

Annual Report 2015



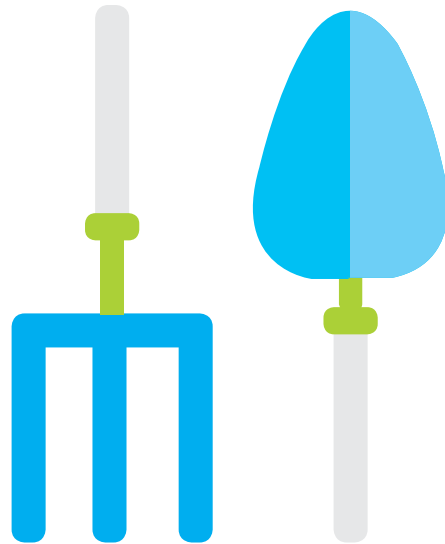
Investing into growth



You may be a person who completely lacks a GREEN KNOWLEDGE. You may have ruined just about every houseplant you ever owned. However, if there's one thing you are determined to do, IT'S SAVE MONEY. But to work in a garden can teach you a lot about INVESTMENTS. You will realize that gardening really serves as a metaphor for investing. We take our INSPIRATION from this while we are INVESTING into our PORTFOLIO. Let us share these FINDINGS with you as the theme of our Report this year.

We have GROWN leaps and bounds by making very interesting choices and going into areas where our GROWTH was predicted. Our aspirations have led to calculations and given us fairly SATISFYING RESULTS. However, this is not the end. There is a lot more to ACHIEVE.





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cyan profile

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

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

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

As a company, Cyan operates on core values of corporate social responsibility. We express these values through local involvement in education, community, and philanthropic efforts.

Our passion, endeavor and ability, gives us the niche to make an organization with high growth potential, into a quantifiable, measurable and a sustainable success model.

VISION & MISSION

taking entrepreneurship to scale

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Buy The Seeds

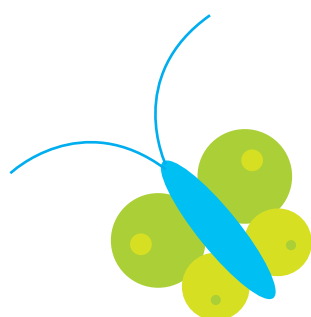
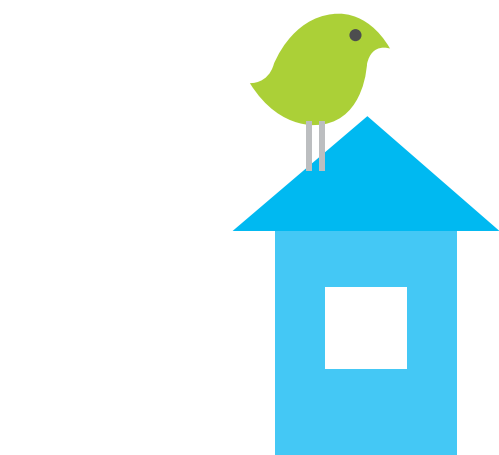
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ELS

Buying the seeds for a garden is very similar to investing money. All it really takes is a small investment in the beginning. You might choose a few different kinds of seeds like strawberries, green peppers, or pumpkins.

Similarly, you might choose a few different sectors while making investments. Either way, it's the combination of investments in different sectors that make up the best portfolios.





company information

Board of Directors

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

Board Audit Committee

Kamran Nishat (Chairman)
 Shafiq Ahmed
 Hasan Reza-Ur-Rahim
 Ghias Uddin Khan

Board HR & Remuneration Committee

Ghias Uddin Khan (Chairman)
 Kamran Nishat
 Hasan Reza-Ur-Rahim

Board Investment Committee

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

CFO & Company Secretary

Faisal Nadeem Mangroria

Head of Internal Audit

Ayman Anwer

*Board of Directors in its meeting held on February 22, 2016 appointed Mr. Shahzada Dawood as Chairman in place of Mrs. Kulsum Dawood.



Executives**

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

**As determined by the Board of Directors

Auditors

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

Tax Consultants

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

Share Registrar

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

Legal Advisors

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

Bankers

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

Registered Office

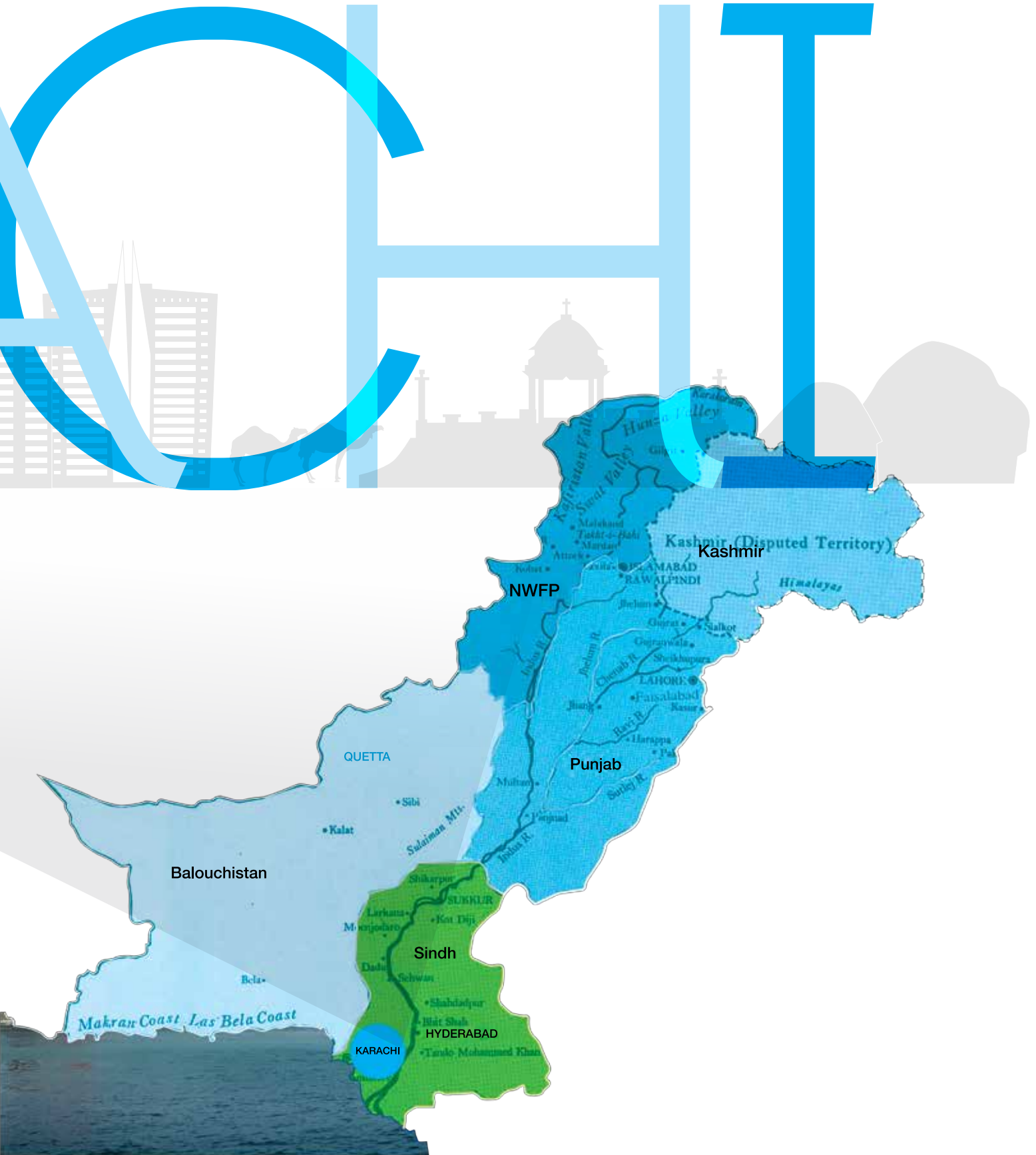
4th Floor, Dawood Centre
 M.T. Khan Road, Karachi-75530
 Website: www.cyanlimited.com

Rating Agency

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

GEOGRAPHICAL PRESENCE ONLY IN





OUR VALUES

Our core values are

OPENNESS AND TRANSPARENCY

INTEGRITY

STRONG WORK ETHICS

TEAMWORK AND PARTNERSHIP

COMMITMENT TO PAKISTAN

STRATEGIC OBJECTIVES

At Cyan Limited, our aim is to solicit our strategic objectives in such a manner that our approach and endeavor to create a positive impact, remains intact. We remain committed to the principle of investing in growth that leads us to our success.

FOCUS: GENERATE
ATTRACTIVE
RETURNS ON
EQUITY
PORTFOLIO

Our success is a result of achieving growth through in-depth analysis and management of risk while taking into account the ever changing investment environment. As we move ahead, our focus remains steadfast and impeccable. We are committed to generate attractive returns on the Equity Portfolio which is evident from the fact that this year again, due to our expertise and experience, Cyan managed to outperform the KSE -100 index by 23.55%

AIM: MAXIMIZE
SHAREHOLDERS'
WEALTH

Our aim is to maximize shareholders' wealth as we believe that our growth projectiles and their success are all connected with the trust and confidence that we get from our valued shareholders. Our strong business strategies only work with superior execution, so we endeavor that our strategic planning is aligned with the increase in wealth of our stakeholders. This year again Cyan managed to improve and increase its shareholders' stake as evident with the returns which was 53% based on Company's market capitalization and dividend payout during 2015 compared to KSE index return of 2.13%.

PURSUE:
AGGRESSIVE
PRIVATE EQUITY
TRANSACTIONS

Cyan Limited believes in committing its employees, capital and ideas to help entrepreneurs and high potential companies to thrive in Pakistan. We further believe that by pursuing such companies, we will enable sustained growth for our stakeholders and for the country's economy at large.

CODE OF CONDUCT

FOR EMPLOYEES:

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

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

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

1. ABIDANCE OF LAWS / RULES

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

2. INTEGRITY

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

3. CONFIDENTIALITY

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

4. PROFESSIONALISM

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

5. BUSINESS/WORK ETHICS

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

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

FOR DIRECTORS:

The Code is developed and adopted with a view to focus the Board and each Director on areas of ethical risk; provide guidance to directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

1. CONFLICT OF INTEREST

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

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

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

c. Relationship of Company with third-parties.

Directors may not receive any personal benefit from a person or firm which is seeking to do business or to retain business with Cyan. A director shall recuse him or herself from any Company Board decision involving another firm or Company with which the director is affiliated;

d. Compensation from non-Company sources.

Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company;

e. Gifts.

Directors may not offer, give or receive gifts from persons or entities who deal with Cyan in those cases where any such gift is being made in order to influence the directors' actions as members of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest; or

f. Personal use of Company assets.

Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Board or as part of a compensation or expense reimbursement program available to all directors.

2. CORPORATE OPPORTUNITIES

Directors are prohibited from:

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

3. CONFIDENTIALITY

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

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

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

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

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

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

6. COMPLIANCE STANDARDS

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

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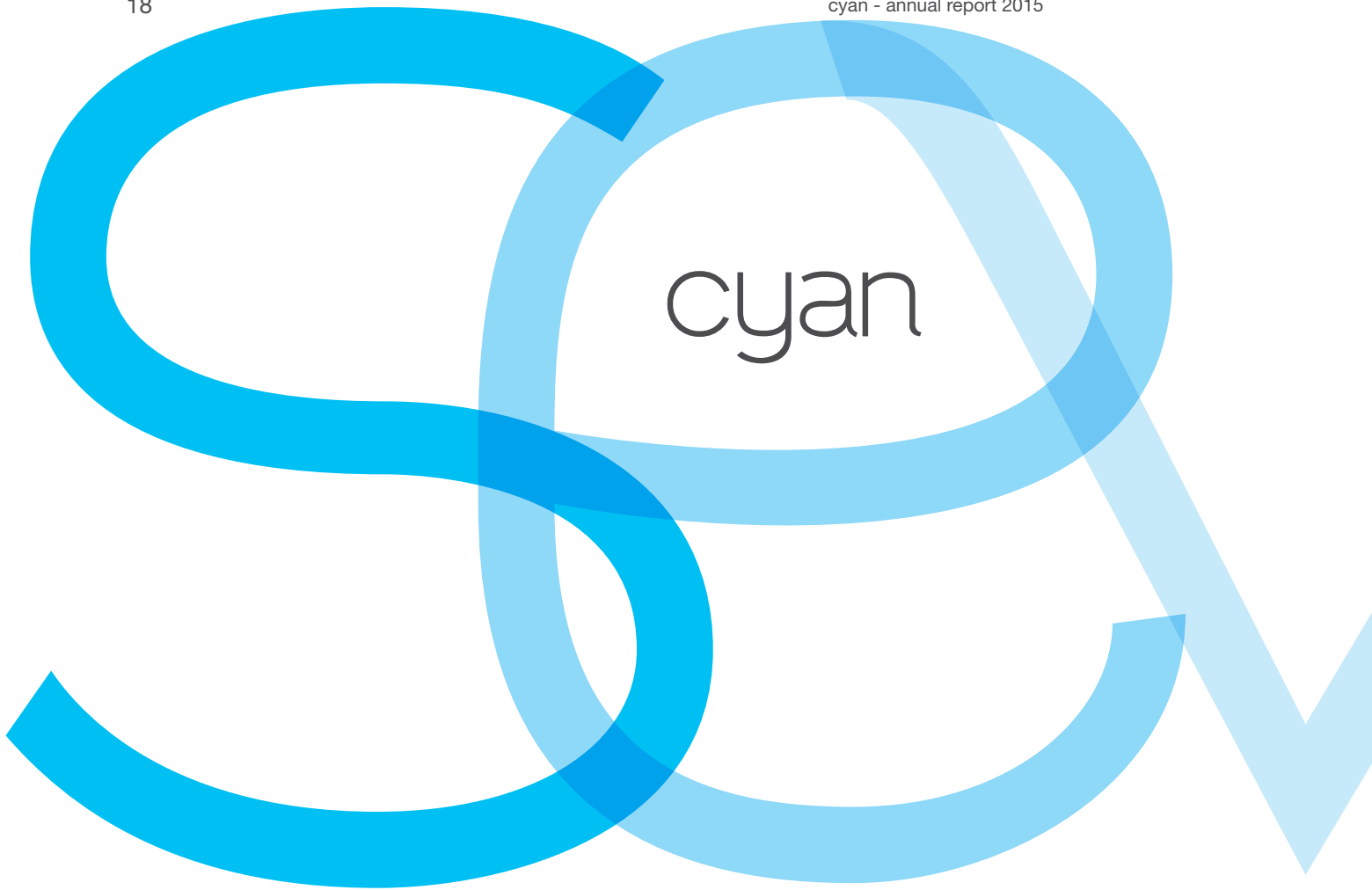
Water The Seeds

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The seeds can grow on their own with a nice rain shower, just like a good investment, eventually increases in value over a certain period of time, even if you never add to it. However, by taking care of the seeds just a little, you can make a big impact. By ensuring they are located in the right soil, receiving the right amount of sun, and the right amount of water, you have a better chance of actually getting a seed to grow.

Similarly, by researching various companies in different sectors, performing in-depth analysis, and monitoring progress their of, you can easily increase your overall net worth manifolds.





Committed Management Team

Company has a strong management team with demonstrated commitment to ethical values and a proven track record.

Sizeable Market Share

Company has a sizeable market share or a clearly defined road-map to achieve one.

Scalable Business Model

Company has a proven and scalable business model with an operational record of at least three years.



Target Revenue

Company has revenues of at least PKR 250 million or a tangible growth plan to achieve this target in the short term.

Target Margin

Company has an EBITDA of at least PKR 50 million and has remained positive for the past three years.

Minimum Investment Size

The Company is seeking to raise at least PKR 150 million.

Exit Potential

The ability of an exit for Cyan i.e. to sell its stake in 3-5 years via trade sale, IPO, share buy back/ redemption, etc.



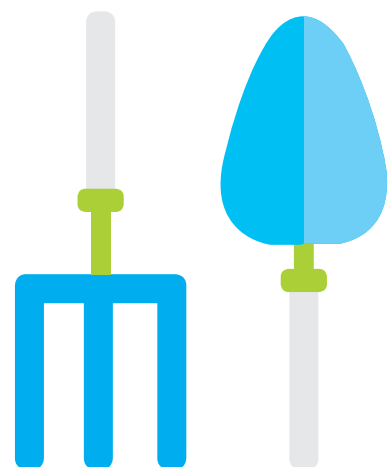


CYAN HAS THE FOLLOWING EXPERTISE:

- 1) Capital market expertise of average \$50 mn public equities portfolio managed over the last 3 years and a team that has combined 50 years' experience in public equities.
- 2) Knowledge base of various industries (Agribusiness, Power, Consumers etc.) and Operations (Governance, Board Level Involvement) due to the DH group platform.



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





ANIMAL PROTEIN

Industry Profile:

Livestock constitutes 12% of Pakistan's GDP and is the nation's source of animal protein in the form of various types of meat. Although some institutionalization has been observed recently, the local animal protein industry remains fragmented and dominated by the informal sector. Recent trends in consumer spending, however, show signs of willingness to pay a premium for higher quality products. The export market for packaged meat remains very attractive and has shown promising growth in the past few years.

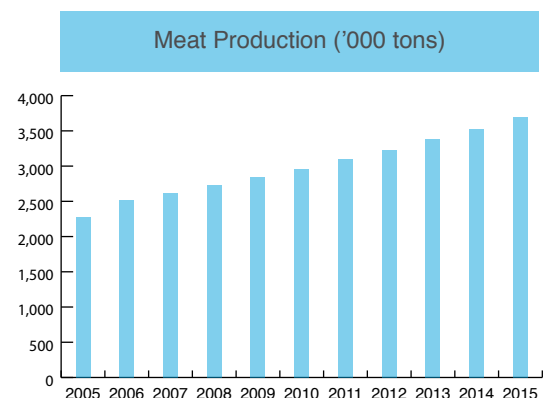
Market Size:

According to Cyan's estimates, the size of the meat industry in Pakistan is around PKR 1,192 billion (USD 11.3 billion). As per the Economic Survey of Pakistan for the year 2015, beef is the largest meat produced in Pakistan with a 53% share, followed by poultry with 29% share and mutton with 18% share.

12%
CAGR

DID YOU KNOW?

- o Live stock population growth is higher than human population growth.
- o 41 million is the number of eggs Pakistanis consume each day.





PHARMACEUTICAL

Industry Profile:

The Pharmaceutical industry contributes 0.9% to Pakistan's GDP and provides direct employment to over 100,000 people. The industry has been marred due to freeze in drug prices resulting in low profit margins. With the approval of the drug policy, during the year, Companies will be able to link their drug prices to Consumer Price Index (CPI) from the start of June, 2016. Although the industry still remains highly regulated, the policy is expected to improve the local Active Pharma Ingredient (API) manufacturing facilities, which are still in nascent stages.

