | 30,000 | 750,000 | 4,165 | 4,320 | 136,418 | - | 0.29% | 0.01% |
| Pharmaceuticals | | | | | | | | | |
| Citi Pharma Limited | | - | 283,550 | - | - | 10,140 | - | 0.00% | - |
| Technology and communication | | | | | | | | | |
| Air Link Communication Limited | | - | 1,000,000 | - | - | 58,060 | - | 0.00% | - |
| Avanceon Limited | | 150,000 | 500,000 | 11,693 | 9,905 | 45,560 | - | 0.67% | 0.05% |
| Hum Network Limited | | - | 5,565,000 | - | - | 35,949 | - | 0.00% | - |
| Worldcall Telecom Limited | | - | 10,000,000 | - | - | 20,800 | - | 0.00% | - |
| | | | | 11,693 | 9,905 | 160,369 | - | 0.67% | |
| Textile composite | | | | | | | | | |
| Gul Ahmad Textile Mills Limited | | - | 500,000 | - | - | 23,530 | - | 0.00% | 0.00% |
| Power Generation & Distribution | | | | | | | | | |
| Hub Power Company Limited. | | 100,000 | - | 6,502 | 6,308 | - | - | 0.43% | 0.01% |
| Food and personal care products | | | | | | | | | |
| Unity Foods Limited | 8.2.3.1.3 | 9,297,418 | 17,500,000 | 246,103 | 131,280 | 463,226 | - | 8.93% | 7.79% |
| | | | | 1,164,321 | 792,900 | 1,984,265 | - | 53% | |
| Unrealised Loss on quoted shares | | | | | | | | | (371,421) |

8.2.3.1.1 0.7 million shares (December 31, 2021: 0.7 million shares) of Habib Bank Limited having a market value of 44.611 million (December 31, 2021: 81.634 million), 0.5 million shares (December 31, 2021: 0.7 million shares) of MCB Bank Limited having a market value of 58.080 million (December 31, 2021: 107.435 million) and 0.6 million shares (December 31, 2021: 0.7 million shares) of United Bank Limited having a market value of Rs. 60.450 million (December 31, 2021: 95.606 million) have been pledged with Habib Metropolitan Bank Limited as collateral against running finance facility obtained from the bank.

8.2.3.1.2 0.9 million shares (December 31, 2021: 3.7 million) of United Bank Limited having a market value of Rs. 90.675 million (December 31, 2021: Rs. 505.356 million) have been pledged with MCB Bank Limited as collateral against running finance facility obtained from the bank.

8.2.3.1.3 9 million shares (December 31, 2021: 3.5 million) of Unity Foods Limited having a market value of Rs. 127.080 million (December 31, 2021: 92.645 million), 1.9 million shares (December 31, 2021: Nil) of United Bank Limited having a market value of Rs. 191.425 million (December 31, 2021: Nil), 0.55 million shares (December 31, 2021: Nil) of MCB Bank Limited having a market value of Rs. 63.880 million (December 31, 2021: Nil), have been pledged with Bank Al Habib Limited as collateral against running finance facility obtained from the bank.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8.2.3.1.4 0.25 million shares (December 31, 2021: Nil) of United Bank Limited having market value of Rs. 29.040 million (December 31, 2021: Nil) as at December 31, 2021 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

8.2.3.2 Mutual Funds

| Name of fund | Note | Number of Units | | Carrying Value | | Market value | |
|---------------------------------------|-----------|-----------------|-----------|----------------|-----------|--------------|-----------|
| | | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| ----- (Rupees in '000) ----- | | | | | | | |
| NBP Government Securities Liquid Fund | 8.2.3.2.1 | 223,871 | 223,871 | 2,289 | 2,295 | 2,289 | 2,289 |
| Carrying cost as at December 31, 2022 | | | | 2,289 | 2,295 | 2,289 | 2,289 |
| Market value as at December 31, 2022 | | | | 2,295 | | | |
| Unrealised gain on mutual funds | | | | 6 | | | |

8.2.3.2.1 223,871 units (December 31, 2021: 223,871 units) of NBP Government Securities Liquid Fund having a market value of Rs. 2.295 million (December 31, 2021: Rs. 2.289 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

9. TRADE AND OTHER RECEIVABLES

Amounts due from other insurers / reinsurers -
Discontinued Operations
Reinsurance recoveries against outstanding claims -
Discontinued Operations
Interest receivable
Sundry receivables

| Note | 2022 | 2021 |
|------|------------------------------|--------|
| | ----- (Rupees in '000) ----- | |
| 9.1 | - | - |
| | 1,912 | 5,406 |
| | 1,880 | 1,880 |
| 9.2 | 6,705 | 5,609 |
| | 10,497 | 12,895 |

9.1 Amounts due from other insurers / reinsurers - unsecured

Considered good
- Foreign
- Local
Considered doubtful
Provision against amounts due from other insurers / reinsurers

| | | |
|--|---------|---------|
| - Foreign | - | - |
| - Local | - | - |
| Considered doubtful | 2,129 | 2,129 |
| Provision against amounts due from other insurers / reinsurers | (2,129) | (2,129) |
| | - | - |

9.2 Sundry receivables

Profit on bank deposits
- Savings accounts
- Term deposits
Receivable against National Clearing Company of Pakistan (NCCPL) against sale of shares
Others
Receivable from related party

| | | |
|---|-------|-------|
| Profit on bank deposits | 6 | 3 |
| - Savings accounts | 29 | 374 |
| - Term deposits | | |
| Receivable against National Clearing Company of Pakistan (NCCPL) against sale of shares | 6,365 | - |
| Others | 141 | 3,732 |
| Receivable from related party | 164 | 1,500 |
| | 6,705 | 5,609 |

9.2.1 This pertains to receivable against sale of shares. The amount was received subsequent to December 31, 2022.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Note 2022 2021
----- (Rupees in '000) -----

10. ADVANCES AND SHORT TERM PREPAYMENTS

Advances and deposits
Prepayments

| | | |
|-----------------------|-------|-------|
| Advances and deposits | 409 | 2,040 |
| Prepayments | 627 | 1,070 |
| | 1,036 | 3,110 |

11. CASH AND BANK BALANCES

Cash in hand

| | | |
|--------------|---|----|
| Cash in hand | - | 50 |
|--------------|---|----|

Current and other accounts

Current account
Saving accounts

| | | |
|-----------------|-----|-----|
| Current account | 22 | 105 |
| Saving accounts | 406 | 79 |
| | 428 | 184 |
| | 428 | 234 |

11.1 This balance is placed under mark-up arrangement at the rate of 14.51% (December 31, 2021: 2.33% to 7.25%) per annum.

11.2 Cash and cash equivalents

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

| Note | 2022 | 2021 |
|--------------------------|------------------------------|-----------|
| | ----- (Rupees in '000) ----- | |
| - Cash and bank balances | 428 | 234 |
| - Short term borrowing | (243,305) | (663,396) |
| - Term deposit receipts | 3,000 | 3,000 |
| | (239,877) | (660,162) |

12. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2022 | 2021 | 2022 | 2021 |
|--------------------------------|------------|------------------------------|---------|
| ----- (Number of shares) ----- | | ----- (Rupees in '000) ----- | |
| 250,000 | 250,000 | 2,500 | 2,500 |
| 61,309,108 | 61,309,108 | 613,091 | 613,091 |
| 61,559,108 | 61,559,108 | 615,591 | 615,591 |

Ordinary shares of Rs. 10 each fully paid in cash
Ordinary shares of Rs. 10 each issued as fully paid bonus shares

12.1 As at December 31, 2022, related parties hold 52,209,934 (December 31, 2021: 52,211,659) ordinary shares of Rs. 10 each.

12.2 As at December 31, 2022, Dawood Corporation (Private) Limited holds 64.70% (December 31, 2022: 64.70%) holding in Cyan Limited.

13. RESERVES

Capital reserves
- Reserve for exceptional losses
- Capital gain reserve

| Note | 2022 | 2021 |
|----------------------------------|------------------------------|--------|
| | ----- (Rupees in '000) ----- | |
| Capital reserves | | |
| - Reserve for exceptional losses | 10,535 | 10,535 |
| - Capital gain reserve | 2,553 | 2,553 |
| | 13,088 | 13,088 |

Revenue reserve
- General reserve

| | | |
|-------------------|--------|---------|
| Revenue reserve | - | 120,000 |
| - General reserve | | |
| | 13,088 | 133,088 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

13.1 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.

13.2 The reserve for capital gains is a 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.

14. PAYABLE TO GRATUITY FUND

14.1 Salient Features

The Company offers an approved gratuity fund for all permanent employees. The latest actuarial valuation of this fund was carried out as at December 31, 2022 using the Projected Unit Credit Method by an independent actuary. Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at December 31, 2022 are given in note 14.2. Gratuity is payable to the employees in case of death, retirement or resignation, excluding dismissal due to disciplinary issues. Normal retirement age is 60 years. As at December 31, 2022, 2 employees (2021: 18 employees) were covered under the scheme.

14.2 Principal actuarial assumptions

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

| | 2022 | 2021 |
|--|--------|--------|
| a. Discount rate | 14.25% | 12.50% |
| b. Salary increase rate | N/A | 8.00% |
| c. Average expected service length of employees (in years) | 7.6 | 5.5 |
| d. Average age | 39.5 | 37.3 |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

14.3 The gratuity scheme exposes the entity to the following risks:

Mortality risks

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Withdrawal risks

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

The Company ensures that the assets in the fund are managed within an asset-liability matching framework. Within this framework, the Company's objective is to match assets to the defined benefit obligations by investing in liquid assets such as units of mutual funds and bank deposits that match the benefit payments as they fall due. The Company actively monitors that the duration and the expected yield of the investments are matching the expected cash outflows arising from the defined benefit obligations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

| Note | 2022 | 2021 |
|--|------------------------------|---------|
| | ----- (Rupees in '000) ----- | |
| Present value of defined benefit obligation | 99 | 20,910 |
| 14.5 Reconciliation of payable to defined benefit plan | | |
| Present value of defined benefit obligation | 14.6 2,186 | 20,910 |
| Less: Fair value of plan assets | 14.7 (2,087) | - |
| Balance at the end of the year | 99 | 20,910 |
| 14.6 Movement in present value of defined benefit obligation | | |
| At January 1 | 20,910 | 19,235 |
| Current service cost | 864 | 2,673 |
| Interest expense | 498 | 1,922 |
| | 22,272 | 23,830 |
| Gains and losses arising on plan settlements | 1,241 | - |
| Remeasurements: | | |
| - Gain from change in financial assumptions | 5 | (785) |
| - Experience adjustments | 268 | (1,164) |
| | 273 | (1,949) |
| Benefit payments | (21,600) | (971) |
| At December 31 | 2,186 | 20,910 |
| 14.7 Movement in fair value of plan assets | | |
| Fair value as at January 1 | - | - |
| Contribution for the year | 23,513 | - |
| Benefit paid during the year | (21,600) | - |
| Return on plan assets | 174 | - |
| | 2,087 | - |
| 14.7 Movement in net liability in the statement of financial position | | |
| Opening balance of net liability | 20,910 | 19,235 |
| Charge for the year | 1,362 | 4,595 |
| Benefit payments | (21,600) | (971) |
| Gains and losses arising on plan settlements | 1,241 | - |
| Net remeasurement gain for the year | 273 | (1,949) |
| Closing balance of net liability | 2,186 | 20,910 |
| Less: Fair value of plan assets | (2,087) | - |
| Net liability in the statement of financial position | 99 | 20,910 |
| 14.8 Amounts recognised in profit or loss | | |
| Current service cost | 864 | 2,673 |
| Gains and losses arising on plan settlements | 1,241 | - |
| Net interest income | 498 | 1,922 |
| | 2,603 | 4,595 |
| 14.9 Remeasurements Chargeable in Other Comprehensive Income | | |
| Actuarial (gains) / losses from changes in financial assumptions | 5 | (785) |
| Experience adjustments | 268 | (1,164) |
| | 273 | (1,949) |
| Return on plan assets, excluding amount included in interest income | (174) | - |
| Total remeasurements chargeable in other comprehensive income | 99 | (1,949) |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

| | 2022 | | | 2021 | | |
|----------------------|--|------------------------|------------------------|--|------------------------|------------------------|
| | 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 | 1,919 | (2,500) | + / (-) 100 bps | 18,649 | (23,523) |
| Salary increase rate | + / (-) 100 bps | 2,503 | (1,913) | + / (-) 100 bps | 23,543 | (18,591) |

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 statement of financial position.

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

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

| At December 31, 2022 | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|----------------------|------------------|-------------------|-------------------|--------------|--------|
| | | (Rupees in '000) | | | |
| Gratuity | 95 | 106 | 352 | 60,571 | 61,124 |

14.12.1 Historical information

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------------|---------|---------|---------|--------|
| | (Rupees in '000) | | | | |
| Defined benefit obligation | 2,186 | 20,910 | 19,235 | 17,358 | 15,281 |
| Fair value of plan assets (Surplus) / Deficit | (2,087) | - | - | - | - |
| | 99 | 20,910 | 19,235 | 17,358 | 15,281 |
| Remeasurement (Gain) / Loss on obligation | 273 | (1,949) | (3,119) | (2,072) | (447) |
| Remeasurement (Gain) / Loss on plan assets | (174) | - | - | - | - |
| | 99 | (1,949) | (3,119) | (2,072) | (447) |

14.12.2 Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 0.267 million as per the actuarial valuation report of the Company as of December 31, 2022.

The disclosure made in notes 14.1 to 14.12.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2022.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

15. DEFERRED TAXATION

Deferred tax asset

Deductible temporary differences

Staff gratuity
Revaluation of investments
Lease liability against right of use asset
Realised loss on investments
Accelerated tax depreciation
Leave encashment

Taxable temporary differences

Revaluation of investments
Right of use asset
Accelerated tax depreciation

15.1 Reconciliation of deferred tax asset / (liability)

Opening balance
Recognised in profit or loss
Recognised in equity
Closing balance

16. TRADE AND OTHER PAYABLES

Amounts due to other insurers / reinsurers - Discontinued Operations
Accrued expenses
Provision for outstanding claims - Discontinued Operations
Other creditors and accruals

16.1 Amounts due to other insurers / reinsurers

This includes amounts due to local companies.

16.2 The amount includes balance of compensated absences of key management personnel amounting to Rs. 0.765 million as at December 31, 2022 (December 31, 2021: Rs. 7.434 million).

16.3 The amount includes accrual amounting to Rs. 0.695 million (December 31, 2021: Nil) for the rent and administrative fees and salary of Chief Executive Officer for the month of December 31, 2022.

16.4 Other creditors and accruals

Brokerage payable
Sundry creditors

17. SHORT TERM BORROWINGS

Secured

Short term running finance
Accrued mark-up

| Note | 2022 | 2021 |
|-------------|------------------|----------|
| | (Rupees in '000) | |
| | 87,287 | 28,956 |
| | 29 | 6,064 |
| | 53,731 | 22,644 |
| | - | 9,039 |
| | 32,869 | - |
| | 436 | - |
| | 222 | 2,156 |
| | 87,287 | 39,903 |
| | - | - |
| | - | (8,955) |
| | - | (1,992) |
| | - | (10,947) |
| | 87,287 | 28,956 |
| | 28,956 | (17,147) |
| 23 | 58,302 | 46,668 |
| | 29 | (565) |
| | 87,287 | 28,956 |
| | 587 | 587 |
| 16.1 & 16.3 | 3,018 | 59,545 |
| | 5,311 | 8,805 |
| 16.4 | 235 | 465 |
| | 9,151 | 69,402 |
| | 108 | 10 |
| | 127 | 455 |
| | 235 | 465 |
| | 243,305 | 663,396 |
| | 12,369 | 8,005 |
| | 255,674 | 671,401 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

17.1 The Company has running finance facility of Rs. 500 million (December 31, 2021: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 months KIBOR plus 0.3% per annum (December 31, 2021: 3 month KIBOR + 1% per annum) and will expire on March 31, 2023. The amount utilised as at December 31, 2022 was Rs 167.709 million (December 31, 2021: Rs.0.492 million).

17.2 The Company has running finance facility of Rs. 300 million (December 31, 2021: 300 million) under mark-up arrangement with Habib Metropolitan Bank Limited. The facility carries mark-up at 3 month KIBOR plus 0.5% per annum (December 31, 2021: 0.5%) and will expire on February 10, 2023. The amount utilised as at December 31, 2022 was Rs. 75.596 million (December 31, 2021: Rs. 215.928 million).

17.3 The Company has running finance facility of Rs.1,000 million (December 31, 2021: Rs. 1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 1 month KIBOR plus 0.5% per annum (December 31, 2021: 1 month KIBOR + 0.5% per annum) and will expire on June 30, 2023. The amount utilised as at December 31, 2022 was Rs. Nil. (December 31, 2021: Rs.446.976 million).

| | Note | 2022 ----- (Rupees in '000) ----- | 2021 |
|---|------|--------------------------------------|---------------|
| 18. CONTINGENCIES AND COMMITMENTS | | | |
| 18.1 Guarantees issued on behalf of the Company by commercial bank | | 2,800 | 2,800 |
| 18.2 Matters relating to taxation are given in note 23.1. | | | |
| 19. RETURN ON INVESTMENTS | | | |
| Return on Investments carried at amortised cost | 19.1 | 6,874 | 6,664 |
| Return on Investments carried fair value through other comprehensive income | 19.2 | 20,756 | 18,532 |
| Return on Investments carried at fair value through profit or loss | 19.3 | 126,318 | 69,595 |
| | | 153,948 | 94,791 |
| 19.1 Return on Investments carried at amortised cost | | | |
| Interest earned on Pakistan investment bonds | | 4,000 | 4,000 |
| Amortisation on Pakistan investment bonds | | 2,407 | 2,108 |
| Profit on Term deposits Receipts | | 467 | 556 |
| | | 6,874 | 6,664 |
| 19.2 Return on Investments carried fair value through other comprehensive income | | | |
| Dividend income on: Quoted shares - related parties | | 20,756 | 18,532 |
| | | 20,756 | 18,532 |
| 19.3 Return on Investments carried at fair value through profit or loss | | | |
| Dividend income on: Quoted shares | | 126,029 | 69,399 |
| Mutual funds | | 289 | 196 |
| | | 126,318 | 69,595 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

| | Note | 2022 ----- (Rupees in '000) ----- | 2021 |
|---|-------------|--------------------------------------|----------------|
| 20. OTHER INCOME - NET | | | |
| Income from financial assets | | | |
| Profit on bank deposits | | 218 | 347 |
| Income from long term loans | | - | 5 |
| Income from non-financial assets | | | |
| (Loss) / gain on sale of property and equipment | 6.2 | (4,945) | 111 |
| Others | | 232 | 765 |
| Advisory income - Others | | - | 1,170 |
| Advisory income from related party | | 6,000 | 12,000 |
| | | 1,505 | 14,398 |
| 21. OPERATING AND ADMINISTRATIVE EXPENSES | | | |
| Salaries, wages and other benefits | 21.1 & 21.2 | 22,224 | 111,738 |
| Levy, cess and insurance | | 834 | 1,725 |
| Depreciation on owned fixed asset | 6.1 | 1,746 | 4,676 |
| Depreciation on right-of-use asset | 6.1 | 2,647 | 8,251 |
| Amortisation of intangibles | 7 | 107 | 132 |
| Legal and professional charges | | 2,396 | 3,738 |
| Rent, rate and Taxes | | 3,075 | - |
| Printing and stationery | | 770 | 1,327 |
| Utilities | | 362 | 1,410 |
| Vehicle Running expenses | | 80 | 291 |
| Advertisement, promotion and event expenses | | 607 | 2,318 |
| Security guards expenses | | 347 | 1,386 |
| Auditor's remuneration | 21.3 | 3,793 | 1,867 |
| Entertainment | | 1,348 | 2,343 |
| Travelling and communication expenses | | 1,250 | 1,779 |
| Fees and subscription | | 4,539 | 5,606 |
| Postage and telegram | | 145 | 77 |
| Books and periodicals | | 2 | 29 |
| Repairs, renewal and decoration | | 1,354 | 1,709 |
| Brokerage and commission expense | | 2,352 | 26,184 |
| Bank and settlement charges | | 771 | 2,265 |
| Employee training fee | | 196 | 852 |
| Research expense | | 80 | 300 |
| Donation | 21.4 | - | 2,190 |
| Other expenses | | 437 | 3,714 |
| | | 51,462 | 185,907 |
| 21.1 This includes Rs. 1.276 million (December 31, 2021: Rs. 4.513 million) in respect of staff provident fund. | | | |
| 21.2 This includes Rs. 2.603 million (December 31, 2021: Rs. 4.595 million) in respect of employees' gratuity scheme. | | | |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

| | 2022 | 2021 |
|------------------------------------|------------------------------|-------|
| | ----- (Rupees in '000) ----- | |
| 21.3 Auditor's remuneration | | |
| Annual audit fee | 528 | 528 |
| Review and certifications | 401 | 401 |
| Out of pocket expenses | 107 | 151 |
| Taxation services | 2,418 | 704 |
| | 3,454 | 1,784 |
| Sindh sales tax on services | 339 | 83 |
| | 3,793 | 1,867 |