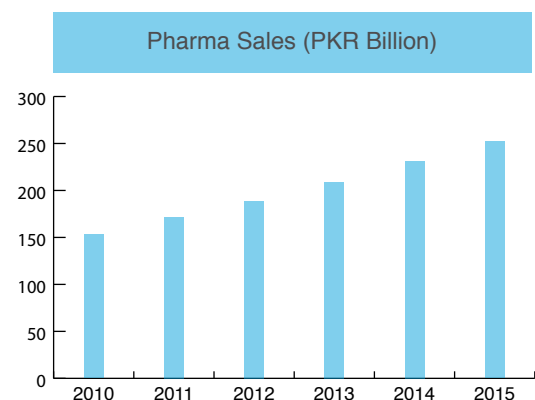
Market Size:

The pharmaceutical industry in Pakistan is valued at around PKR 252 billion (USD 2.4 billion). Pakistan's low per capita pharmaceutical spending of USD12, is behind other frontier markets such as Srilanka and Indonesia which stand at USD 28.6 and USD 22.8 respectively. Private sector constitutes around 62% of total health spending value in the country whereas Punjab and Sindh jointly account for 78% of Pakistan's health care revenue. Disposable income remains the primary source of funding in the sector.

10%
CAGR

DID YOU KNOW?

- o The average Pakistani spends more on tea in a year than medicines.
- o Augmentin is the most selling, produced and prescribed drug in Pakistan.
- o The top export destination for Pakistani pharmaceuticals is Afghanistan (21% of pharmaceutical export).





HEALTHCARE

Industry Profile:

The accessibility and quality of healthcare is a common metric to assess the developmental stage of a country. According to estimates provided by the Pakistan Bureau of Statistics, there are 1,283 hospitals, 5,438 labs & diagnostic centers, 196,000 clinics and over 7,300 pharmacies. However, the quality of healthcare infrastructure ranks low amongst peer countries.

Market Size:

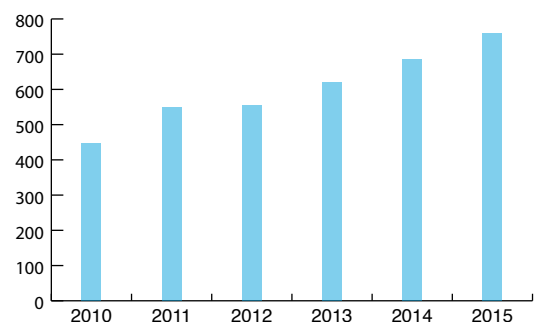
The size of the healthcare service industry is cumulatively valued at PKR 758 billion (USD 7.1 billion) as of FY15, constituting 2.7% of Pakistan's GDP. The demand for healthcare services in Pakistan has increased steadily due to rising income levels, high population growth, aging population, increase in lifestyle diseases such as diabetes and cardiac and increasing accessibility within rural areas.

11%
CAGR

DID YOU KNOW?

- o There are 2,000 people per hospital bed in Pakistan.
- o On average, only 3,500 beds are added while ~4 million people are added to population each year.
- o There are twice the number of doctors in the country than nurses.
- o Digestion related infections are the most common diseases in Pakistan.

Healthcare Expenditure (PKR Billion)





EDUCATION

Industry Profile:

During the past few years, Pakistan's adult literacy rate has declined to 58% from 60%, clearly indicating decreasing penetration in the country. Education is a state responsibility as per the constitution; however, quality education remains accessible to only a few with the Net Primary Enrolment Ratio static at 57% since past five years.

Market Size:

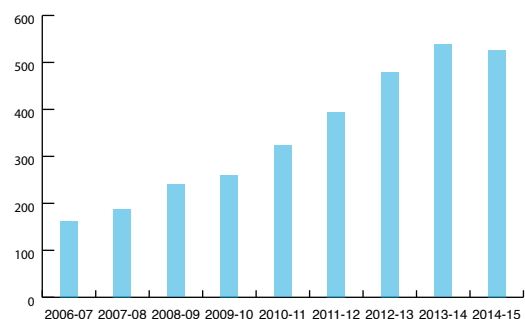
The Education industry in Pakistan is valued at PKR 527 billion (USD 5.1 billion), contributing 2.14% to Pakistan's GDP. The sector is divided between public and private institutions, along with a number of non-government organizations running charitable education foundations. Public Expenditure on Education as percentage of GDP is lowest in Pakistan as compared to other countries of the South Asian region. The total expenditure on education has remained around 2.0% of GDP for the past five years, with a high proportion being spent on recurrent heads mainly salaries, leaving a small amount for sector development.

15%
CAGR

DID YOU KNOW?

- o Free education is a constitutional right for every Pakistani.
- o Just to accommodate new population, Pakistan needs ~3.3 schools per hour for the next 5 years.
- o 26 countries poorer than Pakistan send more children to primary school.
- o 65% of all primary school children do not end up studying further than 5th grade.
- o 30% of the adult population has not received even a single year of schooling.

Total Expenditure on Education (PKR Billion)





LOGISTICS

Industry Profile:

The size of Logistics industry is around 6% of Pakistan's GDP with 95% of the sector outside the formal economy. The sector is marred with fragmentation, unorganized businesses and poor infrastructure. With the advent of CPEC and resulting upgradation of infrastructure, the sector is expected to grow at a very fast pace.

Market Size:

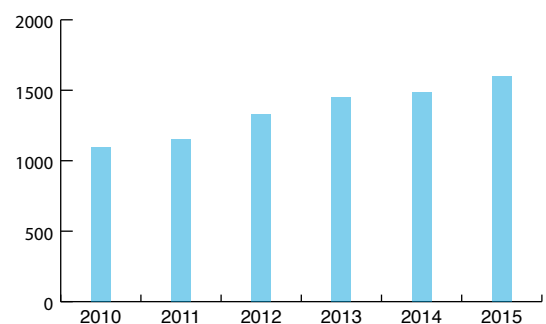
According to Cyan estimates the market size of the industry is around PKR 1,597 billion (USD 15.5 billion). Transport services comprise 90% of the total market followed by warehousing which has a share of 2%. The rest of the market is taken up by other supporting services.

08%
CAGR

DID YOU KNOW?

- o It costs 5x more to transport goods up-country than down-country.
- o Majority of Pakistan's trucking fleet is of Bedford make; the company closed in 1986.
- o In case of strict enforcement of prescribed load limit, the number of trucks being used for transportation across country needs to be doubled.

Logistics Spending (PKR Billion)





RETAIL

Industry Profile:

The size of retail sector is 18% of Pakistan's GDP. The retail sector in Pakistan is unique and although mostly unorganized, it enjoys being the third largest following agriculture and manufacturing. It is also the country's second largest employer, employing around 16% of total labor force. Since wholesale and retail trade comprises one-third of Pakistan's service sector which itself constitutes 68% of Pakistan's GDP, a strong correlation exists between growths of the three. As it appears, Pakistan's wholesale and retail trade bears potential to steer the country's overall economic growth by possessing a strong influence over contraction and expansion of services and GDP growth.

Market Size:

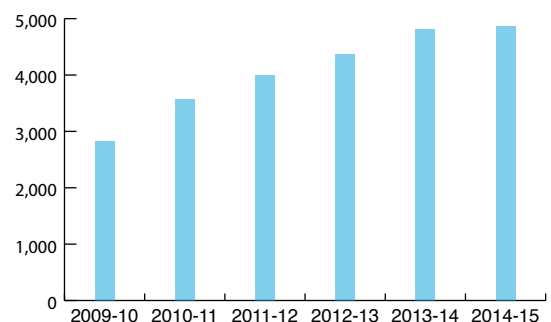
According to Cyan's estimates the retail sector is valued at PKR 4,874 billion (USD 46 billion). The major sectors include food and beverages, apparel, footwear, health and beauty, electronics and home furnishings, while E-commerce is a fast growing segment.

12%
CAGR

DID YOU KNOW?

- o The Pakistani retail industry is one of the least concentrated in the world

Wholesale & Retail Market Size (PKR Billion)



NOTICE OF THE FIFTY SIXTH (56TH) ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Sixth (56th) Annual General Meeting (AGM) of Cyan Limited will be held at Marriott Hotel, Abdullah Haroon Road, Karachi at 11.30 a.m. on Tuesday the March 29, 2016 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 55th Annual General Meeting of the Company held on March 31, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2015 together with the Auditors' and Directors' Reports thereon.
3. To consider and if thought fit, approve payment of final cash dividend at the rate of 40% (Rs.4 per share) for the year ended December 31, 2015 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31, 2016 and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolutions as a Special Resolutions:

RESOLVED that the Articles No. 60 & 61 of the Articles of Association of the Company be and is hereby amended and read as follows:

60. No person shall act as a proxy unless either he is entitled on his own behalf to be present and voting at the meeting at which he acts as proxy or he is appointed to act at that meeting as the representative of the corporation pursuant to Article 54. **Notwithstanding the above, a non-member may be appointed as a proxy by a member participating in General Meetings through e-voting in the manner stipulated under the applicable laws.**

61. The instrument appointing the proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the office or such other place as the Directors may appoint not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to and in default thereof the instrument of proxy may at the discretion of Directors be treated as invalid. The proxy shall be deemed to include the right to demand or join in demanding a poll, and generally to act at the meeting for the member giving the proxy. **For the purposes of e-voting, the instrument appointing the proxy shall be in such form and provided in the manner stipulated under the applicable laws.**

FURTHER RESOLVED that the Article No. 63A be and is hereby added to the Articles of Association of the Company and read as follows:

63A. Members may exercise voting rights at General Meetings through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate e-voting in the manner and as per the requirements prescribed by the Securities and Exchange Commission of Pakistan.

FURTHER RESOLVED that the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities for accomplishing alteration of the Company's Articles of Association.

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

Attached to this notice of meeting being sent to the members is a statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the resolutions contained in item No.5 of the notice which will be considered for adoption at the Meeting.

By order of the Board

Karachi, March 08, 2016

FAISAL MANGRORIA
Company Secretary

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share transfer books of the Company will remain closed from Tuesday March 22, 2016 to Tuesday March 29, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi by the close of business (5:00 p.m.) on Monday March 21, 2016 will be treated in time for the purpose of attending and voting at the AGM and also for the above entitlement to the transferees.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

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

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

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

A. FOR ATTENDING THE MEETING

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

B. FOR APPOINTING PROXIES

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.

- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

CNIC NUMBER

As instructed by Securities & Exchange Commission of Pakistan (SECP) vide their letter No. EMD/D-II/Misc./2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC Numbers; therefore, all shareholders holding physical shares were requested to submit copies of their valid CNICs/NTN Certificates along with the folio numbers to the Company's Share Registrar: M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividend.

DIVIDEND MANDATE

In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 5, 2013 have issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. You may therefore authorize the Company to credit the dividend directly to your bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with Participant/Central Depository Company of Pakistan (CDC) accounts are advised to provide the mandate to the concerned Stock Broker/Central Depository Company of Pakistan Ltd. (CDC).

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

The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on amount of dividend paid to shareholders. These tax rates are as under:

(a) For filers of income tax returns	12.5%
(b) For non-filer of income tax returns	17.5%

To enable the company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5%, all the shareholders whose name are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure i.e. by March 21, 2016.

Consent for Video Conference Facility

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

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

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

Signature of members

CHANGE OF ADDRESS

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984, REGARDING THE SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business, given in agenda item No.5 of the Notice, to be transacted at the Fifty Sixth (56th) Annual General Meeting of the Company.

ITEM (5) OF THE AGENDA

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

The background of the page features large, stylized letters spelling out 'SEEDS'. The letters are composed of thick, rounded strokes in two colors: a vibrant blue and a light green. The 'S' and 'E' are blue, while the 'E', 'E', 'D', and 'S' are green. The letters are partially overlapping and cut off by the edges of the page, creating a sense of depth and movement.

Be Patient With Your Seeds

It takes time for vegetables and fruit to grow. It's not something that happens overnight, and it requires a certain amount of knowledge, thought, and patience.



Similarly, your investments won't pay big returns overnight. It's the slow, patient investor who typically does the best in the end. Many investments have been ruined, as they are withdrawn too quickly and in many cases end up paying heavy penalties, in the form of loss of profits.

At Cyan we are investing smartly and patiently, and it is our farsightedness, that has given us amazing results.

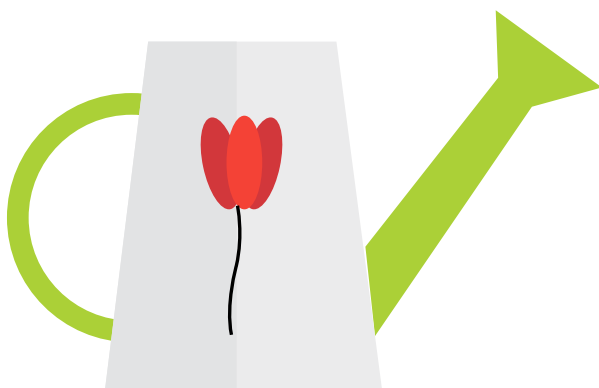
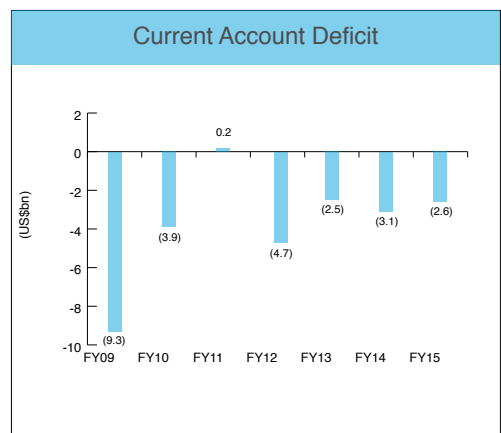
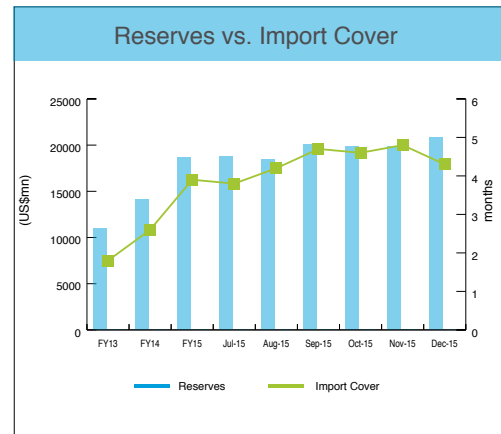
DIRECTORS' REPORT

The Board of Directors is pleased to present the 56th Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2015.

Economy Review

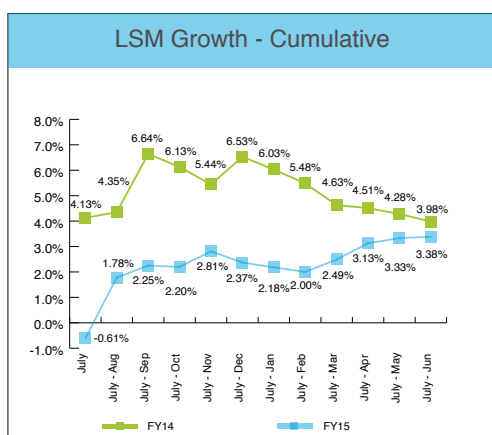
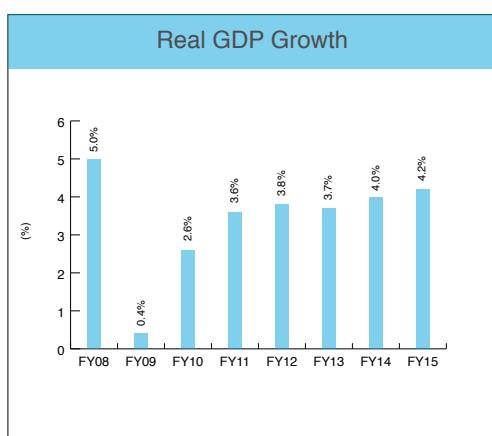
FY15 ended with visible improvements in the country's macroeconomic environment despite slowdown in the world's leading economies. Marked improvements were seen in the foreign exchange reserves which crossed US\$20 billion (SBP import cover improving from 3 months at 2014 year end to 4.4 months at 2015 year-end) backed by tranches from IMF, inflows from Coalition Support Fund (CSF) and Eurobond issue. PKR performed exceptionally well when compared with regional currencies and depreciated by only 4% during the year mostly in 2HFY15.

Falling global demand and rising supply in the market led to plunging international oil prices over the year which continued to bode well for the economy of Pakistan. Global slowdown and competitive advantage to Pakistan's rival exporters with higher currency devaluation are hurting the country's exports growth despite GSP Plus status in the European Union, which dropped by 4% during FY15 while imports marginally dropped by 0.9%. During Jul-Dec 2015 exports further dropped by 11% while imports dropped by 10% which led to trade deficit improving from US\$9.9 billion to US\$9 billion in the same period last year. Current Account Deficit improved considerably shrinking from US\$3.1 billion (1.3% of GDP) in FY14 to US\$2.6 billion (1% of GDP) in FY15, benefiting from a robust growth in workers' remittances (up by 16.5% YoY).



PAKISTAN'S
FX reserves
crossed the
US\$20BN mark
in DEC'15.

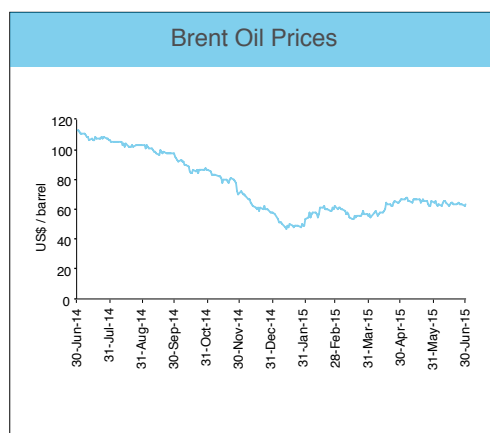
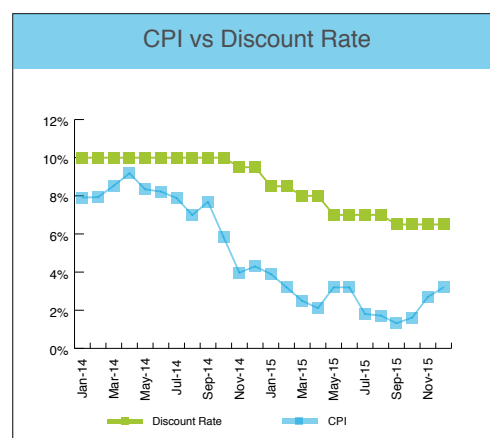
Pakistan's real GDP growth reached 4.2% in FY15, falling short of set target of 5.1%, with strong pick up in the services sector, and a modest recovery in agriculture, however due to continued energy issues during the year, large Scale Manufacturing (LSM) posted a growth of 3.3% in FY15, which was lower than both, 4.1% growth realized in FY14 and the FY15 target of 7.0%. During the year the governments of Pakistan and China signed a landmark deal known as the China Pakistan Economic Corridor (CPEC) consisting of projects for the development of roads and rail network to the Gwadar port of Pakistan and enhancement of power generation capacity worth US\$46 billion providing impetus for the economic growth.