21.4 Donation for the year ended December 31, 2021, amounting to Rs 3.234 million has been paid during the current year to The Dawood Foundation which is a related party of the Company.

| | 2022 | 2021 |
|--|------------------------------|--------|
| | ----- (Rupees in '000) ----- | |
| 22. FINANCIAL CHARGES | | |
| Interest on short term borrowings | 68,919 | 31,751 |
| Interest expense on lease liabilities against right-of-use asset | 883 | 711 |
| | 69,802 | 32,462 |

| | 2022 | 2021 |
|---------------------|-----------------|----------|
| 23. TAXATION | | |
| Current year | 22,198 | 103,890 |
| Prior years | 10,229 | (43,814) |
| Deferred | (58,302) | (46,668) |
| | (25,875) | 13,408 |

23.1 Tax returns have been filed up to the Tax Year 2022 (Accounting year December 31, 2021) 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 certain additions to taxable income resulting in additional tax demand of Rs. 14.04 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 (tax impact of Rs. 13.03 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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. The department has also filed appeal before the ATIR against the deletion of proration of expenses against dividend income and exempt capital gains. The ATIR remanded back the issue to the CIR (Appeals) for readjudication and CIR (Appeals) decided the appeal in favour of the Company. However, the appeal effect order is awaited.

For tax year 2016, the tax department has filed appeal before the Appellate Tribunal on the matter of deletion of Alternative Corporate Tax (ACT) under section 113C amounting to Rs 8.685 million by the Commissioner (Appeals) having a tax implication of Rs 5.249 million. The appeal is pending for hearing.

For tax year 2016 and 2017, Assistant Commissioner (AC) Sindh Revenue Board passed an order-in-original No. 236 dated June 10, 2021 in which it levied Sindh Worker's Welfare Fund (SWWF) of Rs. 25.834 million (including penalty of Rs. 1.230 million) by holding the company as a "financial institution". The Company has contested the levy of SWWF on the basis that it does not meet the definition of financial institution. In this connection, a constitutional petition No. 4043 of 2021 has been filed before the High Court. In this regard, the High Court in its order dated June 24, 2021 has directed the department to refrain from taking coercive measures for recovery of the tax demand raised. The final decision on the matter is still pending.

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.

| | 2022 | 2021 |
|--|------------------------------|----------|
| | ----- (Rupees in '000) ----- | |
| 23.2 Relationship between tax expense and accounting profit | | |
| Accounting (loss) / profit before taxation | (464,885) | 216,801 |
| Tax at applicable rate of 29% (2021: 29%) | (134,817) | 62,872 |
| Tax impact of prior year | 10,229 | (43,814) |
| Impact of income taxed at a lower rate of tax | 85,297 | (12,338) |
| Others | 13,416 | 6,688 |
| | (25,875) | 13,408 |

24. 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 | |
|---|------------------------------|---------------|--------------|--------------|--------------|---------------|---------------|----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Fees | - | - | 1,750 | 1,050 | - | - | 1,750 | 1,050 |
| Managerial remuneration | 5,313 | 13,640 | - | - | 4,851 | 10,347 | 10,164 | 23,987 |
| House rent, conveyance and other allowances | 3,330 | 70,003 | - | - | 3,491 | 44,646 | 6,821 | 114,649 |
| Contribution to provident fund | 426 | 2,046 | - | - | 530 | 1,552 | 956 | 3,598 |
| | 9,069 | 85,689 | 1,750 | 1,050 | 8,872 | 56,545 | 19,691 | 143,284 |
| Number of persons | 1 | 1 | 3 | 3 | 1 | 4 | 5 | 8 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24.1 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.

24.2 In addition, the Company has made an accrual of Nil (2021: Rs. 44.311 million) in respect of variable compensation.

25. 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.

Following are the details of related parties with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

| Name of Related Party | Relationship with the Company | Percentage of shareholding in the company | Common Directorship |
|------------------------------------|-------------------------------|---|---------------------|
| Dawood Corporation (Pvt.) Ltd | Parent Company | 64.70% | N/A |
| Hajiani Hanifabai Memorial Society | Associated Company | 1.39% | Common Directorship |
| The Dawood Foundation | Associated Company | 0.88% | Common Directorship |
| Abdul Samad Dawood | Chairman | 0.16% | N/A |
| Sabrina Dawood | Non Executive Director | 3.03% | N/A |
| Shafiq Ahmed | Non Executive Director | 0.00% | N/A |
| Hasan Reza-Ur Rahim | Independent Director | 0.00% | N/A |
| Kamran Nishat | Independent Director | 0.00% | N/A |
| Shabbir Hussain Hashmi | Independent Director | 0.00% | N/A |
| Mohammad Shamoon Chaudry | Chief Executive Officer | 0.00% | N/A |

For the year ended December 31

2022 2021
----- (Rupees in '000) -----

Parent company

| | | |
|--|---------|---------|
| Dividend paid | 159,316 | 438,120 |
| Sale proceeds on disposal of assets having carrying value of Rs. 0.635 million | 635 | - |

Associated companies

| | | |
|----------------------|--------|--------|
| Rendering of service | 6,000 | 12,000 |
| Rentals paid | 5,783 | 10,448 |
| Dividend Income | 20,756 | 18,532 |
| Dividend paid | 5,587 | 15,365 |
| Donation paid | 3,234 | 3,700 |

Other related parties

| | | |
|--|-------|-------|
| Provision relating to staff retirement gratuity fund | 2,603 | 4,595 |
| Contribution to staff provident fund | 1,276 | 4,628 |

Key management personnel

| | | |
|--|--------|---------|
| Director fee | 1,750 | 1,050 |
| Remuneration | 15,496 | 142,234 |
| Loan recovery | - | 4,367 |
| Dividend paid | 7,499 | 4,955 |
| Sale proceeds on disposal of assets having carrying value of Rs. 5.422 million | 5,697 | - |

Key management personnel of the Company comprise of the Directors, Chief Executive Officer and Executives. Their remuneration has been disclosed in note 24 of the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

2022 2021
----- (Rupees in '000) -----

25.1 Balances outstanding at December 31

Balances outstanding

| | | |
|--|-----|--------|
| Receivable from related party | 164 | 1,500 |
| Payable to related party | 695 | 226 |
| Security deposit with related party | - | 1,740 |
| Lease liability against right-of-use asset with associated company | - | 31,168 |

26. FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2022, the financial assets carried on the statement of financial position are categorised either as 'financial assets at fair value through profit or loss', 'financial assets at amortised cost' or 'financial assets at fair value through other comprehensive income'. The financial liabilities carried on the statement of financial position are categorised as financial liabilities at amortized cost.

----- As at December 31, 2022 -----

| At amortised cost | At fair value through other comprehensive income | At fair value through profit or loss | Total |
|------------------------------|--|--------------------------------------|-------|
| ----- (Rupees in '000) ----- | | | |

Financial assets

| | | | | |
|-----------------------------|--------|---------|---------|-----------|
| Long term deposits | 2,500 | - | - | 2,500 |
| Trade and other receivables | 10,497 | - | - | 10,497 |
| Advances | 409 | - | - | 409 |
| Cash and bank balances | 428 | - | - | 428 |
| Investments | 51,625 | 622,671 | 795,195 | 1,469,491 |
| | 65,459 | 622,671 | 795,195 | 1,483,325 |

----- As at December 31, 2022 -----

| Liabilities 'at fair value through profit or loss | At amortised cost | Total |
|---|-------------------|-------|
| ----- (Rupees in '000) ----- | | |

Financial liabilities

| | | | |
|--------------------------|---|---------|---------|
| Payable to gratuity fund | - | 99 | 99 |
| Trade and other payables | - | 6,133 | 6,133 |
| Unclaimed dividend | - | 29,821 | 29,821 |
| Short term borrowings | - | 255,674 | 255,674 |
| | - | 291,727 | 291,727 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

| ----- As at December 31, 2021 ----- | | | |
|-------------------------------------|--|--------------------------------------|------------------|
| At amortised cost | At fair value through other comprehensive income | At fair value through profit or loss | Total |
| ----- (Rupees in '000) ----- | | | |
| Financial assets | | | |
| Long term deposits | 2,500 | - | 2,500 |
| Trade and other receivables | 12,895 | - | 12,895 |
| Advances | 2,040 | - | 2,040 |
| Cash and bank balances | 234 | - | 234 |
| Investments | 56,718 | 589,075 | 1,986,554 |
| | <u>74,387</u> | <u>589,075</u> | <u>1,986,554</u> |
| | | | <u>2,632,347</u> |
| | | | <u>2,650,016</u> |

| ----- As at December 31, 2021 ----- | | |
|---|-------------------|----------------|
| Liabilities 'at fair value through profit or loss | At amortised cost | Total |
| ----- (Rupees in '000) ----- | | |
| Financial liabilities | | |
| Deferred liability - gratuity | - | 20,910 |
| Lease liability against right-of-use asset | - | 31,168 |
| Trade and other payables | - | 9,857 |
| Unclaimed dividend | - | 28,859 |
| Short term borrowings | - | 671,401 |
| | | <u>762,195</u> |
| | | <u>762,195</u> |

27. 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 and equity price risk). The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise 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.

27.1 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 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.

27.2 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 there against are stated in note 8.1.1, 8.2.2.1 and 8.2.2.2 to these financial statements. Investments amounting to Rs: 48.625 million (2021: Rs: 46.218 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, 2022

27.2.1 Exposure to credit risk

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

| Financial assets | Note | 2022 | 2021 |
|-----------------------------|----------|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| Long term deposits | | 2,500 | 2,500 |
| Trade and other receivables | 27.2.1.1 | 10,497 | 12,895 |
| Advances | | 409 | 2,040 |
| Bank balances | 27.2.1.2 | 428 | 184 |
| Investments | | 3,000 | 10,500 |
| | | <u>16,834</u> | <u>28,119</u> |

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

| | 2022 | | | 2021 | | |
|------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| ----- (Rupees in '000) ----- | | | | | | |
| Not past due | 8,585 | - | 8,585 | 7,489 | - | 7,489 |
| Past due but not impaired | 1,912 | - | 1,912 | 5,406 | - | 5,406 |
| Past due and impaired | 2,129 | (2,129) | - | 2,129 | (2,129) | - |
| | <u>12,626</u> | <u>(2,129)</u> | <u>10,497</u> | <u>15,024</u> | <u>(2,129)</u> | <u>12,895</u> |

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

| 2022 | Rating | | Rating Agency | (Rupees in '000) |
|------------------------------|------------|-----------|---------------|------------------|
| | Short term | Long term | | |
| ----- (Rupees in '000) ----- | | | | |
| Habib Bank Limited | A-1+ | AAA | JCR - VIS | 406 |
| Bank Alfalah Limited | A-1+ | AA+ | PACRA | 9 |
| MCB Bank Limited | A-1+ | AAA | PACRA | 6 |
| Bank Al-Habib Limited | A-1+ | AAA | PACRA | - |
| National Bank of Pakistan | A-1+ | AAA | PACRA | 7 |
| | | | | <u>428</u> |

| 2021 | Rating | | Rating Agency | (Rupees in '000) |
|------------------------------|------------|-----------|---------------|------------------|
| | Short term | Long term | | |
| ----- (Rupees in '000) ----- | | | | |
| Habib Bank Limited | A-1+ | AAA | JCR - VIS | 67 |
| Bank Islami Pakistan Limited | A-1 | A+ | PACRA | 13 |
| Bank Al Falah Limited | A-1+ | AA+ | PACRA | 25 |
| National Bank of Pakistan | A-1+ | AAA | PACRA | 79 |
| Bank Al-Habib Limited | A-1+ | AAA | PACRA | - |
| | | | | <u>184</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27.3 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.

| | 2022 | | | | | |
|--|------------------|------------------------|--------------------|-----------|-----------|--------------|
| | 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 | | | | | | |
| Payable to gratuity fund / Deferred liability - gratuity | 99 | 99 | - | - | - | (99) |
| Trade and other payables | 6,133 | 6,133 | (6,133) | - | - | - |
| Short term borrowings | 255,674 | 255,674 | (255,674) | - | - | - |
| Unclaimed dividend | 29,821 | 29,821 | (29,821) | - | - | - |
| | 291,727 | 291,727 | (291,628) | - | - | (99) |

| | 2021 | | | | | |
|--|------------------|------------------------|--------------------|-----------------|-----------|-----------------|
| | 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 | | | | | | |
| Payable to gratuity fund / Deferred liability - gratuity | 20,910 | 20,910 | - | - | - | (20,910) |
| Lease liability against right-of-use asset | 31,168 | 31,168 | (8,339) | (22,829) | - | - |
| Trade and other payables | 9,857 | 9,857 | (9,857) | - | - | - |
| Short term borrowings | 671,401 | 671,401 | (671,401) | - | - | - |
| Unclaimed dividend | 28,859 | 28,859 | (28,859) | - | - | - |
| | 762,195 | 762,195 | (718,456) | (22,829) | - | (20,910) |

27.4 Market risk

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

The Company is exposed to market risk with respect to its investments, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27.4.1 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 % | |
|-----------------------------------|------|------------------------------|------|
| 2022 | 2021 | 2022 | 2021 |

Financial Assets

Fixed rate instruments

- Pakistan Investment Bonds
- Term deposits receipts

| | | | |
|--------|--------|--------|--------------|
| 48,625 | 46,218 | 13.71% | 13.71% |
| 3,000 | 10,500 | 13.75% | 5.5% to 8.5% |

Variable rate instruments

- Saving accounts

| | | | |
|-----|----|--------|----------------|
| 406 | 79 | 14.50% | 2.33% to 7.25% |
|-----|----|--------|----------------|

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 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. 0.0043 million (2021: Rs. 0.4632 million). The analysis assumes that all other variables remain constant.

27.4.1.1 Maturity profile of financial assets and liabilities

| Profit rate % per annum | 2022 | | | | Total |
|--|---|---|--------------------|--------------------------------------|------------------|
| | Interest / mark-up bearing | | | Not exposed to yield / interest rate | |
| | Upto three months | More than three months and up to one year | More than one year | | |
| | (Rupees in '000) | | | | |
| | | | | | |
| Financial assets | | | | | |
| Long term investments | - | - | - | 622,671 | 622,671 |
| Long term deposits | - | - | - | 2,500 | 2,500 |
| Advances | - | - | - | 409 | 409 |
| Short term investments | 13.71% to 13.75% | 3,000 | 48,625 | 795,195 | 846,820 |
| Trade and other receivables | | - | - | 10,497 | 10,497 |
| Cash and bank balances | 14.50% | 406 | - | 22 | 428 |
| | | 3,406 | 48,625 | 1,431,294 | 1,483,325 |
| Financial liabilities | | | | | |
| Payable to gratuity fund / Deferred liability - gratuity | | - | 99 | - | 99 |
| Trade and other payables | | - | - | 6,133 | 6,133 |
| Unclaimed dividend | | - | - | 29,821 | 29,821 |
| Short term borrowings | 1 month KIBOR + 0.5% & 3 months KIBOR + 0.3% - 0.5% | 243,305 | - | 12,369 | 255,674 |
| | | 243,305 | 99 | 48,323 | 291,727 |
| On-balance sheet gap (a) | | (239,899) | 48,625 | (99) | 1,382,971 |
| Off-balance sheet financial instruments | | - | - | - | - |
| Off-balance sheet gap (b) | | - | - | - | - |
| Total interest rate sensitivity gap (a) + (b) | | (239,899) | 48,625 | (99) | 1,382,971 |
| Cumulative interest rate sensitivity gap | | (239,899) | (191,274) | (191,373) | |

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For the year ended December 31, 2022

| | 2021 | | | | | Total |
|--|---|----------------------------|---|--------------------|--------------------------------------|------------------|
| | Profit rate % per annum | Interest / mark-up bearing | | | Not exposed to yield / interest rate | |
| | | Upto three months | More than three months and up to one year | More than one year | | |
| ----- (Rupees in '000) ----- | | | | | | |
| Financial assets | | | | | | |
| Long term investments | 13.71% | - | - | 46,218 | - | 46,218 |
| Long term deposits | | - | - | - | 2,500 | 2,500 |
| Advances | | - | - | - | 2,040 | 2,040 |
| Short term investments | 6.8% to 8.5% | 3,000 | 7,500 | - | 2,575,629 | 2,586,129 |
| Trade and other receivables | | - | - | - | 12,895 | 12,895 |
| Cash and bank balances | 2.33% to 7.25% | 79 | - | - | 155 | 234 |
| | | 3,079 | 7,500 | 46,218 | 2,593,219 | 2,650,016 |
| Financial liabilities | | | | | | |
| Payable to gratuity fund / Deferred liability - gratuity | | - | - | 20,910 | - | 20,910 |
| Lease liability against right-of-use asset | 13.02% | 1,479 | 6,860 | 22,829 | - | 31,168 |
| Trade and other payables | | - | - | - | 9,857 | 9,857 |
| Unclaimed dividend | | - | - | - | 28,859 | 28,859 |
| Short term borrowings | 1 month KIBOR + 0.5% & 3 months KIBOR + 0.2% - 1% | 663,396 | - | - | 8,005 | 671,401 |
| | | 664,875 | 6,860 | 43,739 | 46,721 | 762,195 |
| On-balance sheet gap (a) | | <u>(661,796)</u> | <u>640</u> | <u>2,479</u> | <u>2,546,498</u> | <u>1,887,821</u> |
| Off-balance sheet financial instruments | | - | - | - | - | - |
| Off-balance sheet gap (b) | | - | - | - | - | - |
| Total interest rate sensitivity gap (a) + (b) | | <u>(661,796)</u> | <u>640</u> | <u>2,479</u> | <u>2,546,498</u> | <u>1,887,821</u> |
| Cumulative interest rate sensitivity gap | | <u>(661,796)</u> | <u>(661,156)</u> | <u>(658,677)</u> | | |

27.4.2 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 at fair value through other comprehensive income 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, 2022, net profit for the year would increase / decrease by Rs. 9.645 million (2021: Rs. 22.808 million) as a result of gains / losses on equity securities at fair value through profit or loss and fair value through other comprehensive income.