Fiscal deficit improved slightly to 5.3% of GDP in FY15 from 5.5% recorded last year. Owing to continuous tax collection issues, the government could only increase public sector development expenditures (PSDP) by 14.1% instead of the target of 35.8%. Consequently, the FBR tax-to-GDP ratio remained stagnant in the range of 8.5% to 9.5% over the last ten years. Government's borrowings for budgetary

support continued to crowd out the private sector from availing credit despite 300bps reduction in interest rates during the calendar year with private sector credit growing by 8.8% YoY by Dec 2015.

Inflation remained benign with headline inflation clocking in at an average of 4.6% YoY in FY15 against 8.6% YoY in FY14, comfortably remained within SBP's forecast of 4.5-5.5% YoY. The significant decline in FY15 was due to sharp decline in transport inflation (-3.9% YoY in FY15 vs. 4.7% in FY14) and food inflation (3.5% YoY in FY15 against 9% last year) which kept FY15 CPI suppressed. 2HCY15 inflation averaged at 2.1% compared to 6.1% last year. Broad money supply grew by 13.2% in FY15, compared with 12.5% in FY14 as the government continues to be the major borrower for budgetary support. With these improvements, focus is gradually moving from economic stabilization to growth and the SBP initiated monetary easing by reducing the discount rate cumulatively by 300bps from 9.5% in Nov 2014 to a historic low of 6.5% in Sep. 2015 coupled with introduction of target rate, 50bps below the discount rate.



Going forward, economic growth is expected to average at 5.5% during FY16-18 as projected by the government in its medium-term development framework. Implementation of power and infrastructure development projects under the umbrella of CPEC would provide the much needed impetus for this growth to be achieved. Inflation is expected to have bottomed-out in Sep 2015 at 1.3% YoY and is likely to raise its head again during the later part of FY16 averaging 4% for the year. Thus further monetary easing seems unlikely as IMF program is approaching to an end with three tranches remaining and maturities of Eurobonds issued in 2006 and 2007 falling due in 2016 and 2017 along with repayments of the Paris Club loan. The risks stem from any reversal in commodities prices, delays in implementation of projects related to CPEC and higher than expected PKR depreciation due to interest rate cycle reversal in the US. Continued slowdown in global economies may exert further pressure on the country's exports where persistent slump in oil prices may pose a risk to sustainability of remittances.

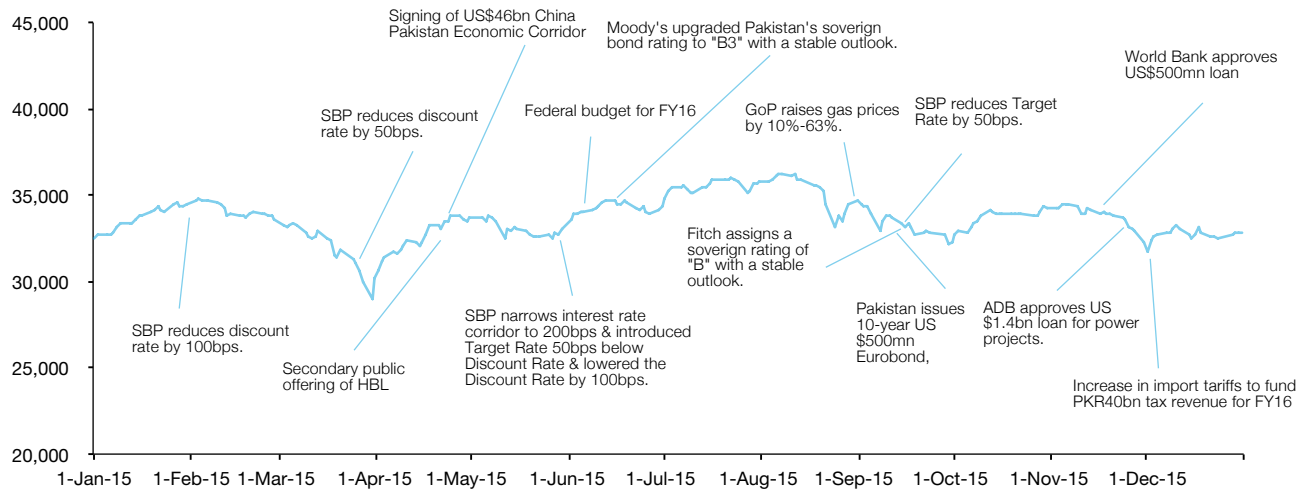
Stock Market Review and Outlook

The outgoing year was not a good year for the global equities and commodities markets. Global slowdown prompted investors to pull liquidity out of equities which resulted in severe selling pressure in equities across the globe. Foreign selling was witnessed in both emerging and frontier markets along with severe pressure in their respective currencies. Pakistan was not an exception to this phenomenon.

The KSE-100 index started off 32,131 points and closed the year at 32,816 points in Dec 2015, posting a meager CY15 return of 2.1% thus putting an end to a continuous streak of strong annual returns since 2012. KSE was amongst the few world markets posting a positive return during the year. Dull performance prevailed during the year due to consistent foreign selling pressure where US \$315 million were pulled out by foreign investors, FED Reserve increasing interest rates, consistently tumbling international oil prices and domestic tension. Despite such a significant run down on the stock market performance, KSE-100 Index is trading at a discount of 44% with P/E multiple of 8.4x as compared to average regional P/E multiple of 15.0x coupled with KSE-100 yielding ROE of 18.4% and dividend yield of 6.2%. Though the risk of further foreign selling cannot be ruled out but expected reclassification of the country to the MSCI Emerging Markets Index coupled with implementation of CPEC related projects are likely to make Pakistan a long-term growth story and would result in multiple rerating of the market which now stands as a merged entity of Karachi, Lahore and Islamabad stock exchanges as the Pakistan Stock Exchange.

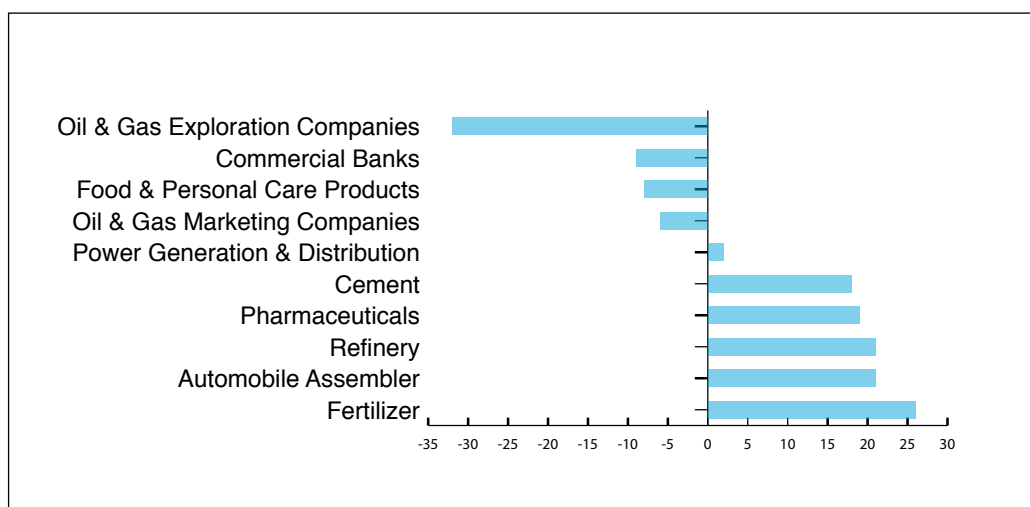
WORLDWIDE INDICES PERFORMANCE IN CY15

Country	Index	Index	CYTD Index		CYTD	Rel. to MSCI	Change Since	
	31-Dec-15	31-Dec-14	High	Low	Change	World Index	CYTD High	CYTD Low
China	3,539	3,235	5,178	2,851	9.4%	12.1%	-31.7%	24.2%
India	26,118	27,499	30,025	24,388	-5.0%	-2.3%	-13.0%	7.1%
Pakistan	32,816	32,131	36,472	28,648	2.1%	4.9%	-10.0%	14.5%
Srilanka	6,895	7,299	7,590	6,527	-5.5%	-2.8%	-9.2%	5.6%
Philippines	6,952	7,231	8,137	6,288	-3.9%	-1.1%	-14.6%	10.6%
Jakarta	4,593	5,227	5,524	4,034	-12.1%	-9.4%	-16.9%	13.9%
Qatar	2,777	3,151	3,368	2,509	-11.9%	-9.1%	-17.6%	10.7%
Thailand	1,288	1,498	1,620	1,221	-14.0%	-11.3%	-20.5%	5.5%
NASDAQ Composite	5,007	4,736	5,232	4,292	5.7%	8.5%	-4.3%	16.7%
Dubai	3,151	3,774	4,253	2,851	-16.5%	-13.8%	-25.9%	10.5%
S&P	2,044	2,059	2,135	1,867	-0.7%	2.0%	-4.3%	9.5%
Vietnam	579	546	641	511	6.0%	8.8%	-9.7%	13.3%
DJIA	17,425	17,823	18,351	15,370	-2.2%	0.5%	-5.0%	13.4%
Singapore	3,378	3,428	3,771	3,163	-1.5%	1.3%	-10.4%	6.8%
Abu Dhabi	4,307	4,529	4,902	3,984	-4.9%	-2.2%	-12.1%	8.1%
MSCI World	1,663	1,710	1,814	1,546	-2.7%	0.0%	-8.3%	7.6%
MSCI FM	506	612	612	480	-17.3%	-14.6%	-17.3%	5.3%
German	10,743	9,806	12,391	9,325	9.6%	12.3%	-13.3%	15.2%
Hong Kong	21,914	23,605	28,589	19,695	-7.2%	-4.4%	-23.3%	11.3%
Saudia Arabia	6,912	8,333	9,897	5,969	-17.1%	-14.3%	-30.2%	15.8%
UK	6,242	6,566	7,123	5,768	-4.9%	-2.2%	-12.4%	8.2%
Brazil	43,347	50,007	58,575	39,426	-13.3%	-10.6%	-26.0%	9.9%
MSCI EM	794	956	961	935	-17.0%	-14.2%	-17.4%	-15.1%
Malaysia	1,693	1,761	1,868	1,504	-3.9%	-1.1%	-9.4%	12.6%
Oman	5,406	6,343	6,729	5,199	-14.8%	-12.0%	-19.7%	4.0%
Russia	11,638	9,299	12,498	10,009	25.2%	27.9%	-6.9%	16.3%
Kuwait	5,615	6,536	6,775	5,335	-14.1%	-11.3%	-17.1%	5.3%



Sector Reviews

Among the mainboard sectors, outperformers in CY15 were Fertilizer (+26% YoY on better gas supply), Autos (+21% YoY, on buoyant car sales numbers on account of Punjab Taxi Scheme coupled with higher margins as JPY weakened), Refinery (+21% YoY on improving gross refinery margins), Pharmaceuticals (+20% YoY on expectations of drug price increases with the implementation of Drug Policy from June 2016 along with diversified product portfolios), Cements (+18% YoY on strong domestic demand). That said, the major laggards were Oil and Gas Exploration Companies (-32% YoY on account of lower global oil prices), Commercial Banks (+9% YoY on monetary easing environment that kept NIMs under pressure), and Oil & Gas Marketing Companies (6% YoY due to inventory losses amid declining global oil prices).



Company Performance

Investment

During the year the company adopted an aggressive stance on the public equities and maintained its exposure at 88% (average), whereas 12% was vested towards mutual funds and Government Securities. The increase in equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves, inflation in single digits and declining interest rates. The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in technology & communication, engineering, energy, oil and gas, cements, personal goods and money market mutual funds. Due to payment of bumper dividends, dividend income from our equity portfolio decreased by 29% to Rs.157 million for the year 2015 as opposed to Rs.223 million earned last year. Dividend income from related parties increased by 60% from Rs.65 million to Rs.105 million due to good dividend from HUBCO

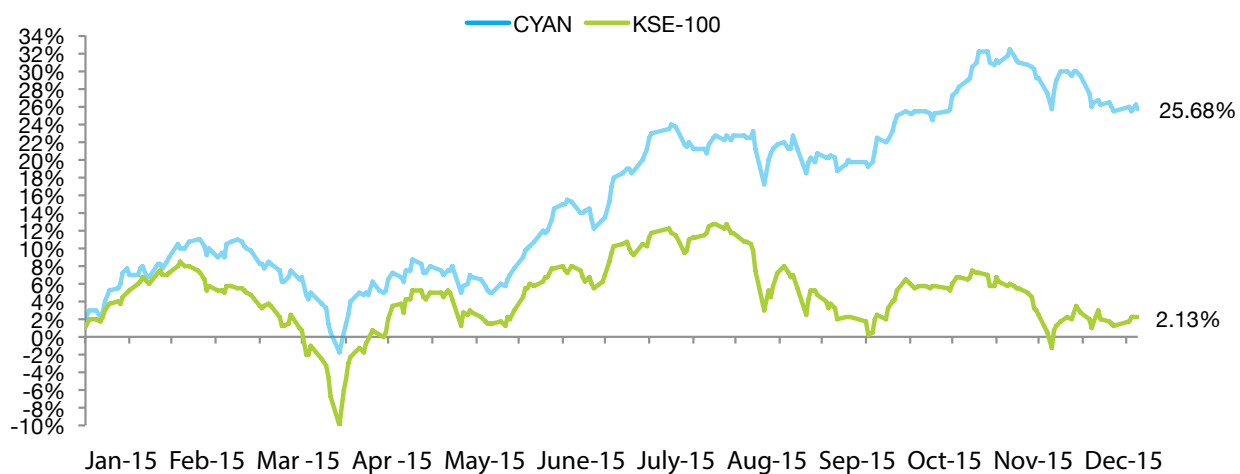
and DAWH. Dividend income from others decreased by 67% from Rs.157 million to Rs.52 million due to overall decrease in equity portfolio due to bumper dividend. The company also earned realized capital gains of Rs.323 million (2014: Rs.628 million) and unrealized gains of Rs.223 million (2014: Rs.355 million) on re-measurement of investments classified as financial assets at fair value through profit and loss – net.

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

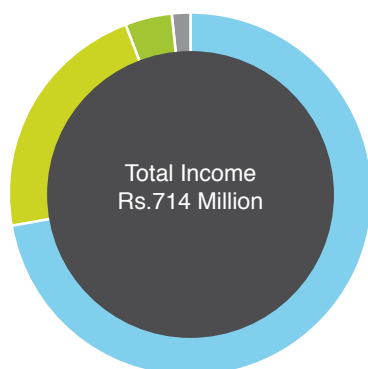
During 2015 profit after tax stood at Rs.335 million as compared to Rs.899 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2015 and 2014 is as under:

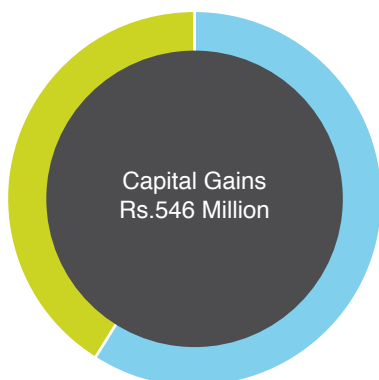
	Rs. in Million		
	2015	2014	Impact
Return on investments	161	226	(29%)
Gain on sale of investments - net	323	628	(49%)
Other income	7	18	(61%)
	491	872	(44%)
Unrealized appreciation	223	355	(37%)
	714	1,227	(42%)
Operating & administrative expenses	(218)	(200)	(9%)
PBT	496	1,027	(52%)
Taxation	(161)	(128)	(26%)
PAT	335	899	(63%)
EPS – Rupees	5.71	15.33	(63%)



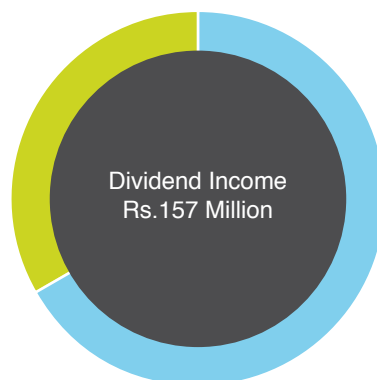
Cyan's Equity Portfolio Performance vs KSE-100 Index



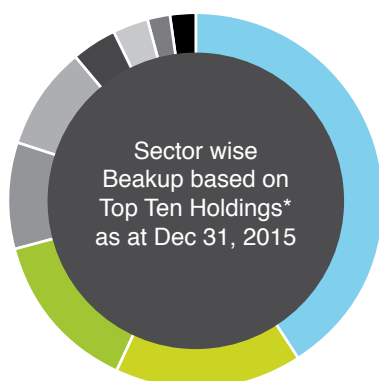
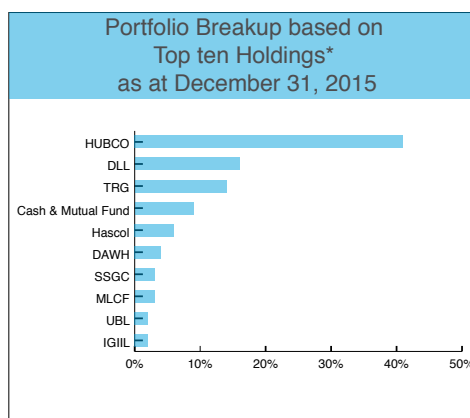
Capital Gains on Equity	516
Dividend Income	157
Capital Gains on Mutual Fund	30
Other Income	11



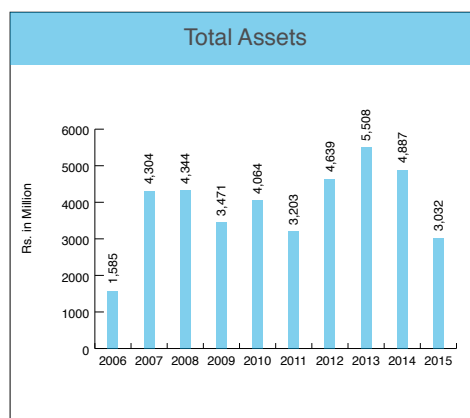
Realized gains	323
unrealized gains	223



Related Party	105
Others	52



Electricity	41%
Textile Composite	16%
Technology Communication	14%
Cash & Mutual Funds	9%
Oil and Gas Marketing Co	9%
Fertilizer	4%
Cement	3%
Commerical Banks	2%
Insurance	2%



*Top Ten Holdings represent 87% of total portfolio

Earnings per Share

During the year the company posted earnings per share of Rs.5.71 compared to earnings per share of Rs.15.33 in 2014.

Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2015 stood at Rs.335 million compared to profit after tax of Rs.899 million last year.

The Board recommends a final cash dividend of 40% (Rs.4 per share) for the year ended December 31, 2015.

Objectives and Corporate Strategy

Company's sound and satisfactory performance for last three years is backed by achievement of our corporate objectives. We are committed to mounting good asset quality portfolio and continuously build the Company at sound footing with diversified pool of income stream. Our well planned corporate and business focus is derived from our vision & mission statement and its primary objective is to make long term sustainable investments. The key elements of our corporate strategy have been to effectively employ available resources and maximize high potential business opportunities backed by Group footprints and investing experience while managing and mitigating related risks.

Liquidity, Cash Flows and financing arrangement

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

Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs. 586.28 million. Shareholders' fund at the year-end amounted to Rs. 2,510 million. The liquidity position of the Company remains strong with a year-end current ratio of 6.

Risk management & Strategy for Mitigating Risks

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

Credit risk

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

Market risk

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

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

Interest rate risk

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

Equity price risk

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

Foreign currency risk

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

Relationships with Stakeholders

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

Information Technology

We strongly believe that role of Information Technology is very important for progress of any business. In order to achieve better market infrastructure and implementations of sound techniques for controls of risks, the role of IT is very important. Company has already implemented certain key applications, i.e. human resource management, risk management, enterprise general ledger and fixed assets module. These implementations have improved the operational capabilities of relevant departments and this will continue to support effective internal controls and efficient management information system. During the year, Company performed BCP drill to ensure the smooth functioning of the Company's operations in case of any disaster.

Human Resource Development, Training & Succession Planning

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

Staff training is carried out on a continuous basis throughout the year, based on the assessment and the training need particularly in the area of knowledge enhancement and skills. Training and human resources development always remains very important for the Company.

The Company HR Manual is designed in such a way that always gives proper reward, sense of encouragement and motivation amongst the staff

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

Internal Control

The internal control framework has been effectively implemented through an in-housed Internal Audit function established by the Board which is independent of 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 Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

Corporate Social Responsibility (CSR)

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

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

Energy Conservation

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

Occupational Health, Safety & Environment Protection

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

Community investment & welfare schemes

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

Corporate Relations

Corporate relations promote efficiency, productivity and decent work. Indeed, a participative and mutually respecting industrial relations, advance cooperation, enhance productivity and promote trust thereby reducing dislike and exploitation. During the year recreational and motivational activities in the form of cricket matches were organized with other institutions.

Business Ethics and Anti-corruption Measures

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

Contribution to National Exchequer

Cyan made a sizeable contribution of Rs.96.444 million to the National Exchequer by way of taxes, during the year 2015.

Best Corporate Report Award

The Company has been selected and ranked 4th in Other sector category for the year 2014 by The Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) on September 04, 2015. Cyan

was selected by the ICAP & ICMAP on the basis of a comprehensive parameter, which includes transparency in preparing their annual reports according to international best practices, compliance with Listing Regulations and sound corporate governance practices.

Credit Rating

On October 06, 2015 JCR-VIS Credit Rating Company Limited has assigned entity ratings of 'A/A-1' (A/A-One) to Cyan Limited (CL). Outlook on ratings is 'Stable'.

Related Party Transactions

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

Board of Directors

The Board comprises of Seven Directors.

Changes in the Board

During the year, Mr. Jonathan Bilal Lenihan resigned from the Board and casual vacancy has been filled up through appointment of Mr. Shahzada Dawood. Subsequent to year end the Board appointed Mr. Shahzada Dawood as Chairman in place of Mrs. Kulsum Dawood. The Board on record appreciated the efforts of Mrs. Kulsum Dawood as Chairperson of Cyan Limited.

Conflict of Interest Among BOD Members

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

CEO Performance Review

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

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

Directors Training Programme

All seven directors have a minimum of fourteen years of education. Six directors have obtained certification under the directors' training program as stipulated in the Code of Corporate Governance.

Safeguarding of Company Records

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

During the year under review, five (5) meetings of the Board of Directors were held, which were all presided over by the Chairperson/Chairman.

The Chief Financial Officer and Company Secretary also attended the meetings as were required by the Code of Corporate Governance. Attendance by each director was as follows:

Board Meetings

Board of Directors Meetings

		No. of meetings held	No. of meetings attended
Kulsum Dawood	(Chairperson/Director)*	5	4
Sulaiman S. Mehdi	(CEO/Director)	5	5
Shahzada Dawood	(Director/Chairman)*	3	3
Ghias Uddin Khan	(Director)	5	5
Hasan Reza-Ur-Rahim	(Director)	5	3
Jonathan Bilal Lenihan	(Director)**	2	-
Kamran Nishat	(Director)	5	5
Shafiq Ahmed	(Director)	5	4

*Mrs. Kulsum Dawood resigned as Chairperson and Mr. Shahzada Dawood appointed as Chairman of the Board of Cyan Limited effective from 22nd February, 2016.

**Mr. Shahzada Dawood appointed as Director in place of Mr. Jonathan Bilal Lenihan effective from 29th May, 2015.

Board Audit Committee Meetings

		No. of meetings held	No. of meetings attended
Kamran Nishat	(Chairman)	4	4
Ghias Uddin Khan	(Member)	4	1
Hasan Reza-Ur-Rahim	(Member)	4	1
Shafiq Ahmed	(Member)	4	3

Board Investment Committee Meetings

		No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim	(Chairman)	2	2
Kulsum Dawood	(Member)	2	1
Shahzada Dawood	(Member)*	1	1
Shafiq Ahmed	(Member)	2	2
Jonathan Bilal Lenihan	(Member)*	1	-

*Mr. Shahzada Dawood appointed as Director in place of Mr. Jonathan Bilal Lenihan effective from 29th May, 2015.

Board HR & Remuneration Committee Meetings

		No. of meetings held	No. of meetings attended
Ghias Uddin Khan	(Chairman)	2	2
Hasan Reza-Ur-Rahim	(Member)	2	2
Kamran Nishat	(Member)	2	2

Code of Conduct

During the year, the Board of Directors adopted the code of conduct for directors and for employees and the same has been circulated to board members and employees in terms of requirement of the amendments made in code of corporate governance. The code of conduct is also placed at the company's website.

Corporate and Financial Reporting Framework

a) The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and statement of changes in equity.

b) The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.

c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. All Changes, wherever made during the year have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgement.

d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.

g) The Company has followed the best practices of the Corporate Governance as laid down by Pakistan Stock Exchange and there has been no material departure there from.

h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and described in the financial statement.

i) The value of investments of provident fund on the basis of audited accounts as on June 30, 2015 is Rs.13.88 million.

j) Trading of shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year were:

Name	Date	Sold
Mrs. Azmeh Dawood (spouse of Mr. Jonathan Bilal Lenihan)	05-03-2015	20,500

k) Messrs. Kulsum Dawood, Shahzada Dawood, Hasan Reza-Ur-Rahim, Shafiq Ahmed, Sulaiman S. Mehdi and Kamran Nishat are certified Directors under Director training program from approved Institutions as prescribed by SECP.

Ownership

As at December 31, 2015, there were 2,075 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2015, along with the necessary information is available at the end of this report.

Auditors

The present auditors M/s. A.F. Fergusons & Co. (Chartered Accountants) being eligible, has provided their consent for appointment at the 56th 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, 2016. The Board has endorsed this recommendation.

Key operating and financial data

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

Forward Looking Information

The economy is showing signs of revival and overall optimism with the change in the balance of payment situation due to lower oil price and reduced inflation numbers. The Company is actively undertaking the portfolio management business and the outlook is positive. The management team under its CEO is fully committed to effectively implement the business model to deliver a superior risk adjusted return to the shareholders.

Acknowledgement

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

On behalf of the Board

Hasan Reza-Ur- Rahim
Director

Sulaiman S. Mehdi
CEO

Karachi: February 22, 2016

CEO'S OUTLOOK / MESSAGE

After yielding double-digit returns three years in a row (average 42% in local currency, 36.5% in USD during 2012-14), the performance of the KSE-100 index remained lackluster in 2015 as the benchmark index inched up by only 2.1% (-1.8% in USD). However, in relative terms, the KSE-100 index continued to outperform not only its MSCI category benchmark i.e. Frontier Market Index, by 19.3% YoY, but the MSCI EM and MSCI DM Indices as well by 19.1% and 4.8%, respectively during 2015. Despite positive macro tailwinds, performance of the benchmark index remained subdued, primarily due to i) negative performance of the E&P sector on account of slide in global crude oil prices and ii) banking sector remained under pressure in the wake of decline in interest rates and increase in roll-over risk amid maturity of high-yielding PIB in 2016, leading overall sector plummeting by 9.2%.

Despite the lackluster performance of the KSE-100 Index in 2015 your Company earned RS.335 million in net income. During the year, Cyan's equity portfolio outperformed the KSE-100 index by a staggering

23.55% (25.68% Vs 2.13%). This outperformance was primarily achieved by adopting a radical change in the investment strategy whereby the company maintained its exposure towards the power sector mainly HUBCO and divested from E&P and Banking Sector in the early start of the year towards Engineering and Technology & Communication sector. During the year the Company adopted an aggressive stance on the public equities and maintained its exposure at 88% (average), whereas 12% was vested towards mutual funds and Government Securities. The equity portfolio was re-aligned to have a balance between high growth and high yield investments and to this effect sizeable investments were made in Engineering, Technology & Communication and Cable & Electrical Goods.

Achieving Milestones

The Company has announced a final cash dividend of 40% or Rs.4 per share for its shareholders in 2015.

Since our inception in 2011, we have worked hard to build up a pipeline of private equity transactions. During the last four years our performance in the public equities has helped us sustain and mature our private equity initiatives.

Four years ago, the market capitalization of the Company was Rs.1.95 billion which elevated to Rs.5.224 billion on December 31, 2015 depicting a massive return of 168% for a period of four



years. This is not all, during the last four years; the Company managed to pay a total dividend of Rs.4.8 billion (excluding the recently announced final cash dividend of Rs.234.51 million). This makes the total cumulative shareholders' return of 416%, whereas the benchmark KSE-100 Index managed a return of 189% during the same period reflecting Cyan's above average performance of 227%. This translates into a 4-year Compounded Annual Growth Rate (CAGR) of 51%, making the pay-back period of 1.4 years for an investor who invested in the Cyan stock four years ago.

Economic Outlook

The economic future looks bright and keen. As the government remains focused and committed to energy and manufacturing sectors, and with the ongoing privatization, all ingredients are there in place for a probable, sustainable high growth trajectory. However, we expect stock market to return to strong growth trajectory in 2016 in response to political stability, notable improvement on the macro-economic front and possible reclassification to MSCI's Emerging Market Index. We believe in 2016, weak oil prices and possible continued foreign selling pressure are likely to weigh on E&Ps in the short to medium term. Further, we prefer sectors which have direct exposure in infrastructure i.e. CPEC projects, which include Cements and Steels.

Acknowledgments

In closing, I would like to take this opportunity to thank all our Shareholders and the Board of Directors for their immense support. The Company's accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliment. I am confident that the team will continue to grow and constantly deliver on expectations of all stakeholders. Together, our future is exceedingly bright. Let us continue to unearth our potential and use it for our success.

Sulaiman S. Mehdi
Chief Executive Officer

Karachi: February 22, 2016

CORPORATE SOCIAL RESPONSIBILITY REPORT



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

Cyan's Corporate Social Responsibility (CSR) efforts in Pakistan are multi-pronged and include a drive to protect our natural environment as well as the continued well-being of our employees; from whom we build our reputation, the communities we operate in; that are the focus of our endeavors and the larger society in general, for present and future generations so that we are able to thrive and sustain a society of which we are a vital cog.

We take great pride in having continued our CSR efforts in 2015 through contributions for various initiatives that supported the provision of better health services, quality education and preservation of Pakistan's culture.



THE DIFFERENCE WE MADE IN 2015

Pakistan is a country where the budget allocation on defense and debt servicing take precedence over many other needs.

Cyan is cognizant of the need to develop Pakistan's health sector and for investment in institutions that can help prevent the prevalence of such diseases in Pakistan. As a result, Cyan focused its support towards the following organizations in 2015:



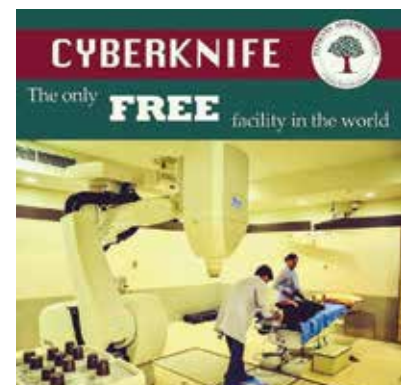
Marie Adelaide Leprosy Centre

Over the last 56 years, the Marie Adelaide Leprosy Centre (MALC) has been one of Pakistan's leading institutions in the effort to eliminate leprosy, treat TB, prevent blindness and develop sustainable communities. The MALC has also been prominent in providing timely relief and rehabilitation for the victims of natural and human disasters. In 2015, Cyan contributed PKR 500,000 to facilitate the organization of MALC's annual fundraiser, the proceeds of which are used to provide free treatment to patients at any of MALC's 170 centers across Pakistan.

Patients' Aid Foundation (Paf)

The Patients' Aid Foundation has been working since 1990 in helping the JPMC Karachi alleviate the pain of patients and provide them with premium facilities that will lead them to a healthy life. PAF has recently launched a project to install a new PET scan facility inside Pakistan's largest Surgical & OPD Complex in Pakistan, which is under construction at the Jinnah Postgraduate Medical Centre. The efforts of the PAF will ensure that the new Surgical Complex will offer free PET scan facilities to patients in need.

In 2015, Cyan contributed PKR 500,000 to help the Patients' Aid Foundation in their effort to serve humanity.



E

Education Initiatives



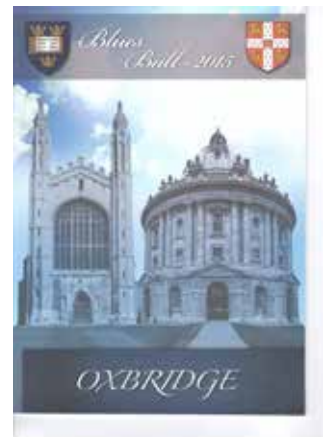
Pakistan is one of just eight countries across the world that spends less than 2% of its GDP on education. Difficult economic conditions result in less than half of enrolled students completing primary school before they are forced to join the workforce. In addition, the quality of education at state-owned educational institutions has sharply deteriorated in the past few decades. All of this combines to keep Pakistan's literacy rate below 50%.

At Cyan, we are unwavering in our belief that the way to uplift Pakistan is by investing in the education of our future generations. In 2015, we continued with aim to contribute to institutions that are leading the way in improving the quality and accessibility of education in Pakistan.

The Oxford & Cambridge Society, Karachi

The Oxford & Cambridge Society, Karachi Educational Trust (OCSKET) has been one of the leading proponents in making education accessible since the past 15 years. OCSKET currently provides bursaries and scholarships to three (3) students studying at Oxford and Cambridge, seven (7) students at IBA and nineteen (19) students at NED, with 24% of these students being women.

OCSKET conducts stringent assessments to ensure that financial aid goes to the most deserving students with the highest academic merit. Since inception, the Trust has assisted over 100 scholars, subsidizing students at Oxford and Cambridge in collaboration with the Noon Foundation in England. Students choosing academic institutions in Pakistan are funded entirely by OCSKET.



In 2015, Cyan contributed PKR 290,000 to support OCSKET's effort to provide opportunities for Pakistani students to compete in the global arena.

Culture and Community



Cyan also encourages and participates in efforts to build and sustain the culture and community of Pakistani society. Our endeavors are aimed at sustaining values of society by preserving the richly diversified culture and heritage of Pakistan. In 2015, we continued our involvement in efforts to safeguard and highlight the ethos of Pakistan for future generations.

Dhoondo Karachi – The Citizens Foundation



The Citizens Foundation (TCF) organized a scavenger hunt titled 'Dhoondo Karachi' that took participants on a tour across Karachi city with clues leading to historical sites and hidden gems. The initiative by TCF aimed at keeping the spirit of Karachi alive whilst helping people identify the rich culture and history which the city has to offer. All proceeds of the event went towards funding school uniforms for students at The Citizens Foundation schools.

Cyan participated whole heartedly at 'Dhoondo Karachi' and was ranked 12th out of more than 100 participating organizations and institutions.



Protect Your Plot

When you plant anything, your fruits will come, but you will have to be careful to protect them from birds, and insects. You need certain type of spray or at least have a fake snake in eyesight of the birds to scare them off.

The same goes for investments. You have to protect them and take care of them. You have to understand all of the risks that could affect your growing investments. Whether it's changes in government taxes, market volatility or other new regulations; it's up to you to stay on top of financial news and developments and protect what you have.



CALENDAR OF MAJOR EVENTS

**February
2015**

Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2014 and recommend 425% final cash dividend to the shareholders.

**March
2015**

55th Annual General Meeting of the shareholders of the Company was held to approve financial statements for the year ended December 31, 2014 and 425% final cash dividend to the Shareholders.

**April
2015**

Cyan Board of Directors meeting was held to approve the first quarter accounts for the quarter ended March 31, 2015.

**August
2015**

Cyan Board of Directors meeting was held to approve the accounts for the half year ended June 30, 2015.

**September
2015**

The Company has been selected and ranked 4th in the Best Corporate Report Award by ICAP and ICMAP.

**October
2015**

Cyan Board of Directors meeting was held to approve the third quarter accounts for the quarter ended September 30, 2015.

**December
2015**

Cyan Board of Directors meeting was held to approve the Corporate Strategy and Budget of the Company for the Financial Year 2016.

RISK AND OPPORTUTY REPORT

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

A summary, highlighting major risks (both threats and opportunities), is presented below:

SWOT ANALYSIS

S STRENGTHS

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

O OPPURTUNITIES

1. Using network to identify new investment opportunities.
2. Targeting new high potential growth sectors including technology, media, real estate and pharma.
3. PIPES and private transactions.

W WEAKNESSES

1. No track record of private investments.
2. High tax burden under current legal structure.
3. Lean Team.

T THREATS

1. Key Team members getting poached.
2. Higher valuation expectation due to new PE entrants.

SHAREHOLDERS' INFORMATION

Registered Office

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

Share Registrar Office

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

Listing on Stock Exchange

Cyan shares are listed on Pakistan Stock Exchange.