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, 2022 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

27.4.3 Foreign currency risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. 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:

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

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

| ----- As at December 31, 2022 ----- | | | |
|-------------------------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000) ----- | | | |

ASSETS

Investment in securities - financial assets at fair value through profit or loss

| | | | | |
|---------------------|---------|-------|---|---------|
| - Quoted shares | 792,900 | - | - | 792,900 |
| - Mutual fund units | - | 2,295 | - | 2,295 |

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

| | | | | |
|-----------------|---------|---|---|---------|
| - Quoted shares | 622,671 | - | - | 622,671 |
|-----------------|---------|---|---|---------|

| ----- As at December 31, 2021 ----- | | | |
|-------------------------------------|---------|---------|-------|
| Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000) ----- | | | |

ASSETS

Investment in securities - financial assets at fair value through profit or loss

| | | | | |
|---------------------|-----------|-------|---|-----------|
| - Quoted shares | 1,984,265 | - | - | 1,984,265 |
| - Mutual fund units | - | 2,289 | - | 2,289 |
| - Derivate contract | 3,732 | - | - | 3,732 |

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

| | | | | |
|-----------------|---------|---|---|---------|
| - Quoted shares | 589,075 | - | - | 589,075 |
|-----------------|---------|---|---|---------|

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

29. CAPITAL RISK MANAGEMENT

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

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

30. (LOSS)/ EARNING PER SHARE – basic and diluted

| | 2022 | 2021 |
|--|-------------------------------|------------|
| | ----- (Rupees in '000) ----- | |
| Net (loss)/profit for the year attributable to ordinary shareholders | (439,010) | 203,393 |
| | ----- (Number of share) ----- | |
| Weighted average number of ordinary shares outstanding during the year | 61,559,108 | 61,559,108 |
| | ----- (Rupees) ----- | |
| Basic (loss)/ earning per share | (7.13) | 3.30 |

31. 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, 2022:

| | 2022 | 2021 |
|---------------------------------|------------------------------|------|
| | ----- (Rupees in '000) ----- | |
| Size of the fund - Total assets | 162 | 771 |
| Cost of investments made | 162 | 771 |
| Percentage of investments made | 100% | 100% |
| Fair value of investments | 162 | 771 |

31.1 The break-up of fair value of investments is

| | 2022 | | 2021 | |
|------------------------|------------------|-------------|------------------|-----------|
| | (Rupees in '000) | -----%--- | (Rupees in '000) | -----%--- |
| Cash and Bank deposits | 162 | 100% | 771 | 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, 2022

32. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at December 31, 2022 and 2021 respectively are as follows:

| | 2022 | 2021 |
|---|-------------------------------|------|
| | ----- (No of employees) ----- | |
| Average number of employees during the year | 5 | 18 |
| Number of employees as at December 31 | 2 | 18 |

33. GENERAL

33.1 Reclassification of comparatives

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of better presentation and comparison. No significant reclassifications have been made during the year ended December 31, 2022.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 02, 2023 by the Board of Directors of the Company.



Muhammad Anas Karimi
Chief Financial Officer



Mohammad Shamooun Chaudry
Chief Executive



Shabbir Hussain Hashmi
Director

PATTERN OF SHAREHOLDING

As of December 31, 2022

| Number of Shareholders | Shareholdings' Slab | | Total Shares Held |
|------------------------|---------------------|---------------|-------------------|
| 333 | 1 | to 100 | 6,452 |
| 223 | 101 | to 500 | 81,109 |
| 278 | 501 | to 1,000 | 210,717 |
| 568 | 1,001 | to 5,000 | 1,271,147 |
| 134 | 5,001 | to 10,000 | 951,361 |
| 46 | 10,001 | to 15,000 | 554,518 |
| 38 | 15,001 | to 20,000 | 655,462 |
| 31 | 20,001 | to 25,000 | 694,935 |
| 16 | 25,001 | to 30,000 | 449,453 |
| 11 | 30,001 | to 35,000 | 351,289 |
| 8 | 35,001 | to 40,000 | 305,941 |
| 4 | 40,001 | to 45,000 | 169,278 |
| 4 | 45,001 | to 50,000 | 198,124 |
| 9 | 50,001 | to 55,000 | 465,636 |
| 1 | 55,001 | to 60,000 | 55,125 |
| 3 | 60,001 | to 65,000 | 186,959 |
| 1 | 65,001 | to 70,000 | 67,000 |
| 2 | 70,001 | to 75,000 | 147,685 |
| 2 | 80,001 | to 85,000 | 164,179 |
| 1 | 85,001 | to 90,000 | 89,207 |
| 2 | 90,001 | to 95,000 | 184,896 |
| 2 | 95,001 | to 100,000 | 198,431 |
| 1 | 100,001 | to 105,000 | 101,500 |
| 1 | 105,001 | to 110,000 | 108,000 |
| 1 | 115,001 | to 120,000 | 118,110 |
| 2 | 120,001 | to 125,000 | 245,500 |
| 1 | 135,001 | to 140,000 | 137,000 |
| 2 | 180,001 | to 185,000 | 360,883 |
| 1 | 275,001 | to 280,000 | 277,000 |
| 1 | 440,001 | to 445,000 | 441,000 |
| 1 | 535,001 | to 540,000 | 538,996 |
| 1 | 550,001 | to 555,000 | 550,002 |
| 1 | 855,001 | to 860,000 | 857,850 |
| 2 | 1,865,001 | to 1,870,000 | 3,735,584 |
| 1 | 1,875,001 | to 1,880,000 | 1,876,886 |
| 1 | 4,920,001 | to 4,925,000 | 4,922,773 |
| 1 | 39,825,001 | to 39,830,000 | 39,829,120 |
| 1,735 | | | 61,559,108 |

CATEGORIES OF SHAREHOLDING

As at December 31, 2022

| S.No. | Categories of Shareholders | Number of shareholders | Total shares held | Percentage % |
|-------|---|------------------------|-------------------|---------------|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children | 7 | 1,874,208 | 3.04 |
| 2 | Associated Companies, Undertakings and Related Parties | 3 | 41,225,966 | 66.97 |
| 3 | NIT and ICP | 2 | 45 | * |
| 4 | Banks, Development Financial Institutions, Non Banking Financial Institutions | 3 | 21,428 | 0.03 |
| 5 | Insurance Companies | - | - | 0.00 |
| 6 | Modarabas and Mutual Funds | 1 | 1,253 | 0.01 |
| 7 | Shareholders holding 10% | 1 | 39,829,120 | 64.70 |
| 8 | General Public : | | | |
| | a. Local | 1,677 | 18,023,359 | 29.28 |
| | b. Foreign | 16 | 26,507 | 0.04 |
| 9 | Others | 26 | 386,342 | 0.63 |
| | Total (excluding : shareholders holding 10% or more) | 1,735 | 61,559,108 | 100.00 |

* Negligible

PATTERN OF SHAREHOLDING

As of December 31, 2022

Categories of Shareholders

Directors and their spouse(s) and minor children

| | |
|----------------------------|-----------|
| Mr. Abdul Samad Dawood | 1,000 |
| Ms. Sabrina Dawood | 1,866,483 |
| Mr. Shafiq Ahmed | 1,575 |
| Mr. Hasan Reza Ur Rahim | 1,575 |
| Mr. Kamran Nishat | 1,575 |
| Mr. Shabbir Hussain Hashmi | 1,000 |
| Mohammad Shamoan Chaudry | 1,000 |

Associated Companies, undertakings and related parties

| | |
|--------------------------------------|------------|
| Dawood Corporation (Private) Limited | 39,829,120 |
| Dawood Foundation | 538,996 |
| Hajjani Hanifa Bai Memorial Society | 857,850 |

Executives

-

NIT & ICP

45

Public Sector Companies and Corporations

40,745

Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

21,428

Mutual Funds

1,253

General Public

| | |
|------------|------------|
| a. Local | 18,023,359 |
| b. Foreign | 26,507 |

Others

345,597

Totals

61,559,108

Share holders holding 5% or more

| | |
|--------------------------------------|------------|
| Dawood Corporation (Private) Limited | 39,829,120 |
|--------------------------------------|------------|

Shares Held

Shares Held

ملکیت

31 دسمبر 2022 کو کمپنی کے ریکارڈ میں 1,735 شیئرز ہولڈرز موجود تھے۔

شیئرز ہولڈنگ کے پیٹرن

31 دسمبر 2022 تک کمپنی کی شیئرز ہولڈنگ کے نمونے مع شیئرز ہولڈروں کے مخصوص گروہوں، جن کا اظہار رپورٹنگ فریم ورک کے تحت ضروری ہے، کی شیئرز ہولڈنگ کے پیٹرن اور 2022 کے دوران حقیقی شیئرز ہولڈروں کی جانب سے خریدے جانے والے شیئرز کے متعلق بیان رپورٹ ہذا کے شیئرز ہولڈنگ کے حصے میں ظاہر کر دیے گئے ہیں۔

آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹینٹس) نے اہل ہونے کی بناء پر 63 ویں سالانہ اجلاس عام میں اپنی تقرری کے لئے رضامندی ظاہر کی ہے۔ آڈٹ کمپنی نے میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹینٹس) کے 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کے لئے کمپنی کے بطور قانونی آڈیٹرز تقرری کی سفارش کی ہے۔ بورڈ نے بھی اس سفارش کی توثیق کر دی ہے۔

اہم رپورٹنگ اور مالیاتی ڈیٹا

گزشتہ نو (09) برسوں اور زیر جائزہ سال کے مالیاتی اور رپورٹنگ ڈیٹا کے خلاصوں پر مشتمل بیان (اسٹیٹمنٹ) زیر نظر رپورٹ میں شامل ہے۔

اظہار تشکر

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

منجانب بورڈ



محمد شموان چوہدری

چیف ایگزیکٹو آفیسر



شعبیر حسین ہاشمی

ڈائریکٹر

کراچی، مورخہ 02 مارچ 2023

| نام ڈائریکٹر | اجلاسوں کی تعداد | حاضری |
|-------------------------|------------------|-------|
| محترم عبدالصمد داؤد | 5 | 5 |
| محترمہ سہیلہ داؤد | 5 | 3 |
| محترم شفیق احمد | 8 | 8 |
| محترم حسن رضا الرحیم | 8 | 8 |
| محترم کامران نشاط | 8 | 7 |
| محترم بشیر حسین ہاشمی | 5 | 5 |
| محترم محمد شمعون چوہدری | 4 | 4 |

محترم عبدالصمد داؤد، محترمہ سہیلہ داؤد اور محترم بشیر حسین ہاشمی کا تقریر 18 فروری 2022 کو کمپنی کے ڈائریکٹرز کی حیثیت سے ان نشستوں پر کیا گیا جو محترمہ کلثوم داؤد، محترم انعام الرحمان اور محمد فیصل ندیم کے استعفیوں کے باعث خالی ہوئی تھیں۔ محترم محمد شمعون چوہدری نے 15 مارچ 2022 کو محترم سلیمان ایس مہدی کی خالی کردہ نشست پر کی تھی۔