Listing Fees

The annual listing fee for the financial year 2015-2016 has been paid to the stock exchange within the prescribed time limit.

Stock Code

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

Investor Service Centre

CYAN share department is operated by Technology Trade (Pvt.) Ltd, Registrar Services. It also functions as an Investor Service Centre and has been servicing 2,075 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. M. Junaid Dagia at Registrar Office and Mr. Wahaj Ghulam Hussain, Manager Compliance & Risk Management at Cyan Registered Office.

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

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

Contact Person:

Cyan Limited

Mr. Wahaj Ghulam Hussain
Tel# (92-21) 35634290-3
Email: wahaj.hussain@cyanlimited.com

Contact Person:

Registrar Office

Mr. M. Junaid Dagia
Tel # (92-21) 34391316-7 & 19
Email: junaid.dagia@ttpl.com.pk

Service Standards

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

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

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

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

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 40% (Rs. 4 per share) (2014: 425% Cash Dividend) subject to approval by the shareholders of the Company at the Annual General Meeting.

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from March 22, 2016 to March 29, 2016 both days inclusive.

Dividend Payment

Dividend declared and approved at the Annual General Meeting will be paid on or after April 8, 2016, but within the statutory time limit of 30 days:

- (i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company before the book closure date.
- (ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on amount of dividend paid to a shareholder. These tax rates are as under:

- (a) For filers of income tax returns: 12.5%
- (b) For non-filer of income tax returns: 17.5%

Zakat has already been deducted on the payment of Interim Dividend (D-62) for the financial year 2014 being the first payment of Dividend after the current valuation i.e. July 01, 2014. Zakat is to be deducted on the Dividend now being paid.

Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

Under Section 250 of the Companies Ordinance, 1984, a shareholder may, if so desire, direct a Company to pay dividend through his/her/its bank account to provide the details of bank account to our registrar on bank mandate form.

Investors Grievances

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

General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, Cyan holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

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

Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself.

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

Web Presence

Updated information regarding the Company can be accessed at Cyan's website www.cyanlimited.com. The web site contains the latest financial results of the Company.



KEY FINANCIAL HIGHLIGHTS

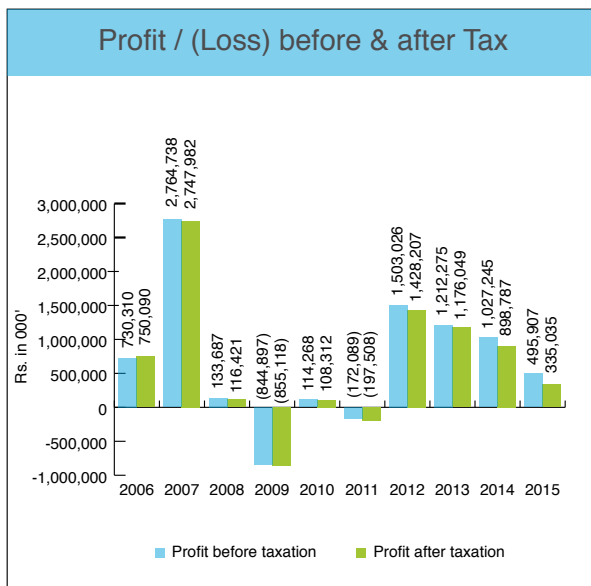
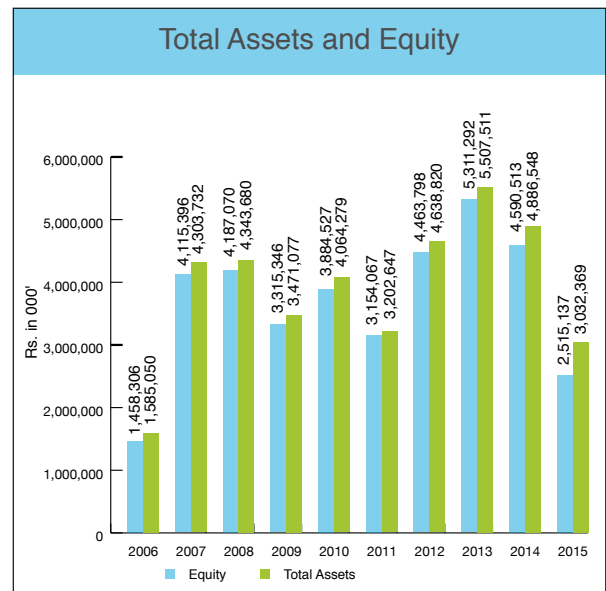
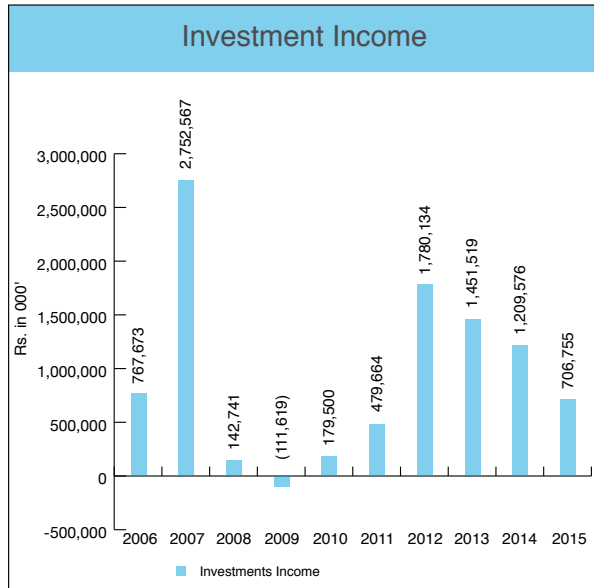
TEN YEARS AT A GLANCE

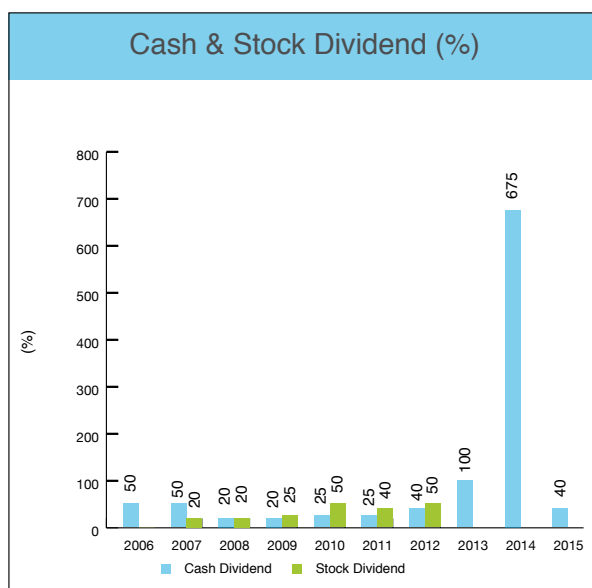
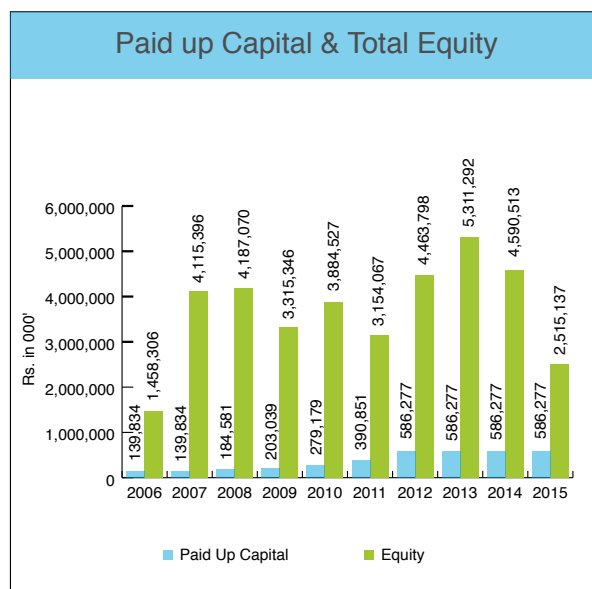
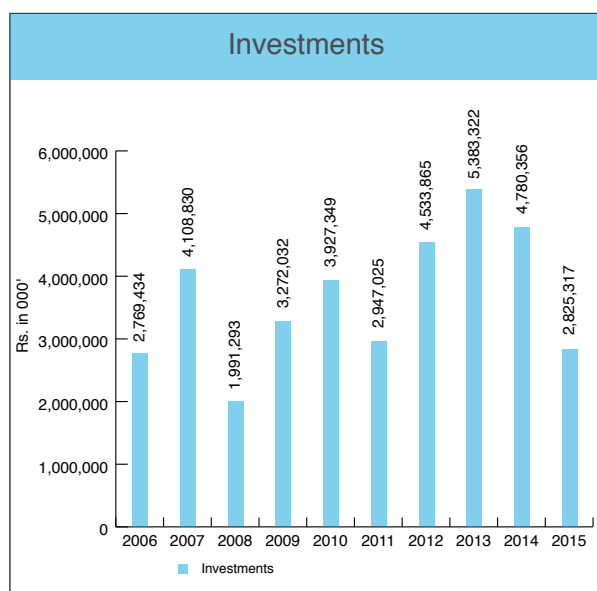
Particulars	2006	2007	2008	2009
	Rupees in '000			
Earnings				
Investments Income / (loss)	767,673	2,752,567	142,741	(111,619)
Profit / (loss) before taxation	730,310	2,764,738	133,687	(844,897)
Profit / (loss) after taxation	750,090	2,747,982	116,421	(855,118)
Pay Out Information %				
Cash Dividend	50	50	20	20
Stock Dividend	-	20	20	25
Balance Sheet				
Paid Up Capital	139,834	139,834	184,581	203,039
Equity	1,458,306	4,115,396	4,187,070	3,315,346
Investments	2,769,434	4,108,830	1,991,293	3,272,032
Cash & Cash Equivalents	307,548	97,520	64,773	65,136
Fixed Assets	5,624	4,103	3,187	2,558
Total Assets	1,585,050	4,303,732	4,343,680	3,471,077
Operating Performance				
Earning/(Loss) Per Share (Rupees)	53.64	148.88	5.73	(30.63)
Break up Value per Share (Rupees)	104.29	294.31	227.13	163.29
Absolute Return on Investments %	66.98	68.51	3.11	(3.43)
Return on Investments %	67.79	98.61	2.80	(22.80)

2010	2011	2012	2013	2014	2015
Rupees in '000					
179,500	479,664	1,780,134	1,451,519	1,209,576	706,755
114,268	(172,089)	1,503,026	1,212,275	1,027,245	495,907
108,312	(197,508)	1,428,207	1,176,049	898,787	335,035
25	25	40	100	675	40
50	40	50	-	-	-
279,179	390,851	586,277	586,277	586,277	586,277
3,884,527	3,154,067	4,463,798	5,311,292	4,590,513	2515,137
3,927,349	2,947,025	4,533,865	5,383,322	4,780,356	2,825,317
10,296	19,230	13,494	17,835	21,844	159,891
1,944	1,590	26,194	22,814	18,752	15,623
4,064,279	3,202,647	4,638,820	5,507,511	4,886,548	3,032,369
2.77	(3.37)	24.36	20.06	15.33	5.71
139.14	80.7	76	91.00	78.30	42.90
4.57	(3.00)	58.89	32.14	18.15	9.43
3.01	(5.61)	37.49	24.1	22.47	14.78

KEY FINANCIAL HIGHLIGHTS

Ten Years at a Glance





RATIO ANALYSIS

Ratios	Unit	2010	2011	2012	2013	2014	2015
Profitability							
Profit before tax ratio	%	79	NA	87	83	84	70
Gross Yield on Earning Assets	%	4	-4	38	27	25	24
Cost / Income ratio	%	27	-53	13	17	16	30
Return on Equity	%	3	-6	32	22	20	13
Return on Capital Employed	%	3	-6	37	24	18	9.43
Liquidity Ratios							
Current ratio	Times	22	68	30	34	18	6
Investment / Market Ratios							
Earnings/(Loss) per share (EPS/ LPS - Basic)	Rs.	1.85	(3.37)	24.36	20.06	15.33	5.71
Price Earnings ratio	Times	36.22	NA	2.18	3.84	5.60	15.60
Price to Book ratio	Times	0.48	0.62	0.70	0.85	1.10	1.72
Dividend Yield ratio	%	4	5	8	13	79	4
Dividend Payout ratio	Times	1.35	NA	0.16	0.50	4.40	0.70
Dividend Cover ratio	%	405	NA	37	50	440	70
Market Value per share							
• At the end of the year	Rs.	67	50	53	77	85.92	89.10
• High during the year	Rs.	94.84	116	91	85	138.50	150.50
• Low during the year	Rs.	47.75	54	48	47	71.79	65.17
Capital Structure Ratios							
Earning assets to total assets ratio	Times	0.97	0.93	0.98	0.98	0.99	0.99
Net assets per share	Times	139	81	76	91	78.30	42.90

COMMENTS ON RATIO ANALYSIS

Comments on six years Profitability Ratios

The Company started active portfolio management after the revocation of insurance license in 2011 and the same was reflected in the last three years profitability where the Company has outperformed the KSE-100 Index, a benchmark used to gauge the performance of the company. Despite the outperformance of the company's equity portfolio by 23.55% (25.68% vs KSE-100 Index performance of 2.13%). The Return on Equity and Return on Capital Employed were declined compared to last year due to lower investment base in the year 2014 and 2015.

Comments on six years Profit and Loss analysis

The factors contributing to the earnings of the Company are volatile in nature. Consequently, the net results from 2010 to 2015, Profit after tax increased from Rs.108 million to Rs.335 million. 2011 was the only loss making year during which an overall stock market depression was witnessed. Apart from that, dividends and capital appreciation (realized and unrealized capital gains) in value of the overall portfolio including the strategic investments are the main contributors for revenues and hence profitability.

Comments on six years Liquidity Ratios

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

Comments on six years Investment / Market Ratios

Due to excellent dividend yield and dividend payout ratio, the Company's price earning multiple was re rated from 5.60 times to 15.60 times. The price to book ratio also increased to 1.72x from 1.1x last year.

Comments on six years Capital Structure Ratios

Above 90% of the assets of the Company contributed towards the earnings of the Company during the preceding five years indicating the efficient use of assets.

Comments on six years Cash Flows

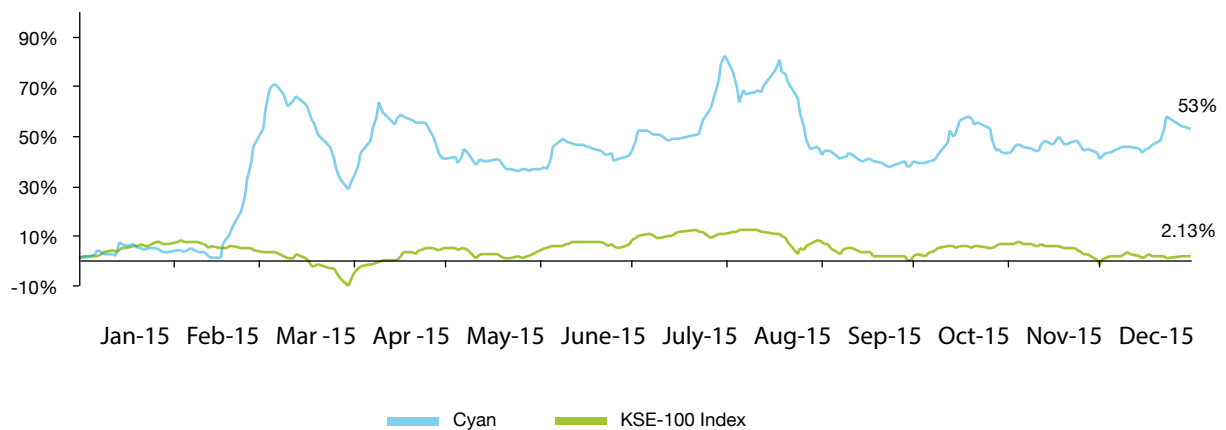
The Company efficiently manages its cash flows which are reflected in its summary of cash flow statement. Further, the company has maintained over 10% of the investment portfolio in high rated money market mutual funds for meeting its urgent cash flow requirement.

Comments on six years Balance sheet analysis

Total Assets and Equity decline by 45% and 39% respectively over the previous year which is a result of the bumper dividend for 2014. Without this dividend total Assets and Equity would have grown at 5-year CAGR of 5% and 6% respectively.

SHARE PRICE SENSITIVITY ANALYSIS

Month	Highest	Lowest	Total Volume
Cyan Share Price on the PSX			
Jan-15	95.95	85.15	1,841,000
Feb-15	125.41	85	2,469,500
Mar-15	150.5	65.17	7,492,000
Apr-15	102.93	69	2,572,500
May-15	82.90	74	774,000
June-15	87.97	75	947,500
Jul-15	116.92	80	2,000,000
Aug-15	114.59	79	2,654,000
Sep-15	84	75	572,000
Oct-15	96	77	1,321,000
Nov-15	86.99	80	753,500
Dec-15	94.5	78	735,500



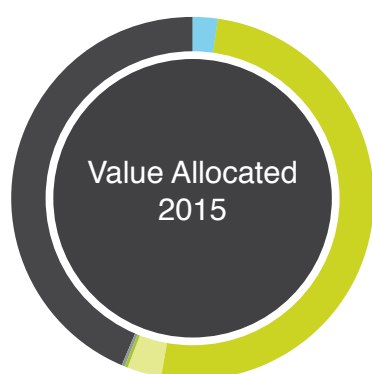
Cyan's stock returned 53% as against the KSE-100 Index performance of 2.13% during the year 2015.

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

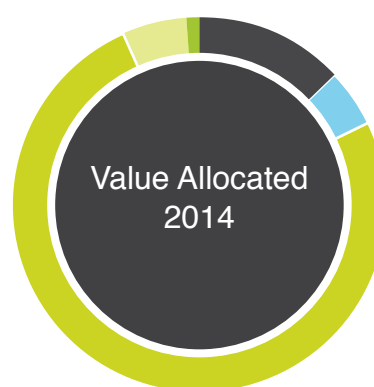
In case of increase / decrease in KSE-100 Index, the profitability of the Company would increase / decrease as a result of gains / losses on equity securities at fair value through profit or loss and available for sale. The impact of this financial performance therefore may affect share price of the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

STATEMENT OF VALUE ADDITION

Value added	2015 Rs. 000	%	2014 Rs. 000	%
Return on investments	160,841		226,636	
Capital gains	323,062		627,628	
Unrealized gain - Net	222,852		355,312	
Other income	7,319		17,901	
Gross revenue	714,074		1,227,477	
Less: Administrative expenses	72,610		60,117	
	641,464	100%	1,167,360	100%
Value Allocated				
To Employees				
Salaries, allowances and other benefits	131,185	19%	114,019	10%
To Shareholders				
Cash dividend	2,491,678	388%	1,758,832	151%
To Government				
Company Taxation	160,872	25%	128,458	11%
To Society				
Workers' Welfare Fund	10,269	2%	20,966	2%
To expansion				
Depreciation and amortization	4,103	1%	5,130	0%
To growth				
As Reserve and Retained Earning	-2,156,643	-335%	-860,045	-74%
	641,464	100%	1,167,360	100%



Salaries, allowances and other benefits	19%
Cash Dividend	388%
Company Taxation	25%
Workers' Welfare Fund	2%
Depreciation and amortization	1%
As Reserve and Retained Earning	-335%



Salaries, allowances and other benefits	10%
Cash Dividend	151%
Company Taxation	11%
Workers' Welfare Fund	2%
Depreciation and amortization	-
As Reserve and Retained Earning	-74%

The letters 'REAP' are rendered in a large, bold, sans-serif font. The 'R' and 'A' are green, while the 'E' and 'P' are blue. The letters are slightly overlapping, with the green letters appearing in front of the blue ones in some areas.