مستعفی ہونے والے ڈائریکٹرز

| نام ڈائریکٹر | اجلاسوں کی تعداد | حاضری |
|-----------------------|------------------|-------|
| محترمہ کلثوم داؤد | 3 | ---- |
| محترم انعام الرحمان | 3 | 2 |
| محترم فیصل ندیم | 3 | 2 |
| محترم سلیمان ایس مہدی | 4 | 3 |

محترمہ کلثوم داؤد، محترم انعام الرحمان اور محترم فیصل ندیم نے بورڈ میں اپنی نشستوں سے 18 فروری 2022 کو استعفیے دیئے جب کہ محترم سلیمان ایس مہدی نے ڈائریکٹر اور کمپنی کے چیف ایگزیکٹو آفیسر کی حیثیتوں سے 14 مارچ 2022 کو استعفیٰ دیا۔ گزشتہ برسوں کے دوران کمپنی کے لئے ان کی خدمات کی ہم تہنیت پیش کرتے ہیں۔

بورڈ آڈٹ کمیٹی کے اجلاس

بورڈ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے جو اندرونی انضباط اور تعمیل کے عمل کی نگرانی کرتی ہے۔ یہ کمیٹی اپنے قیام سے ہی اپنی پوری اہلیت کے ساتھ کام کر رہی ہے۔ آڈٹ کمیٹی نے بیجنٹ کے نام خط سمیت بورڈ کے سامنے پیش کئے جانے اور ان کی اشاعت سے قبل سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ لیا۔ آڈٹ کمیٹی نے مختلف ایشوز پر بیرونی آڈیٹرز کے ساتھ تفصیلی گفتگو کی۔ آڈٹ کمیٹی نے انٹرنل آڈیٹرز کی معلوم کردہ تفصیلات کا جائزہ لیا اور کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ الگ الگ میٹنگیں کیں۔

31 دسمبر 2022 کو اختتام کو پہنچنے والے سال کے دوران بورڈ آڈٹ کمیٹی کے کل چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں حاضری کی صورت حال برطابق ذیل رہی:

| نام ڈائریکٹر | اجلاسوں کی تعداد | حاضری |
|-----------------------|------------------|-------|
| محترم بشیر حسین ہاشمی | 3 | 3 |
| محترم کامران نشاط | 4 | 4 |
| محترم حسن رضا الرحیم | 3 | 3 |
| محترم شفیق احمد | 1 | 1 |
| محترم انعام الرحمان | 1 | 1 |

ہیومن ریسورس اینڈ ری میونزیشن کمیٹی کے اجلاس

31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کے دوران ہیومن ریسورس اینڈ ری میونزیشن کمیٹی (HR&RC) کے چار اجلاسوں کا انعقاد ہوا۔ ان اجلاسوں میں حاضری کی صورت حال درج ذیل رہی:

| نام ڈائریکٹر | اجلاسوں کی تعداد | حاضری |
|----------------------|------------------|-------|
| محترم حسن رضا الرحیم | 4 | 4 |
| محترم عبدالصمد داؤد | 3 | 3 |
| محترمہ سہیلہ داؤد | 3 | ---- |
| محترم کامران نشاط | 1 | 1 |
| محترم انعام الرحمان | 1 | 1 |

بورڈ انوسٹمنٹ کمیٹی کے اجلاس

31 دسمبر 2022 کو ختم ہونے والے سال کے دوران بورڈ انوسٹمنٹ کمیٹی (BIC) کا ایک اجلاس منعقد ہوا جس میں حاضری کی صورت حال درج ذیل رہی:

| نام ڈائریکٹر | اجلاسوں کی تعداد | حاضری |
|-----------------------|------------------|-------|
| محترم عبدالصمد داؤد | 1 | 1 |
| محترم بشیر حسین ہاشمی | 1 | 1 |
| محترم کامران نشاط | 1 | 1 |
| محترم حسن رضا الرحیم | 1 | 1 |

کوڈ آف کنڈکٹ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لئے کوڈ آف کنڈکٹ نافذ کیا ہے جسے لکھنوی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل کرتے ہوئے بورڈ کے ممبران اور ملازمین کو بھیج دیا گیا ہے۔ یہ کوڈ آف کنڈکٹ کمپنی کی ویب سائٹ پر بھی چسپاں کر دیا گیا ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے آپریشنوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کے بیان غیر جانب داری سے پیش کرتے ہیں۔
- جیسا کہ کنینزا ایکٹ 2017 کی شرط ہے، کمپنی اپنے کھاتوں کی کتب کا انتظام موزوں انداز سے کرتی ہے۔
- مالیاتی گوشواروں کی تیاری میں کمپنی نے مستقل اور موزوں اکاؤنٹنگ پالیسیوں کی پیروی کی ہے۔ سال کے دوران ہونے والی تمام تبدیلیاں موزوں انداز سے ظاہر کر دی گئی ہیں اور اکاؤنٹنگ کے تخمینے محتاط اور معقول فیصلوں پر بنیاد کرتے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان پر قابل اطلاق مالیاتی رپورٹنگ کے عالمی معیارات (IFRS) کی پیروی کی گئی ہے اور ان سے کئے گئے کسی بھی انحراف کو موزوں طور سے ظاہر بھی کیا گیا ہے۔
- اندرونی انضباط کا نظام اپنے ڈیزائن میں مضبوط ہے جسے منوثر طور سے نافذ بھی کیا گیا ہے اور اسے مانیٹر بھی کیا جاتا ہے۔
- کمپنی کی بنیادیں مضبوط ہیں اور ایک چلتے ہوئے کاروبار کے طور پر کام جاری رکھنے کی صلاحیت رکھتی ہے۔
- کمپنی نے لکھنوی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں مقرر کردہ بہترین معمولات پر عمل درآمد کیا ہے اور ان سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کے ضمن میں کوئی قانونی ادائیگیاں قابل ادائیگی نہیں ہیں ماسوائے عام کاروباری محصولات وغیرہ کے جن کا ذکر مالیاتی گوشواروں میں کر دیا گیا ہے۔
- کمپنی کے زیر انتظام پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت آڈٹ شدہ کھاتوں کی بنیاد پر 30 جون 2022 تک 0.02 ملین روپے ہے۔
- کمپنی کے تمام ڈائریکٹرز SECP کے تجویز کردہ انسٹیٹیوٹ کے ڈائریکٹرز ٹریننگ پروگرام کے سند یافتہ ہیں۔

چنانچہ کمپنی کو درپیش خطرات کو قابو میں رکھنے، خطرات کی موزوں حد اور انضباط مقرر کرنے، ان حدود پر عمل درآمد کی غرض سے رسک مینجمنٹ پالیسیاں بنائی جاتی ہیں۔ اس کے علاوہ مارکیٹ کی صورت حال اور سرگرمیوں کی مناسبت سے رسک مینجمنٹ پالیسیوں اور نظام کا وقتاً فوقتاً جائزہ بھی لیا جاتا ہے۔

انسانی وسائل کی ترقی، تربیت اور جانشینی کے بارے میں پلاننگ

آئندہ کے چیلنجوں کا مقابلہ کرنے کی غرض سے کمپنی نے تجربہ کار اور اہل افراد کی خدمات حاصل کی ہیں۔

خاص طور سے ان علاقوں میں جہاں معلومات اور مہارت میں اضافہ ضروری ہو، تربیت کی ضرورت کی بنیاد پر اسٹاف کی تربیت مستقل بنیادوں پر سارا سال جاری رہتی ہے۔ تربیت اور انسانی وسائل کی ترقی کمپنی کا اہم ترین مٹح نگاہ رہتی ہے۔ کمپنی کا ایچ آر ٹیمول اس طرح تیار کیا گیا ہے کہ وہ اسٹاف کی حوصلہ افزائی کرتا ہے، انہیں بہتر کارکردگی کے مظاہرے کی تحریک و ترغیب دیتا ہے اور نمایاں کارکردگی پر انہیں انعام و اکرام سے نوازتا ہے۔

کمپنی نہ صرف بہترین صلاحیتوں کو اپنے ساتھ شامل کرتی ہے بلکہ مستقبل میں رہنما کردار کی ادائیگی کیلئے ان کی صلاحیتوں کو صیقل بھی کرتی ہے۔ کمپنی مشکل مواقع فراہم کر کے اپنے ملازمین کو باختیار بنانے پر یقین رکھتی ہے تاکہ وہ اپنی صلاحیتوں کو بڑھا سکیں۔ ان کے لئے واضح کردار اور ذمہ داریوں کا تعین کیا جاتا ہے جس کی بنیاد پر کمپنی میں حساس اور اہم عہدوں پر ملازمین کو ترجیح دی جاتی ہیں۔

اندرونی انضباط

انتظامیہ نے اندرونی انضباط کا نیت ورک منوٹر طور سے نافذ کیا ہے جس کا جائزہ بورڈ انٹرنل آڈٹ کے ذریعے لیتا ہے۔ واضح رہے کہ انٹرنل آڈٹ، ایکسٹرنل آڈٹ سے یکسر علیحدہ فنکشن ہے۔ اندرونی انضباط کا کمپنی کا نظام اپنے ڈیزائن میں مضبوط ہے اور اس کی موزونیت اور تاثیر کی جانچ پڑتال مستقل طور سے جاری رہتی ہے۔ آڈٹ کمیٹی نے عملیاتی، تعمیلی، خطرات کے انتظام، مالیاتی رپورٹنگ اور انضباط کے متعلق کامیابیاں یقینی بنائی ہیں جس سے کمپنی کے اہلکاروں اور شیئرز ہولڈروں کی دولت کی کمپنی میں ہر سطح پر حفاظت ہوتی ہے۔ انٹرنل آڈٹ فنکشن نے اپنی ذمہ داریاں آڈٹ کمیٹی کے تعریف کردہ چارٹر کے عین مطابق انجام دی ہیں۔ آڈٹ کمیٹی نے آڈٹ کے ماڈی نتائج کا جائزہ لیا ہے جس کے نتیجے میں موزوں اقدامات اٹھائے گئے ہیں یا جہاں ضروری ہو معاملات کو بورڈ کے علم میں لایا گیا ہے۔ ایکسٹرنل اور انٹرنل آڈٹروں کے مابین روابط قائم کئے گئے تاکہ اہلیت کو یقینی بنایا جاسکے اور قابل بھروسہ فنکشن رپورٹنگ سسٹم اور قوانین اور قواعد کی تعمیل سمیت کمپنی کے مقاصد کے حصول میں مدد حاصل کی جاسکے۔

کاروباری اخلاقیات اور اینٹی کرپشن اقدامات

ایمانداری، دیانت داری اور اعلیٰ ترین اخلاقی اور قانونی معیارات کی مطابقت میں کاروبار چلانا کمپنی کی بنیادی پالیسی ہے۔ کسی بھی قسم کے غیر اخلاقی معمولات کمپنی میں برداشت نہیں کئے جاتے۔ تمام ملازمین پر لازم ہے کہ وہ ہر وقت کمپنی کے شیئرز ہولڈروں کے مفاد میں کام کریں اور کسی ملازم کو کوئی غیر قانونی یا غیر اخلاقی عمل انجام دینے یا کسی دوسرے ملازم کو ایسا کرنے پر مجبور کرنے کی قطعاً اجازت نہیں۔

کمپنی نے اپنے تمام ڈائریکٹروں اور ملازمین کو کوڈ آف کنڈکٹ سے آگاہ کر دیا ہے اور انہیں اپنی ویب سائٹ پر بھی چسپاں کیا ہے۔

قومی خزانے میں حصہ

مالی سال 2022 کے دوران سیان نے ٹیکسوں کی صورت میں قومی خزانے میں 9.23 بلین روپے جمع کروائے ہیں۔

کریڈٹ ریٹنگ

14 نومبر 2022 کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے سیان لمیٹڈ کے لئے A/A-1 (A/A-One) کی ریٹنگ کی توثیق کی ہے۔ ریٹنگز کا آڈٹ لک ”مغنی“ ہے۔

منسلک پارٹی کے سودے

دوران سال ایسوسی ایٹڈ کمپنیوں/منسلک پارٹیوں کے ساتھ کئے جانے والے تمام سودوں کی سفارش بورڈ کی آڈٹ کمیٹی نے کی تھی جن کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز نے دی تھی۔ منسلک پارٹیوں کے

ساتھ کئے جانے والے تمام سودے آرمر لینتھ بنیاد پر کئے گئے ہیں۔

بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز کی کل تعداد درج ذیل کے مطابق سات (07) ہے:

a۔ مرد.....06 عدد

b۔ خاتون.....01 عدد

بورڈ کی ترتیب بمطابق ذیل ہے:

| کیٹگری | نام |
|------------------------|--|
| انڈیپنڈنٹ ڈائریکٹر | کامران نشاط حسن رضا الرحیم شبیر حسین ہاشمی |
| نان ایگزیکٹو ڈائریکٹرز | عبدالصمد داؤد شفیق احمد |
| ایگزیکٹو ڈائریکٹرز | محمد شمعون چوہدری |
| خاتون ڈائریکٹر | سہرینہ داؤد |

بورڈ کے اراکین کے مابین مفادات کا تصادم

کسی بھی قسم کے مفادات کے تصادم کی صورت حال سے کمپنی کے کوڈ آف کنڈکٹ برائے ڈائریکٹرز، SEC۲ اور پاکستان اسٹاک ایکسچینج کے ایکٹس اور قواعد و ضوابط کے مطابق نمٹا جاتا ہے۔

ڈائریکٹروں کے معاوضے کی پالیسی

30 اپریل 2011 کو منعقد ہونے والے اپنے 51 ویں سالانہ اجلاس عام میں کمپنی کے آئیڈیل آف ایسوسی ایشن کے آئیڈیل (a)78 کی شرائط کی تکمیل کرتے ہوئے بورڈ اور بورڈ کمیٹی کے اجلاسوں میں شرکت کے لئے کمپنی نے (ماسوائے گروپ ایگزیکٹوز کے) ڈائریکٹروں کے معاوضے کی منظوری دی تھی۔

ڈائریکٹرز ٹریڈنگ پروگرام

ڈائریکٹرز ٹریڈنگ پروگرام کے تحت تمام ڈائریکٹروں کی تصدیقی اسناد کے ضمن میں کمپنی سختی سے عمل درآمد کرتی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

31 دسمبر 2022 کو اختتام کو پہنچنے والے سال کے دوران بورڈ آف ڈائریکٹرز کے گھل آٹھ اجلاس منعقد ہوئے۔ ان اجلاسوں میں حاضری کی صورت حال درج ذیل رہی:

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کا بورڈ کمپنی کی 63 ویں سالانہ رپورٹ ہمراہ 31 دسمبر 2022 کو اختتام پذیر ہونے والے مالیاتی سال کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

اقتصادی جائزہ

پاکستانی اقتصادیات کو سال 2022 کے دوران تلاطم کا سامنا رہا۔ ملک سیاسی عدم استحکام کا شکار تو تھا ہی ساتھ ہی گزشتہ برسوں میں پاکستان میں آنے والے بدترین سیلاب نے بھی معیشت کی مشکلات کو بڑھاوادیا جو روس یوکرین جنگ کے نتیجے میں پیدا ہونے والے توانائی کے بحران اور شرح سود میں عالمی اضافے کے تاظر میں پہلے ہی سختیاں جھیل رہی تھی۔ سیلاب نے خاص طور سے پاکستان میں تباہیاں مچائیں جس سے ایک جانب تو قریباً 33 بلین لوگ براہ راست متاثر ہوئے اور دوسری جانب ملک کو چاول اور کپاس کی کھڑی فصلوں سے ہاتھ دھونے پڑے۔ سال کے دوران روس پر پابندیوں اور دنیا بھر میں پروازوں کے آپریشنز کھولے جانے کی بدولت تیل کی قیمتوں میں تیزی سے اضافے اور پلائی کے ساتھ شسک ایٹوز نے پاکستان کے جاری کھاتے کے نقصان پر بے پناہ دباؤ پیدا کیا جو مالی سال 2022 میں 17.4 بلین امریکی ڈالرتک پہنچ گیا۔ اس کے علاوہ اس صورت حال نے اسٹیٹ بینک کے غیر ملکی زرمبادلہ کے ذخائر پر بھی بہت برا اثر ڈالا جو مالی سال 2022 کے اختتام پر صرف 5.5 بلین ڈالر تھے۔ زرمبادلہ کے ذخائر صرف اتنے تھے جو محض ایک ماہ سے بھی کم کے درآمدی بل کی ادائیگی کے لئے کافی تھے اور اس دوران آئی ایم ایف کے پروگرام میں بھی غلل پیدا ہوا جس سے پاکستانی اقتصادیات پر اعتماد تاریخ کی زیریں ترین سطح تک گر گیا اور مالی سال 2022 کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں %20 تک کمی واقع ہوئی۔ سال کے آغاز پر افراط زر بڑھ کر %20 تک پہنچا جس کے نتیجے میں اسٹیٹ بینک کو بیٹنچ مارک پالیسی ریٹ میں 625bps کا اضافہ کر کے شرح سود %16 تک بڑھانا پڑا۔ زیادہ سے زیادہ زرمبادلہ بچانے کی خاطر حکومت نے درآمدات پر پابندیاں لگائیں لیکن اس اقدام کے نتیجے میں آٹو موٹیو اور اسٹیل جیسی درآمدات پر مبنی صنعتوں پر مضراثرات مرتب ہوئے جس سے ان صنعتوں کو جزوری طور سے اور کچھ عرصے کے لئے بند کرنا پڑا۔ نتیجتاً مالی سال 2023 میں جی ڈی پی میں بڑھوتی کی شرح، اندازہ ہے کہ طویل مدتی اوسط سے بھی کہیں کم رہے گی۔

مارکیٹ کا جائزہ

اسٹاک مارکیٹ نے ملک کی تباہ کن میکرو اکنامک صورت حال کا آئینہ دکھایا اور 2022 کے اختتام پر KSE100 انڈیکس کم ہو کر 40,420 پوائنٹس پر بند ہوا (سال بہ سال بنیاد پر %9.4- کی کمی واقع ہوئی)۔ مالیاتی لاگت بڑھ جانے اور دوسری ششماہی میں درآمدات پر پابندیوں کے نتیجے میں خام مال کی قلت نے ملکی مصنوعات کی پیداوار میں رکاوٹیں پیدا کیں کہ کئی ایک سیکٹروں میں فیٹشر یاں عارضی طور پر بند کرنا پڑیں۔ سال کے دوران مصنوعات کی طلب میں بھی کمی آئی کیوں کہ مہنگائی میں ہوش ربا اضافے، پاکستانی روپے کی قدر میں کمی، ٹیکسوں کی شرح بڑھ جانے کے نتیجے میں صارف کی قوت خرید بری طرح متاثر ہوئی اور اور تباہ کن سیلاب کے نتیجے میں دیہی علاقوں کی آمدنی میں بہت کمی واقع ہوئی ہے۔ نتیجے میں سرمایہ کار ادا رے ایکویٹیز سے ہٹ گئے اور انہوں نے فکسڈ انکم انسٹرومنٹس کی جانب توجہ مبذول کی اور غیر ملکی سرمایہ کار، ملکی میوچل فنڈز اور انسٹورنس کمپنیاں خالص فروشندہ رہے۔ مارکیٹ پر دفاعی انداز غالب رہا اور ٹیکنالوجی اور فریٹلائزر سیکٹروں نے اسٹاک مارکیٹ میں بہترین کارکردگی کا مظاہرہ کیا جب کہ اسٹیل، سینٹ، آٹو موٹیو اور فارماسیوٹیکلز جیسی کم زور صنعتوں پر فروخت کا دباؤ قائم رہا۔