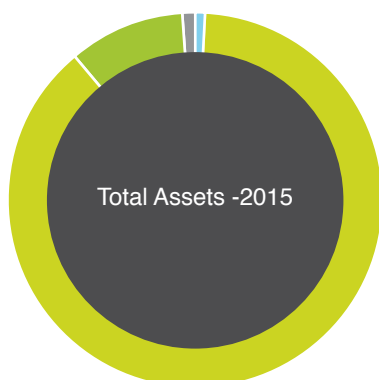
Reap What You Sow

In gardening you
reap what you sow.

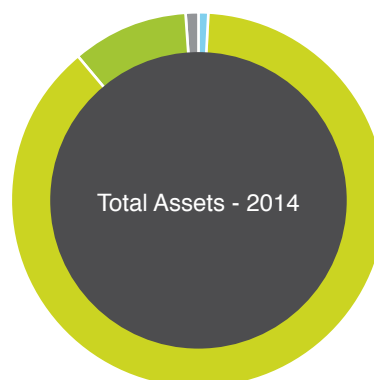
By following the
above steps and
taking the time and
care to grow your
garden, you will be
rewarded in the end,
for the investment
choices you made



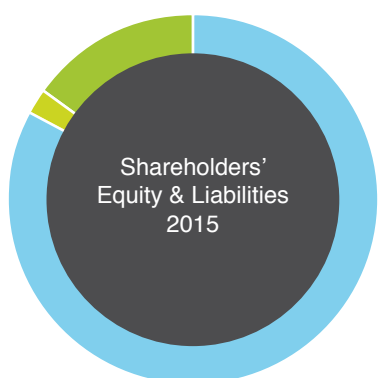
BALANCE SHEET COMPOSITION



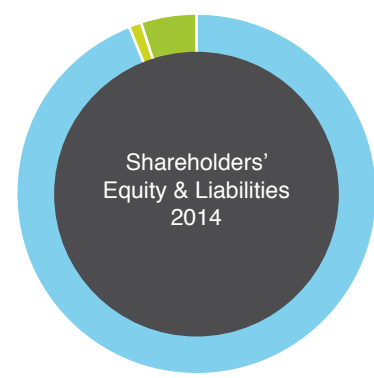
Long term assets	1%
Investments in Equities	88 %
Investments in Cash, Debt and Mutual Funds	10%
Other Current assets	1%



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

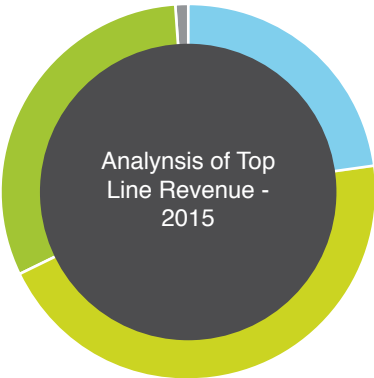


Share Capital and Reserve	83%
Non-Current Liabilities	2%
Current Liabilities	15%



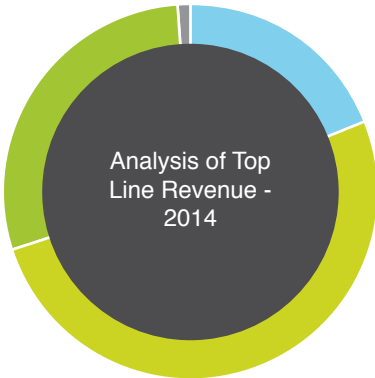
Share Capital and Reserve	94%
Non-Current Liabilities	1%
Current Liabilities	5%

ANALYSIS OF PROFIT AND LOSS ACCOUNT



- Return on investments
- Gain on sale of investments - net
- Unrealised appreciation on re-measurement of investments
- Other income

23%
45%
31%
1%



- Return on investments
- Gain on sale of investments - net
- Unrealised appreciation on re-measurement of investments
- Other income

19%
51%
29%
1%

HORIZONTAL ANALYSIS

Balance Sheet

Particulars	2010	2011	2012
	Rupees in '000		
Cash and bank deposits	10,296	8,330	13,494
Loan to employee	6,930	7,892	7,492
Investments	3,927,349	2,947,025	4,533,865
Deferred tax	(105)	3,437	-
Premiums due but unpaid	1,440	24	13
Amounts due from other insurers / reinsurers	13,692	17,638	28,780
Accrued investment income	657	691	1,471
Reinsurance recoveries against outstanding claims	48,337	25,352	5,406
Prepaid reinsurance premium ceded	29,495	-	-
Deferred commission	253	-	-
Taxation - payments less provision	21,477	5,104	-
Advances, prepayments deposit & sundry receivables	2,409	185,583	22,105
Fixed assets	1,944	1,590	26,194
Total Assets	4,064,174	3,202,666	4,638,820
Issued, subscribed and paid up share capital	279,179	390,851	586,277
Unappropriated profit	2,943,551	2,592,494	3,688,477
Reserves	133,088	133,088	133,088
Remeasurement of post employees benefits	-	(36)	(610)
Surplus on revaluation - AFS investments	528,709	37,670	56,566
Provision for outstanding claims [including IBNR]	71,416	29,002	9,025
Provision for unearned premium	31,062	-	-
Commission income unearned	1,974	-	-
Deferred liabilities	1,136	1,959	4,824
Deferred tax	-	-	20,103
Amounts due to other insurers / reinsurers	5,782	3,038	1,725
Accrued expenses	8,438	4,870	75,543
Other creditor and accruals	17,179	383	36,590
Short term running finance	33,852	-	-
Taxation - net	-	-	15,873
Unclaimed dividend	8,808	9,347	11,339
Total Shareholders' Equity and Liabilities	4,064,174	3,202,666	4,638,820

2013	2014	2015	11 Over 10	12 Over 11	13 Over 12	14 Over 13	15 Over 14
Rupees in '000							
17,835	21,844	159,891	-19.09%	61.99%	32.17%	22.48%	631.97%
6,960	16,020	14,060	13.88%	-5.07%	-7.10%	130.17%	-12.25%
5,383,322	4,780,356	2,825,317	-24.96%	53.85%	18.74%	-11.20%	-40.90%
-	-	-	-3373.33%	-100.00%	-	-	-
-	-	-	-98.33%	-45.83%	-100.00%	-	-
18,144	2,464	2,464	28.82%	63.17%	-36.96%	-86.42%	-
400	-	-	5.18%	112.88%	-72.81%	-100.00%	-
5,406	5,406	5,406	-47.55%	-78.68%	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-76.24%	-	-	-	-
52,630	41,706	9,608	7603.74%	-88.09%	138.09%	-20.76%	-76.96%
22,814	18,752	15,623	-18.21%	1547.42%	-12.90%	-17.80%	-16.69%
5,507,511	4,886,548	3,032,369	-21.20%	44.84%	18.73%	-11.27%	-37.94%
586,277	586,277	586,277	40.00%	50.00%	-	-	-
4,395,503	3,535,458	1,378,815	-11.93%	42.28%	19.17%	-19.57%	-61%
133,088	133,088	133,088	-	-	-	-	-
(1,726)	(3,697)	(3,480)	-	-	-183%	114.19%	-6%
198,150	339,387	420,437	-92.88%	50.16%	250.30%	71.28%	24%
9,025	8,805	8,805	-59.39%	-68.88%	-	-2.46%	-
-	-	-	-100%	-	-	-	-
-	-	-	-100%	-	-	-	-
8,858	9,377	8,369	72.45%	146.25%	83.62%	5.86%	-11%
26,890	16,171	45,166	-	100.00%	33.76%	-39.86%	179%
587	587	587	-47.46%	-43.22%	-65.97%	-0.06%	-
85,037	68,880	136,187	-42.28%	1451.19%	12.57%	-19.00%	98%
25,573	28,337	109,108	-97.77%	9453.52%	-30.11%	10.82%	285%
-	-	-	100.00%	-	-	-	-
31,448	143,659	179,522	-	100.00%	98.12%	356.81%	25%
8,801	20,219	29,488	6.12%	21.31%	-22.38%	129.74%	46%
5,507,511	4,886,548	3,032,369	-21.20%	44.84%	18.73%	-11.27%	-37.94%

VERTICAL ANALYSIS

Balance Sheet

Particulars	2010	2011	2012	2013
	Rupees in '000			
Cash and bank deposits	10,296	8,330	13,494	17,835
Loan to employees	6,930	7,892	7,492	6,960
Investments	3,927,349	2,947,025	4,533,865	5,383,322
Deferred tax	(105)	3,437	-	-
Premiums due but unpaid	1,440	24	13	-
Amounts due from other insurers / reinsurers	13,692	17,638	28,780	18,144
Accrued investment income	657	691	1,471	400
Reinsurance recoveries against outstanding claims	48,337	25,352	5,406	5,406
Prepaid reinsurance premium ceded	29,495	-	-	-
Deferred commission	253	-	-	-
Taxation - payments less provision	21,477	5,104	-	-
Advances, prepayments deposit & sundry receivables	2,409	185,583	22,105	52,630
Fixed assets	1,944	1,590	26,194	22,814
Total Assets	4,064,174	3,202,666	4,638,820	5,507,511
Issued, subscribed and paid up share capital	279,179	390,851	586,277	586,277
Unappropriated profit	2,943,551	2,592,494	3,688,477	4,395,503
Reserves	133,088	133,088	133,088	133,088
Remeasurement of post employees benefits	-	(36)	(610)	(1,726)
Surplus on revaluation - AFS investments	528,709	37,670	56,566	198,150
Provision for outstanding claims [including IBNR]	71,416	29,002	9,025	9,025
Provision for unearned premium	31,062	-	-	-
Commission income unearned	1,974	-	-	-
Deferred liabilities	1,136	1,959	4,824	8,858
Deferred tax	-	-	20,103	26,890
Amounts due to other insurers / reinsurers	5,782	3,038	1,725	587
Accrued expenses	8,438	4,870	75,543	85,037
Other creditor and accruals	17,179	383	36,590	25,573
Short term running finance	33,852	-	-	-
Taxation - net	-	-	15,873	31,448
Unclaimed dividend	8,808	9,347	11,339	8,801
Total Shareholders' Equity and Liabilities	4,064,174	3,202,666	4,638,820	5,507,511

2014	2015	2010	2011	2012	2013	2014	2015
Rupees in '000							
21,844	159,891	0.25%	0.26%	0.29%	0.32%	0.45%	5.27%
16,020	14,060	0.17%	0.25%	0.16%	0.13%	0.33%	0.46%
4,780,356	2,825,317	96.63%	92.02%	97.74%	97.75%	97.83%	93.17%
-	-	-	0.11%	-	-	-	-
-	-	0.04%	-	-	-	-	-
2,464	2,464	0.34%	0.55%	0.62%	0.33%	0.05%	0.08%
-	-	0.02%	0.02%	0.03%	0.01%	-	-
5,406	5,406	1.19%	0.79%	0.12%	0.10%	0.11%	0.18%
-	-	0.73%	-	-	-	-	-
-	-	0.01%	-	-	-	-	-
-	-	0.53%	0.16%	-	-	-	-
41,706	9,608	0.06%	5.79%	0.48%	0.96%	0.85%	0.32%
18,752	15,623	0.05%	0.05%	0.56%	0.41%	0.38%	0.52%
4,886,548	3,032,369	100%	100%	100%	100%	100%	100%
	-						
586,277	586,277	6.87%	12.20%	12.64%	10.65%	12.00%	19.33%
3,535,458	1,378,815	72.43%	80.95%	79.52%	79.81%	72.35%	45.47%
133,088	133,088	3.27%	4.16%	2.87%	2.42%	2.72%	4.39%
(3,697)	(3,480)	-	-	-	-0.03%	-0.08%	-0.11%
339,387	420,437	13.01%	1.18%	1.22%	3.60%	6.95%	13.86%
8,805	8,805	1.76%	0.91%	0.19%	0.16%	0.18%	0.29%
-	-	0.76%	-	-	-	-	-
-	-	0.05%	-	-	-	-	-
9,377	8,369	0.03%	0.06%	0.10%	0.16%	0.19%	0.28%
16,171	45,166	-	-	0.43%	0.49%	0.33%	1.49%
587	587	0.14%	0.09%	0.04%	0.01%	0.01%	0.02%
68,880	136,187	0.21%	0.15%	1.63%	1.54%	1.41%	4.49%
28,337	109,108	0.42%	0.01%	0.78%	0.46%	0.58%	3.60%
-		0.83%	-	-	-	-	-
143,659	179,522	-	-	0.34%	0.57%	2.94%	5.92%
20,219	29,488	0.22%	0.29%	0.24%	0.16%	0.41%	0.97%
4,886,548	3,032,369	100%	100%	100%	100%	100%	100%

HORIZONTAL & VERTICAL ANALYSIS

Horizontal Analysis (Profit and Loss Account)

Particulars	2010	2011	2012
	Rupees in '000		
Net premium revenue	10,509	(4,503)	-
Net claims	(4,701)	9,588	(37)
Expenses	(15,315)	(19,647)	(978)
Net commission	13,503	1,727	-
Investment income	179,500	479,664	1,780,134
Provision for impairment	(43,474)	(601,097)	(50,506)
Other income	3,433	2,597	5,938
Financial charges	(5,103)	(225)	(209)
General and administration expenses	(24,084)	(40,193)	(231,316)
Taxation	(5,956)	(25,419)	(74,819)
Profit / (Loss) after tax	108,312	(197,508)	1,428,207
Earnings / (Loss) per share - Rupees (Basic)	2.77	(3.37)	24.36

Vertical Analysis (Profit and Loss Account)

Particulars	2010	2011	2012	2013
	Rupees in '000			
Net premium revenue	10,509	(4,503)	-	-
Net claims	(4,701)	9,588	(37)	-
Expenses	(15,315)	(19,647)	(978)	(768)
Net commission	13,503	1,727	-	-
Investment income	179,500	479,664	1,780,134	1,451,519
Provision for Impairment	(43,474)	(601,097)	(50,506)	-
Other income	3,433	2,597	5,938	5,595
Financial charges	(5,103)	(225)	(209)	(235)
General and administration expenses	(24,084)	(40,193)	(231,316)	(243,836)
Taxation	(5,956)	(25,419)	(74,819)	(36,226)
Profit / (Loss) after tax	108,312	(197,508)	1,428,207	1,176,049

2013	2014	2015	11 Over 10	12 Over 11	13 Over 12	14 Over 13	15 Over 14
Rupees in '000			Percentage Change				
-	-	-	-142.85%	-	-	-	-
-	-	-	-303.96%	-100.39%	100.00%	-	-
(768)	-	-	28.29%	-95.02%	-21.47%	100.00%	-
-	-	-	-87.21%	-	-	-	-
1,451,519	1,209,576	706,755	167.22%	271.12%	-18.46%	-16.67%	-41.57%
-	-	-	1282.66%	-91.60%	100.00%	-	-
5,595	17,901	7,319	-24.35%	128.65%	-5.78%	219.95%	-59.11%
(235)	(140)	(83)	-95.59%	-7.11%	12.44%	-40.43%	-40.71
(243,836)	(200,092)	(218,084)	66.89%	475.51%	5.41%	-17.94%	8.99%
(36,226)	(128,458)	(160,872)	326.78%	194.34%	-51.58%	254.61%	25.23%
1,176,049	898,787	335,035	-282.35%	-823.11%	-17.66%	-23.6%	-62.7%
20.06	15.33	5.71	-221.66%	-822.85%	-17.65%	-23.6%	-62.7%

2014	2015	2010	2011	2012	2013	2014	2015
Rupees in '000			Percentage Change				
-	-	9.70%	2.28%	-	-	-	-
-	-	-4.34%	-4.85%	-	-	-	-
-	-	-14.14%	9.95%	-0.07%	-0.07%	-	-
-	-	12.47%	-0.87%	-	-	-	-
1,209,576	706,755	165.72%	-242.86%	124.64%	123.42%	134.58%	210.95%
-	-	-40.14%	304.34%	-3.54%	-	-	-
17,901	7,319	3.17%	-1.31%	0.42%	0.48%	1.99%	2.18%
(140)	(83)	-4.71%	0.11%	-0.01%	-0.02%	-0.02%	-0.02
(200,092)	(218,084)	-22.24%	20.35%	-16.20%	-20.73%	-22.26%	-65.09%
(128,458)	(160,873)	-5.50%	12.87%	-5.24%	-3.08%	-14.29%	-48.02%
898,787	335,035	100%	100%	100%	100%	100%	100.00%

SUMMARY OF SIX YEARS CASH FLOW AT A GLANCE

	2010	2011	2012	2013	2014	2015
	Rupees in '000					
Cash & cash equivalents at the beginning of the year	63,136	(25,924)	8,330	13,494	17,835	24,844
Net cash flow used in operating activities	(89,293)	10,189	8,251	(491,672)	(1,692,674)	(2,520,881)
Net cash generated from investing activities	233	24,065	(3,087)	496,013	1,699,683	(2,658,928)
Net (decrease) / increase in cash & cash equivalent	(89,060)	34,254	5,164	4,341	7,009	138,047
Cash & cash equivalents at the end of the year	(25,924)	8,330	13,494	17,835	24,844	162,891

QUARTERLY ANALYSIS

For the Year Ended December 31, 2015

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	Rupees in 000				
Revenue	82,689	373,188	150,929	107,268	714,074
Return on investments	60,413	26,491	66,880	7,057	160,841
Gains on sale of investments - net	101,356	(16,764)	104,386	134,084	323,062
Other income	621	5,432	493	773	7,319
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit and loss - net	(79,701)	358,029	(20,830)	(34,646)	222,852
Profit after taxation	61,179	231,380	97,528	(55,052)	335,035
Net Assets	2,120,997	2,400,146	2,516,755	2,515,137	2,515,137

Analysis of Quarterly results

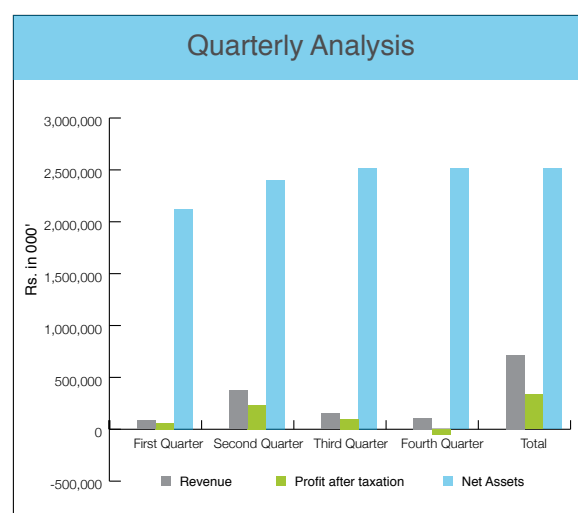
Significant portion of the Company's investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically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

Operating revenues:

During the year under review, the company earned Rs.714 million of gross revenue. This was primarily due to dividend income, realized and unrealized gains on investments. During the first, third and fourth quarters realized gains were the main contributors.