2023 کا منظر نامہ

پاکستانی حکومت حالیہ طور سے آئی ایم ایف کے ساتھ مذاکرات میں مصروف اور EEF پروگرام کو بحال کروانے کی کوششیں کر رہی ہے تا کہ 1.1 بلین ڈالر کے فنڈز مل سکیں جس سے ملک کے کم ہوتے زرمبادلہ کے ذخائر میں کچھ بہتری آنے اور اس کے بعد ریگروست ممالک سے بھی قرضے ملنے کی امید پیدا ہو جائے گی۔ اس سے پاکستان کو جون کے مہینے تک مدد مل سکے گی جب آئی ایم ایف کے پروگرام کا خاتمہ ہوگا تاہم یہ واضح نہیں کہ آیا عام انتخابات تک اقتصادی حالات قابو میں رہیں گے یا پھر ہمیں ایک بار پھر آئی ایم ایف کے پاس جانا پڑے گا۔ اس غیر یقینی کے ساتھ ساتھ مہنگائی میں بدستور اضافے کا امکان ہے کیوں کہ حکومت نے ایک تو توانائی کی قیمتیں بڑھائی ہیں اور دوسرے روپے کی قدر میں مزید کمی کی ہے اور ٹیکسوں کی شرح بڑھا کر اور سبسڈیاں واپس لے کر آمدنی میں اضافے کی کوشش کی ہے تا کہ آئی ایم ایف کی جانب سے روکی گئی قسط بحال ہو سکے۔ یہ واقعہ مالی سال 2023 کے دوران شرح سود زیادہ رہنے کی وجہ ہو سکتا ہے۔ اس کے بعد انتہائی کم قدر کاری (چند تسمکات کے طویل مدتی اوسط ڈسکاؤنٹ کی شرح %60 تک ہے)، یہ بات قابل بحث طور سے سمجھ میں آتی ہے کہ ایکویٹیز کی قیمتیں بھی زیادہ تر کم ہی ہوئی ہیں۔

مالیاتی کارکردگی اور کارپوریٹ حکمت عملی

2022 کے دوران بعد از ٹیکس خسارہ 439 ملین روپے رہا جب کہ گزشتہ برس 203 ملین روپے کے بعد از ٹیکس نفع اعلان کیا گیا تھا۔ کمپنی نے سرمایہ کاری پر 345 ملین روپے کا نقصان ریکارڈ کیا جب کہ گزشتہ برس کی اسی مدت کے دوران سرمایہ کاری پر 421 ملین روپے کی آمدنی حاصل ہوئی تھی۔

رواں سال کمپنی زیادہ نفع دینے والے مہیو چپ اسٹاک میں سرمایہ کاری کی حکمت عملی اپنانے کی کارروائی کر رہی ہے۔ اسی مطابقت سے اس پورٹ فولیو کو کموزوں بنایا جا رہا ہے تاکہ کم منافع بخش اسٹاک سے بچا کر سرمایہ زیادہ نفع دینے والے اسٹاک میں لگا یا جاسکے۔ مزید یہ کہ سرمائے کی لیوریج میں بہتری لائی جا رہی ہے اور مالیاتی اخراجات کو بھی کم کرنے کی کوشش کی جا رہی ہے۔

سرمایہ کاری کے پورٹ فولیو کے لئے حکمت عملی میں یہ تبدیلی اور بینک لیوریج میں بہتری لانے کا عمل جاری رہے گا جسے 2023 کی پہلی سہ ماہی میں مکمل کرنے کا ٹارگٹ مقرر کیا گیا ہے۔ توقع ہے کہ اس مقصد کے حصول کی راہ میں کچھ اور خسارے اٹھانا پڑیں گے تاہم یہ مقصد حاصل ہو گیا تو کمپنی کے اس پورٹ فولیو کے رسک میں کمی آئے گی اور پیداوار میں اضافہ ہوگا۔

سال 2022 کے دوران کمپنی نے کئی آپریشنز میں تخفیف کی ہے اور انتظامیہ کو بھی تبدیل کیا ہے۔ اس ضمن میں کمپنی DH کارپوریشن کے ساتھ ایک معاہدے میں داخل ہوئی ہے جس کے تحت کرائے اور انتظامی اخراجات تقسیم کئے جاتے ہیں اور دستیاب وسائل اور تجربہ کار افراد کو اکٹھا کیا گیا تا کہ ان کے تجربے کو کام میں لایا جاسکے۔

فی شیئر (خسارہ) اکمائی

رواں سال کے دوران کمپنی نے 2021 میں 3.31 روپے فی شیئر کمائی کے برخلاف 7.13 فی شیئر کے خسارے کا اعلان کیا ہے۔

کارپوریٹ سماجی ذمہ داری

سیان قوی یقین رکھتی ہے کہ اس کی مالیاتی کامیابی کے لئے ماحولیاتی اور سماجی کارکردگی میں بہتری لانا لازمی ہوتا ہے۔ اپنے CSR پروگرام کے تحت کمپنی نے 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران داؤد فاؤنڈیشن کو 3,234 ملین روپے کے عطیات دیئے ہیں۔

تصرف اور منافع

31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کے لئے کمپنی نے 439 ملین روپے کے بعد از ٹیکس خسارے کا اعلان کیا جب کہ گزشتہ برس کمپنی نے 204 ملین روپے کے منافع اعلان کیا تھا۔ دوران سال کمپنی نے شیئر ہولڈروں کو منافع کی ادائیگی نہیں کی۔

لکویڈیٹی، نقدی کا بہاؤ اور مالیات کی فراہمی کے انتظامات

کمپنی کے پاس نقدی کے انتظام کا ایک منوٹر سسٹم موجود ہے جسے مخلص اور ماہر ملازمین کی ٹیم چلاتی ہے جو کمپنی کی نقدی کی ضروریات کا اندازہ بھی لگاتی ہے اور مانیٹرنگ بھی کرتی رہتی ہے۔ نقدی اور سرمایہ کاری سمیت دیگر اثاثہ جات کا داخلی اور خارجی بہاؤ کا انتظام net adjusted return کی بنیاد پر کیا جاتا ہے۔ کمپنی کے پاس 1,800 ملین روپے کی مالیاتی سہولت موجود ہے جسے زیر جائزہ سال کے دوران جزوی طور سے کام میں لایا گیا ہے اور جب اور جہاں سرمایہ کاری کا موقع ملے گا، اس سہولت کو کام میں لایا جاتا رہے گا۔

کیپیٹل اسٹرکچر

گزشتہ برسوں میں کمپنی نے بونس شیئرز جاری کئے جس کی بدولت کمپنی کا ادا شدہ سرمایہ 615.59 ملین روپے تک بڑھ گیا۔ سال کے دوران 2007 سے قبل انسٹورنس کے کاروبار کے لئے رکھے گئے جزل ریزرو میں سے 120.00 ملین روپے غیر تصرف شدہ منافع اکاؤنٹ میں منتقل کئے گئے کیوں کہ انسٹورنس کا کاروبار ختم کر دیا گیا ہے۔ سال کے اختتام پر شیئرز ہولڈروں کے فنڈ کی کل مالیت 1,232 ملین روپے تھی۔ کمپنی کی لکویڈیٹی کی حیثیت بدستور مضبوط ہے اور سال کے اختتام پر تجاسب 2.50 ہے۔

رسک مینجمنٹ

مارکیٹ رسک (بشمول انٹریسٹ ریٹ رسک، کرنسی رسک اور پرائس رسک)، کریڈٹ رسک اور لکویڈیٹی رسک سمیت میکرو اکنامک صورت حال کے باعث کمپنی کی سرگرمیوں نے اسے بہت سے مالیاتی خطرات کے سامنے لاکھڑا کیا ہے۔ تاہم سیان کارسک مینجمنٹ کا نظام مالیاتی ماریکیٹوں کی غیر یقینیوں کو مرکز نگاہ رکھتا ہے اور مالیاتی کارکردگی کو لاحق مضراثرات میں کمی لانے کے طریقے تلاش کرتا ہے۔



Proxy Form

I/We _____, of _____, being member of Cyan Limited and holder of _____ Ordinary Shares, as per:

Share Register Folio No. _____ and/or
CDC Participant ID No. _____ Sub A/c No. _____

hereby appoint _____ of _____ as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Wednesday, April 26, 2023 at 12:00 PM at the Dawood Foundation Business Hub, Ground Floor, Dawood Centre M.T. Khan Road, Karachi and via video link facility, and at any adjournment thereof.

Signed this _____ day of _____ 2023.

WITNESSES -1:

Signature: _____

Name: _____

Address: _____

CNIC No. or _____

Passport No. _____

WITNESSES -2:

Signature: _____

Name: _____

Address: _____

CNIC No. or _____

Passport No. _____



Signature should agree with the specimen signature with the Company.

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty-eight (48) hours before AGM.
2. CDC shareholders and their proxies are requested to attach and attested photocopy of their valid Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

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Dawood Centre, M.T. Khan Road, Karachi - 75530
Tel: +92-21-35686001 Fax: +92-21-35644147



نمائندگی کا فارم

میں / ہم _____ ساکن _____
بحیثیت ممبر سیان لمیٹڈ کے رکن و حامل _____ عام حصص برطانیق شیئر رجسٹرڈ فولیو نمبر _____
اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____ محترم / محترمہ _____
ساکن _____ کو بروز بدھ مورخہ ۲۶ اپریل ۲۰۲۳ بوقت ۱۰:۰۰ بجے دوپہر بمقام داؤد فاؤنڈیشن برنس جب،
گراؤنڈ فلور، داؤد سینٹر، ایم ٹی خان روڈ، کراچی میں ویڈیولنک کی سہولت کے ساتھ منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ
مقرر کرتا / کرتی ہوں۔

دستخط _____ بروز _____ ۲۰۲۳

گواہ (۱)

دستخط گواہ: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر یا: _____

پاسپورٹ نمبر: _____

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

گواہ (۲)

دستخط گواہ: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ نمبر یا: _____

پاسپورٹ نمبر: _____

نوٹ:

- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پر کسی فارم ہنام کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے ۲۸ گھنٹے قبل موصول ہوں۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، نمائندگی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔
- تمام پر کسی ہولڈرز اپنی شناخت کے لئے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔

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