Profit after tax:

The second and third quarters were the best performing contributing Rs.329 million to profitability.



DIRECTOR'S PROFILE



Shahzada Dawood
Chairman

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

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

He serves as a Member of the Board of Governors of the National Management Foundation, the sponsoring body of

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



Kulsum Dawood
Director

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

Mrs. Dawood takes her social and civic responsibilities seriously. She has supported various charities in healthcare, education and economic development. She is a member of SOS, a charity known for the care of orphans, as well as a Depilex Smile Again Foundation, an NGO for the treatment and rehabilitation of burn victims. She supports other charitable organizations such as CARE (Cooperation for Advancement, Rehabilitation &

Education), The Lahore Hospital Welfare Society, The Pakistan Society for the Welfare of Mentally Retarded Children and All Pakistan Women's Association. Mrs. Dawood has also served as the President of Women's Voluntary Service and the Punjab Women's Swimming Association (2000-2005).

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

She is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG). She joined the Board in 2014.



Kamran Nishat
Director

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

establish and grow their market shares' in key business sectors of Pakistan including Pharma, FMCG, Hospital Care and Telecommunications.

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



Ghias Khan
Director

Ghias is an Executive Director of Dawood Hercules Corporation Limited. Mr. Ghias heads the Chairman's Corporate Office and is the Chairman's principal aide on a range of matters of institutional importance including but not limited to board governance, Chairman's communications, managing external relationships and special projects. He joined DHCL on January 4th 2016. Prior to joining DHCL, Ghias served as the CEO of Inbox Business Technologies - a leading end-to-end Information Technology solution provider. He co-founded this company in 2001 and helped grow it to become the largest IT company in Pakistan with more than 1,900 employees. The turnover of the company for the year ended December 31st 2015 was over PKR 4 billion.

After completing his, O 'Levels from St. Michael's Convent School and A 'Levels from St. Patrick's High School, Ghias enrolled in the Institute of Business Administration (IBA) where he completed his Bachelors and Masters in Business Administration in December 1998. Ghias began his career as a financial consultant at Indosuez W.I. Carr Securities in 1999. He then moved to Intel Pakistan

Corporation in order to explore a career in Information Technology. With the vision to create the largest technology company in Pakistan Ghias, along with three other partners embarked on an entrepreneurial venture in 2001. In 2005, Inbox was acquired by Dawood Group, giving it the financial leverage and backing of a solid business group in order to truly evolve into a company that plays a dominant role in the local IT industry. Consequently, a software house was acquired, infrastructure solutions division started, ERP practice initiated, a number of products added to the portfolio, partnership agreements made and an extensive sales and support network laid out; in order to better gear Inbox towards serving large enterprise in private and public sector. Currently he is the Director on Board of; Engro Corporation Limited, Dawood Lawrancepur Limited and Member of Young Presidents Organization Pakistan Chapter. Formerly he held the positions as; Chairman of the Board of Directors of Elixir Securities Pakistan Private Limited, Director of Sind Engro Coal Mining Company and Co-Chairman of the Task force set up by the Planning commission of Pakistan for Information and Communication Technology.

DIRECTOR'S PROFILE



Shafiq Ahmed
Director

Mr. Shafiq Ahmed joined The Dawood Group in 2007 and has worked for several Group concerns in different senior positions, including the Chief Executive Officer of Dawood Lawrencepur Limited and Tenaga Generasi Limited and currently looking after the Group's Corporate Affairs at the Holding Company Level as Chief Financial Officer and Company Secretary. He is also serving on the Board of Directors of Dawood Lawrencepur Limited, Tenaga Generasi Limited, and Reon Limited. He also served on the Board of Directors of Cyan Limited during the period April 2011 to April 2014. Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder

& Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 19 years working with industry leaders and pioneers in these fields. He is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from Karachi University. Mr. Shafiq is also a certified director from Pakistan Institute of Corporate Governance (PICG). He joined the Board in 2014.



Hasan Reza-Ur-Rahim
Director

Mr. Rahim is an accomplished professional who has over 30 years of international experience in the Banking and Financial Services industry. Most recently he has served as the Executive Director, in-charge of the Chairman's Office of the Dawood Hercules Group. He currently serves on the Boards of Cyan Limited, Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited and Inbox Technologies Limited.

He has also held several senior roles in international banks and has been instrumental in implementing new business initiatives and establishing novel client coverage platforms. At JPMorgan he set up and headed the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, prior to which he was also the Senior Country

Officer in Pakistan and was a part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD5.0 billion, Sovereign Debt and Bond issues of over USD2.0 billion in the Telecom, Airlines, oil & gas and Petrochemical industries.

Previously, Mr. Rahim has worked with MashreqBank psc, ANZ Grindlays Bank plc, and Exxon Chemical Pakistan Limited. He was also posted to Zurich, Singapore, Bahrain and Dubai and received his degree from the University of Delaware in USA. Mr. Rahim is also a certified director from Pakistan Institute of Corporate Governance (PICG). He joined the Board in 2014.



Sulaiman S. Mehdi
Director/CEO

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

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

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

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

He has also served on the Board of Dawood Lawrencepur Limited from 2011 to 2014 and was also a Director for FOCUS Pakistan from 2008 to 2011 (an Aga Khan Foundation backed NGO). Presently he is Director on the Board of Cyan Limited, Inbox Business Technologies (Pvt.) Ltd., Inbox Consulting (Pvt.) Ltd., Inbox Corporation (Pvt.) Ltd., Sach International (Pvt.) Ltd. and Chairman of Pebbles Pvt. Ltd. - the real estate arm of Dawood Hercules (DH) Group and is leading all real estate initiatives of the Group.

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

MANAGEMENT TEAM



Faisal Nadeem Mangroria
Chief Financial Officer &
Company Secretary

Mr. Faisal is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG) and a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). He passed his Chartered Accountancy (CA) exams from the ICAP and Chartered Management Accountancy (CMA) exams from the Chartered Institute of Management Accountants (CIMA), UK. He has completed his articleship from Ernst & Young International (EY) and has professional experience at the executive cadre in Pakistan Industrial Credit and Investment Corporation (PICIC) where he managed the risk of institutional and retail portfolios for the company.

He also served at First Credit & Investment Bank Limited (formerly

known as First Credit & Discount Corporation Limited) an investment bank owned by National Bank of Pakistan (NBP) where he was involved in the areas of core finance, risk management and internal audit. Before joining Cyan, he served as the Chief Financial Officer and Company Secretary at ABL Asset Management Company Limited, a subsidiary of Allied Bank Limited.



Shahab Farooq
Head of Research

Mr. Shahab has an association with the capital markets of the country since 2002 in the field of investment analysis and management and has weathered different phases and cycles that the capital markets of the country had gone through. Starting his career as a sell-side analyst, he has worked for a fair number of prominent brokerage houses of the country. From AL-Habib Capital Market (Pvt.) Ltd. where he worked as Manager Research, Mr. Shahab moved to buy-side in 2007 and served as the Head of Research of MCB Asset Management Company Limited (currently known as MCB Arif Habib Savings & Investments Limited). Prior to joining Cyan in

2015, he was working as the Head of Research at a local family wealth management office where he played an important role in increasing the funds under management to almost 3 times. Mr. Shahab holds an MBA degree with major in finance.



Narender Lakhwani
Investment Associate

Mr. Narender Lakhwani joined Cyan in December 2015. He is a CFA Charter holder and Master of Finance from Melbourne Business School. Mr. Lakhwani has 5 years of experience in capital markets of Pakistan and has worked in the areas of investment analysis, portfolio management and business development. Prior to joining Cyan, Narender worked with Magnus

Investment Advisors Limited and was a senior member of the Investment Committee at Magnus.



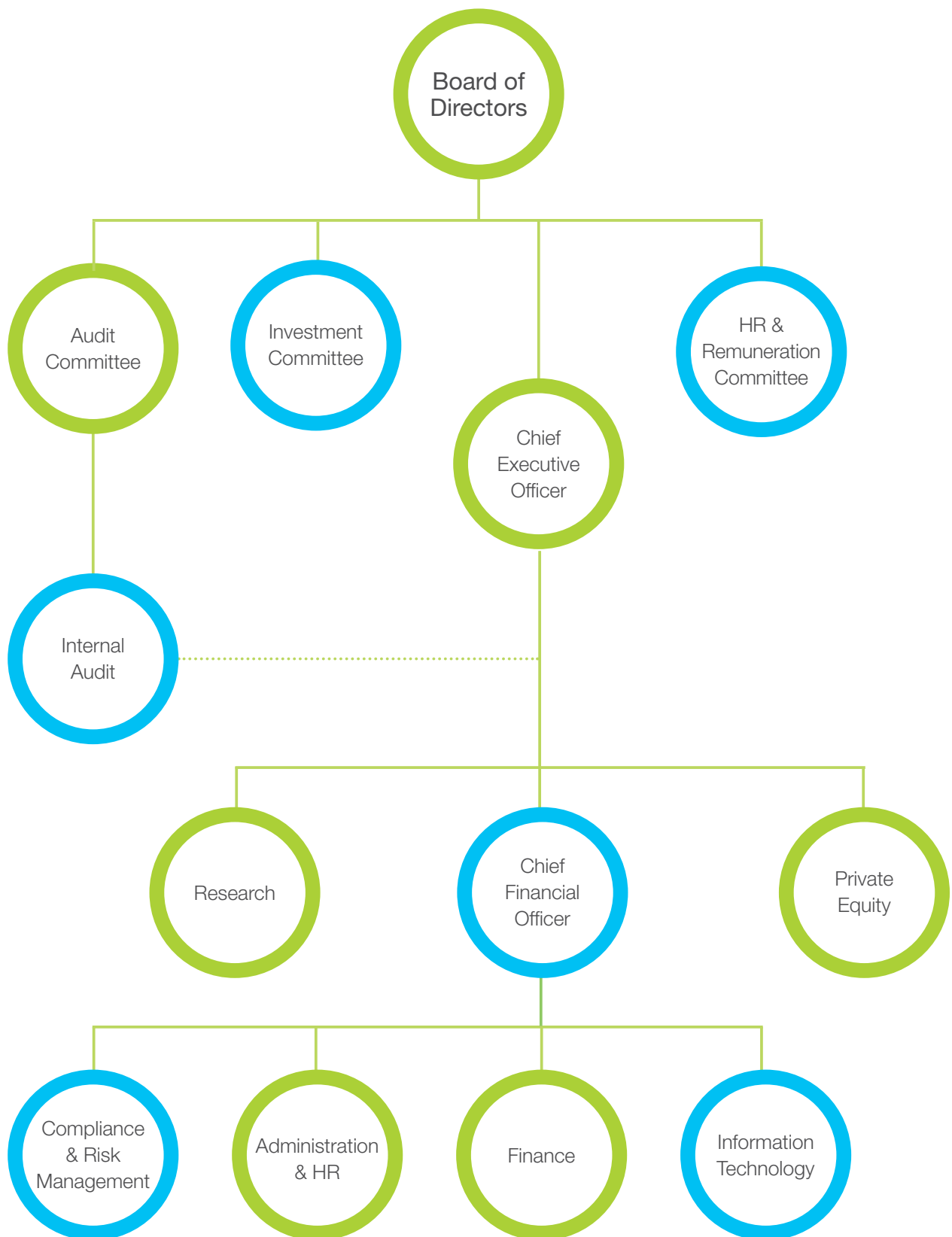
Ali Akber Zafar
Senior Investment Analyst

Mr. Ali has 4 years of diversified experience covering the corporate finance and private equity domains. He is currently employed as a Senior Investment Analyst at Cyan.

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

(Honors) degree from the University of Nottingham and is a CFA Level II Candidate. He is also on the Board of Pebbles (Pvt.) Ltd.

ORGANIZATIONAL STRUCTURE



BOARD COMMITTEES

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

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

Board Audit Committee

The Board Audit Committee is composed of the following Directors:

• Mr. Kamran Nishat	Chairman
• Mr. Hasan Reza-Ur-Rahim	Member
• Mr. Ghias Uddin Khan	Member
• Mr. Shafiq Ahmed	Member

Terms of Reference

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

It shall perform the following functions:

a. External Audit Function

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

b. Internal Controls

The Committee shall:

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

c. Internal Audit Function

The Committee shall:

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

d. Financial Reporting

- i The Committee shall review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on;

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

e. Other responsibilities

Other responsibilities of the Committee shall also include:

- i. Review of preliminary announcements of results prior to publication;
- ii. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- iii. Review of management letter issued by external auditors and management's response thereto;
- iv. Ensuring coordination between the internal and external auditors of the Company;
- v. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- vi. Consideration of any other issue or matter as may be assigned by the Board of Directors;
- vii. appointment of the Head of Internal Audit shall be made by the BOD subject to recommendation of the Committee; and

- viii. Details of all related party transactions shall be placed before the Audit Committee of the company for review and recommendation to the Board of Directors. The related party transactions which are not executed at arm's length price will also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board after clearance from the Audit Committee of the company.

Board HR & Remuneration Committee

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

- | | |
|---------------------------|----------|
| • Mr. Ghias Uddin Khan | Chairman |
| • Mr. Hasan Reza-Ur-Rahim | Member |
| • Mr. Kamran Nishat | Member |

Terms of Reference

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

- (i) To develop the compensation philosophy for Executive Management and present the recommendations to the Board for approval;
- (ii) To meet with Executive Management to establish Corporate objectives and, subsequently, to meet independently of Executive Management to assess progress in relation to these objectives;
- (iii) To undertake the performance evaluation of the CEO and review for each member of the Executive Management in consultation with the Chair of the Board;
- (iv) To review, establish and recommend to the Board, approval of the compensation of each member of the Executive Management;
- (v) To recommend to the Board for consideration, approval and establishment of stock option plan, incentive plan or employee benefit plans to be granted to, Executive Management and other key employees of the Company and guidelines with respect thereto. The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
- (vi) To review and recommend compensation packages for the Executive Directors that realistically reflect the responsibilities and risks involved in being an Executive Director;

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

Board Investment Committee

The Board Investment Committee is composed of the following Directors:

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

Terms of Reference

The Board Investment Committee shall:

- (i) Recommend asset allocation strategy for liquid and illiquid investments to the Board;
- (ii) Review and monitor business development activities for illiquid investments;
- (iii) Recommend sector focus for illiquid investments;
- (iv) Recommend all illiquid transactions to the Board for approval;
- (v) Recommend Employees Trading Policy for approval of the Board;

CRITERIA TO EVALUATE BOARD'S PERFORMANCE

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

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

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

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

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

The Board of Directors have set the following evaluation criteria to judge its performance.

- Compliance with the legislative system in which Company operates, including Companies Ordinance 1984, Listing Regulations of Pakistan Stock Exchange, the Memorandum and Articles of Association of the Company;
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical know how and experience;
- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities;
- Ensuring presence of required quorum in Board and Committees' meeting; and
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner. The Board undertook a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors conducted by Pakistan Institute of Corporate Governance (PICG), which concluded an overall synergy between the Board Members.

CEO'S PERFORMANCE REVIEW

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

Share your fruits

But that is not where it all ends, if your harvest is good, and the reap is abundance, it is always very rewarding to share what you have gained.

And this is what we want to do at Cyan, share our experience, success, and rewards. Making a difference when it comes to investing into growth.



ATTENDANCE OF BOARD AND COMMITTEE MEETINGS DURING THE YEAR 2015

Board of Directors

S. No.	Name		Dates						
		Note	23/2/15	27/4/15	24/8/15	26/10/15	31/12/15	No. of meeting held	No. of meeting attended
1	Kulsum Dawood		√	√		√	√	5	4
2	Shahzada Dawood	1			√	√	√	3	3
3	Ghias Uddin Khan		√	√	√	√	√	5	5
4	Hasan Reza-Ur Rahim		√	√	√			5	3
5	Jonathan Bilal Lenihan	2						2	-
6	Kamran Nishat		√	√	√	√	√	5	5
7	Shafiq Ahmed		√	√	√	√		5	4
8	Sulaiman S. Mehdi		√	√	√	√	√	5	5

Board Investment Committee

S. No.	Name		Dates			
		Note	29/1/15	7/9/15	No. of meeting held	No. of meeting attended
1	Hasan Reza-Ur Rahim		√	√	2	2
2	Kulsum Dawood			√	2	1
3	Shahzada Dawood	1		√	1	1
4	Shafiq Ahmed		√	√	2	2
5	Jonathan Bilal Lenihan	2			1	0

Note

1. Appointed on 29th, May, 2015
2. Resigned on 29th May, 2015

Board Audit Committee

S. No.	Name		Dates					
		Note	20/2/15	24/4/15	22/8/15	22/10/15	No. of meeting held	No. of meeting attended
1	Kamran Nishat		√	√	√	√	4	4
2	Shafiq Ahmed			√	√	√	4	3
3	Ghias Uddin Khan		√				4	1
4	Hasan Reza-Ur Rahim				√		4	1

Board HR & Remuneration Committee

S. No.	Name		Dates			
		Note	7/2/15	21/9/15	No. of meeting held	No. of meeting attended
1	Ghias Uddin Khan		√	√	2	2
2	Kamran Nishat		√	√	2	2
3	Hasan Reza-Ur-Rahim		√	√	2	2

WHISTLE BLOWING POLICY

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

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

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

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

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

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

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

There is no any incidence reported during the year 2015 to the Audit Committee.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2015, and reports that:

- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2015, which present fairly the State of Affairs, Results of Operations, Profits, Cash Flows and Changes in Equities of the Company for the year under review.
- The Chief Executive and the Chief Financial Officers have reviewed the financial statements of the Company and the Directors’ Report. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with management processes and is considered adequate for shareholder needs.
- All Directors have access to the Company Secretary. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, limiting the Directors, the Chief Executive and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

INTERNAL AUDIT

- The internal control framework has been effectively implemented; formerly the Board had outsourced the Internal Audit function to Anjum Asim Shahid Rehman Chartered Accountants that was independent of the External Audit function. During the year 2015 the Board decided to discontinue the outsourced arrangements and established an effective internal audit function within the Company.
- The Company’s system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

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

EXTERNAL AUDIT

- The Statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended December 31, 2015 and shall retire on the conclusion of the 56th Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observations with the External Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meetings of the Company during the year and have confirmed attendance of the 56th Annual General Meeting scheduled for March 29, 2016 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of A.F. Ferguson & Co. Chartered Accountants as External Auditors of the Company for the year ending December 31, 2016.

February 22, 2016

Kamran Nishat
Chairman - Audit Committee

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.23 of listing regulations of the Pakistan Stock Exchange Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Kamran Nishat
Executive Director	Sulaiman S. Mehdi
Non-Executive Directors	Shahzada Dawood Kulsum Dawood Ghias Uddin Khan Hasan Reza-Ur Rahim Shafiq Ahmed

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable.)
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to Banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. One casual vacancy occurred on the Board on 29th May 2015 & was filled up by the director within 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures and also placed it on the company's website.
6. The Board has developed a vision/mission statement and overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, Other Executive and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company is also compliant in respect of certification of at least one director during the year 2015.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four members, of whom three are non-executive Directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG . The Terms of Reference (TOR) of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and one is an independent director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to the directors, employees and stock exchange(s).
22. Material/price-sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: February 22, 2016

Sulaiman S. Mehdi
CEO

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors ('Board') of Cyan Limited ('the Company') for the year ended December 31, 2015 to comply with the requirements of clause 5.19. of the Code of Corporate Governance contained in the Listing Regulations No. 35 issued by Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Chartered Accountants
Dated: February 23, 2016
Karachi



FINANCIAL STATEMENTS



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Cyan Limited as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; and
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: February 23, 2016
Karachi

STATEMENT OF FINANCIAL POSITION

as at December 31, 2015

	Note	2015	2014
(Rupees in '000)			
ASSETS			
Non-current assets			
Property and equipment	6	15,593	17,644
Intangible assets	7	30	1,108
Long term loans	8	11,712	13,343
Long term deposits		2,500	2,500
		29,835	34,595
Current assets			
Short term investments	9	2,825,317	4,780,356
Long term loans - current portion	8	2,348	2,677
Trade and other receivables	10	10,981	44,850
Advances and short-term prepayments	11	3,997	2,226
Cash and bank balances	12	159,891	21,844
		3,002,534	4,851,953
TOTAL ASSETS		3,032,369	4,886,548
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2014: 100,000,000) Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital	13	586,277	586,277
Unappropriated profit		1,378,815	3,535,458
Reserves	14	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(3,480)	(3,697)
Surplus on revaluation of available-for-sale investments		420,437	339,387
		2,515,137	4,590,513
Non-current liabilities			
Deferred liability - gratuity	15	8,369	9,377
Deferred taxation	16	45,166	16,171
		53,535	25,548
Current liabilities			
Creditors, accrued expenses and other liabilities	17	284,175	126,828
Taxation - net		179,522	143,659
		463,697	270,487
TOTAL EQUITY AND LIABILITIES		3,032,369	4,886,548
CONTINGENCIES AND COMMITMENTS			
	18		

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

PROFIT AND LOSS ACCOUNT

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Return on investments	19	160,841	226,636
Gain on sale of investments - net		323,062	627,628
Other income	20	7,319	17,901
		<u>491,222</u>	<u>872,165</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		<u>222,852</u>	<u>355,312</u>
		<u>714,074</u>	<u>1,227,477</u>
EXPENSES			
Operating and administrative expenses	21	(218,084)	(200,092)
Financial charges		(83)	(140)
		<u>(218,167)</u>	<u>(200,232)</u>
Profit before taxation		<u>495,907</u>	<u>1,027,245</u>
Taxation - current year	22.1	(94,882)	(138,592)
- prior year		(37,423)	477
- deferred		(28,567)	9,657
		<u>(160,872)</u>	<u>(128,458)</u>
Net profit for the year		<u>335,035</u>	<u>898,787</u>
		(Rupees)	
Basic and diluted earnings per share	29	<u>5.71</u>	<u>15.33</u>

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
Profit after taxation	335,035	898,787
<i>Items that may be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of available-for-sale securities - net of tax	81,050	141,237
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post retirement benefits obligation - net of tax	217	(1,971)
Total comprehensive income for the year	416,302	1,038,053

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, 2015

Share capital	Capital reserves			Revenue reserves		Remeasur- ement on post retirement benefits obligation - net of tax	Surplus on revaluation of available for sale investments	Total
Issued, subscribed and paid- up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropri- ated profit			

(Rupees in '000)

Balance as at January 1, 2014	586,277	10,535	-	2,553	120,000	4,395,503	(1,726)	198,150	5,311,292
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Total comprehensive income for the year ended December 31, 2014

Net profit for the year	-	-	-	-	-	898,787	-	-	898,787
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Other comprehensive income	-	-	-	-	-	-	(1,971)	141,237	139,266
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Transactions with owners recorded directly in equity

Final dividend of Rs. 5 per share for the year ended December 31, 2013	-	-	-	-	-	(293,139)	-	-	(293,139)
Interim cash dividend of Rs.25 per share for the year ended 31 December 2014	-	-	-	-	-	(1,465,693)	-	-	(1,465,693)
	-	-	-	-	-	(1,758,832)	-	-	(1,758,832)

Balance as at December, 31 2014	586,277	10,535	-	2,553	120,000	3,535,458	(3,697)	339,387	4,590,513
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Total comprehensive income for the year ended December 31, 2015

Net profit for the year	-	-	-	-	-	335,035	-	-	335,035
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Other comprehensive income	-	-	-	-	-	-	217	81,050	81,267
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Transactions with owners recorded directly in equity

Final dividend of Rs.42.5 per share for the year ended December 31, 2014	-	-	-	-	-	(2,491,678)	-	-	(2,491,678)
	-	-	-	-	-	(2,491,678)	-	-	(2,491,678)

Balance as at December 31, 2015	586,277	10,535	-	2,553	120,000	1,378,815	(3,480)	420,437	2,515,137
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The annexed notes 1 to 34 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		495,907	1,027,245
Adjustment for non cash charges and other items:			
Depreciation		3,025	3,588
Amortisation		1,078	1,542
Gain on sale of property and equipment		(23)	(398)
Capital gain on sale of investments - net		(323,062)	(627,628)
Amortisation of premium on government securities		(3,565)	(4,076)
Net unrealized gain on revaluation of investments classified as at fair value through profit or loss		(222,852)	(355,312)
		(545,399)	(982,284)
Operating (loss) / profit before working capital changes		(49,492)	44,961
(Increase) / Decrease in operating assets			
Trade and other receivables		33,869	60,989
Long term loans		1,960	(9,060)
Other deposits		-	-
Advances and short-term prepayments		(1,771)	(119)
		34,058	51,810
Increase / (Decrease) in operating liabilities			
Deferred liability		(363)	(2,514)
Trade and other payables		73,767	10,637
		73,404	8,123
Net cash generated from operations		57,970	104,894
Taxes paid		(96,442)	(50,154)
Dividend paid		(2,482,409)	(1,747,414)
Net cash used in operating activities		(2,520,881)	(1,692,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		15,064,804	18,904,476
Investment in securities		(12,404,925)	(17,204,123)
Capital expenditure incurred		(1,036)	(2,073)
Proceeds from sale of property and equipment		85	1,403
Net cash generated from investing activities		2,658,928	1,699,683
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase in cash and cash equivalents		138,047	7,009
Cash and cash equivalents at the beginning of the year		24,844	17,835
Cash and cash equivalents at the end of the year	12.2	162,891	24,844

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

1 STATUS AND NATURE OF BUSINESS

Cyan Limited, a DH Group Company ("the Company"), is a Public Limited Company incorporated in Pakistan on 23 April, 1960 under the Companies Act, 1913 (now Companies Ordinance, 1984). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor, Dawood Centre, Molvi Tamizuddin Khan Road, Karachi.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

- (a) Classification of investments (note 4.4 and 9).
- (b) Accounting for defined benefit plan (note 4.1 and 15).
- (c) Depreciation / amortization of operating fixed assets (note 4.9, 6 and 7)
- (d) Provision for taxation (current and prior years) and deferred taxation (note 4.10, 16 and 22)

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

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

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

- IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2015. The standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. The application of IFRS 13 does not have an impact on the financial statements of the Company except for certain disclosures as mentioned in note 27.
- There are certain other new and amended standards, interpretations and amendments that are mandatory for accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employee benefits

4.1.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 10% (2014: 10%) of the basic salary.

4.1.2 Defined benefit plan

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

4.1.3 Employees' compensated absences

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

4.2 Creditors, accruals and provisions

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

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

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, stamps in hand, deposits, short term placements with banks.

4.4 Investments

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

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

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

4.4.1 Financial assets at fair value through profit or loss

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

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

4.4.2 Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. Available for sale financial assets are non- derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment loss (note 9) are recognised in other comprehensive income and presented in the surplus on revaluation of available-for-sale investments in the statement of changes in equity. When an investment is derecognised, the gain and loss accumulated in equity is reclassified to the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

4.4.3 Held-to-maturity

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

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

4.5 Regular way contracts

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

4.6 Impairment

4.6.1 Financial assets

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

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

4.6.2 Non-financial assets

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

4.7 Financial instruments

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

4.8 Off-setting of financial assets and liabilities

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

4.9 Property and equipment

4.9.1 Tangible

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

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

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

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

4.9.2 Intangible

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

4.10 Taxation

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

4.10.1 Current

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

4.10.2 Deferred

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

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

4.11 Revenue recognition

Return on Investments

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

4.12 Earnings per share (EPS)

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

4.13 Foreign currencies

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

4.14 Dividend declaration and reserve appropriations

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

4.15 Discontinued operations

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

5 DISCONTINUED OPERATIONS

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

6 PROPERTY AND EQUIPMENT

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

	2014							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2014	
	As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	For the year / (on disposals)	As at December 31, 2014		
	----- (Rupees in '000) -----							
Furniture and fixtures	15,754	- -	15,754	1,993	1,376	3,369	12,385	10%
Office equipment	9,010	1,952 (2,036)	8,926	3,916	1,935 (1,034)	4,817	4,109	15 %, 33% & 50%
Vehicles	3,022	45 -	3,067	1,640	277 -	1,917	1,150	20%
	27,786	1,997 (2,036)	27,747	7,549	3,588 (1,034)	10,103	17,644	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

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

2015						
Cost	Accumulated depreciation	Net book value	Sale proceeds	Method of disposal	Particulars of buyers / insurers	
----- (Rupees in '000) -----						
Laptop	74	51	23	23	By negotiation	Ex employee
Network Drive	40	29	11	29	Insurance claim	Insurance Company
Mobile	28	15	13	18	Insurance claim	Insurance Company
Mobile	28	13	15	15	By negotiation	Ex employee
	170	108	62	85		

7 INTANGIBLE ASSETS

2015								
Cost			Accumulated amortization			Written down value as at December 31, 2015	Rate (%)	
As at January 1, 2015	Additions / (disposals)	As at December 31, 2015	As at January 1, 2015	For the year / (on disposals)	As at December 31, 2015			
----- (Rupees in '000) -----								
Computer software	6,799	-	6,799	5,691	1,078	6,769	30	33.33%
		-			-			
	6,799	-	6,799	5,691	1,078	6,769	30	
	-				-			
2014								
Cost			Accumulated amortisation			Written down value as at December 31, 2014	Rate (%)	
As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	For the year / (on disposals)	As at December 31, 2014			
----- (Rupees in '000) -----								
Computer software	6,732	76	6,799	4,155	1,542	5,691	1,108	33.33%
		(9)			(6)			
	6,732	76	6,799	4,155	1,542	5,691	1,108	
	(9)				(6)			

7.1 Included in cost of fixed assets are fully depreciated items which are still in use aggregating to Rs 6.7 million (2014: Rs 2.2 million).

		Note	2015	2014
			(Rupees in '000)	
8	LONG TERM LOANS			
Considered good				
-due from executive	8.1		14,042	15,645
-due from other employees	8.2		18	375
			<u>14,060</u>	<u>16,020</u>
Current portion of long-term loans			<u>(2,348)</u>	<u>(2,677)</u>
			<u>11,712</u>	<u>13,343</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

- 8.1** House loans given to chief executive officer and chief financial officer are repayable in ten years in equal monthly installments at a mark-up of 6%.
- 8.2** All employees, on completion of one continuous year of service with the Company, are entitled to apply for personal / emergency loan payable in 24 to 36 equal monthly instalments. Mark-up on this loan is charged at a rate of 3 months KIBOR + 2%.

	Note	2015	2014
		(Rupees in '000)	
8.3	Following is the movement of long term loan to employee:		
Long term			
Opening balance		16,020	6,960
Amount disbursed		530	10,400
Repayments		(3,226)	(1,985)
Add: Interest receivable		736	645
Closing balance	8.4	14,060	16,020

- 8.4** The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs 15.85 million (2014: Rs 16.70 million).

9 SHORT-TERM INVESTMENTS

Investments comprise of the following:

- Held-to-maturity investments	9.1	44,077	43,743
- Available-for-sale investments	9.2	548,028	466,978
- Investments carried at fair value through profit or loss	9.3	2,230,212	4,266,635
- Term Deposit Receipts	9.4	3,000	3,000
		2,825,317	4,780,356
		2,825,317	4,780,356

9.1 Held-to-maturity investments

Face value (Rupees)	Coupon rate (%)	Particulars		
45,000,000	7.76	Treasury Bills Tenure - 1 Year	44,077	43,743
			44,077	43,743

Market value as at December 31, 2015 of Government Securities is Rs.44.20 million (2014: Rs 43.807 million). These are placed with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000 and will be released once the outstanding claims and balances relating to insurance are settled.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

		Market Value	
		2015	2014
		(Rupees in '000)	
9.2	Available-for-sale investments		
	Un-quoted shares	9.2.1	-
	Mutual funds and quoted shares	9.2.2	42,462
	Un-quoted debentures	9.2.3	-
	Quoted shares - related parties	9.2.4	424,516
			<hr/>
			466,978

9.2.1 Un-quoted Shares

		Number of Shares		Cost	
Name of investee company		31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
		(Rupees in '000)			
Bankers Equity Limited	9.2.1.1	13,465	13,465	117	117
Saifi Development Corporation Limited		-	8,900	-	34
Cost as on December 31				117	151
Less: Provision for Impairment				(117)	(151)
Carrying Value				-	-

9.2.1.1 Unquoted companies in which the Company has made investments are in the process of liquidation, therefore, the names of the respective Chief Executives are not available.

9.2.2 Mutual Funds and Quoted Shares

Name of fund	Number of Units		Cost		Market value
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14
(Rupees in '000)					
National Investment Unit Trust (NIT)	240,500	240,500	3,131	15,208	15,880
Golden Arrow Selected Stock Fund	2,405,532	2,405,532	8,798	23,093	26,582
			<u>11,929</u>	<u>38,301</u>	<u>42,462</u>
Less: Provision for Impairment			<u>(2,279)</u>		
Carrying Value			<u>9,650</u>		
Market Value as at December 31, 2015			<u>38,301</u>		
Unrealised gain on mutual fund			<u>28,651</u>		

9.2.2.1 NIT units amounting to Rs. 15.208 million (2014: Rs 15.880 million), are under lien against a bank guarantee issued by Habib Bank Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

9.2.3 Un-quoted debentures

Name of investee company	Number of Bonds		Cost	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
			(Rupees in '000)	
Hyson Sugar Mills Limited	240,500	240,500	60	60
			60	60
Less: Provision for Impairment			(60)	(60)
Carrying Value			-	-

9.2.4 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost		Market value
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14
			----- (Rupees in '000) -----		
Fertilizer					
Dawood Hercules Corporation Limited	794,380	794,380	47,652	94,643	67,133
Equity held: 0.17% (2014: 0.17%)					
Textile Composite					
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,110	415,084	357,383
Equity held: 5.02% (2014: 5.02%)					
			269,762	509,727	424,516
Less: Provision for Impairment			(151,821)		
Carrying Value			117,941		
Market Value as at December 31, 2015			509,727		
Unrealised gain on quoted shares			391,786		

	Market Value	
Note	2015	2014
	(Rupees in '000)	

9.3 Investments carried at fair value through Profit or loss

Quoted shares	9.3.1	2,124,447	3,868,136
Mutual funds	9.3.2	105,765	398,499
		2,230,212	4,266,635

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

9.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value		Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14		
----- Rupees '000'-----							
Oil and Gas							
Oil & Gas Development Company Limited	-	200,000	-	-	41,174	-	-
Pakistan Oilfields Limited	-	200,000	-	-	75,872	-	-
Pakistan Petroleum Limited	-	500,000	-	-	88,260	-	-
			-	-	205,306	-	
Refinery							
Pakistan Refinery Limited	500,000	-	24,411	22,605	-	0.80%	0.17%
			24,411	22,605	-	0.80%	
Oil and Gas Marketing Companies							
Hascol Petroleum Limited	1,091,200	1,249,000	174,513	157,406	92,551	5.57%	1.09%
Sui Southern Gas Co. Limited	2,000,000	-	88,590	74,700	-	2.64%	0.23%
			263,103	232,106	92,551	8.21%	
Fertilizer							
Fauji Fertilizer Bin Qasim Limited	-	1,917,500	-	-	86,690	-	-
Chemical							
ICI Pakistan Limited	-	98,900	-	-	45,737	-	-
Cement							
D.G Khan Cement Company Limited	250,000	4,191,000	36,682	36,898	463,231	1.31%	0.06%
Lafarge Pakistan Cement Limited	-	2,500,000	-	-	43,375	-	-
Dewan Cement Limited	1,500,000	-	23,744	19,425	-	0.69%	0.39%
Maple Leaf Cement Company Limited	1,000,000	-	74,311	74,580	-	2.64%	0.19%
Lucky Cement Limited	-	300,000	-	-	150,084	-	-
			134,737	130,903	656,690	4.64%	
Textile Composite							
Nishat Mills Limited	-	1,000,000	-	-	120,990	-	-
Gul Ahmad Textile Mills Limited	1,000,000	1,165,000	64,990	36,240	75,713	1.28%	0.44%
			64,990	36,240	196,703	1.28%	
Automobile Parts and Accessories							
General Tyre and Rubber Company of Pakistan Limited	200,000	-	31,063	34,316	-	1.21%	0.33%
Automobiles Assembler							
Honda Atlas Cars (Pakistan) Limited	101,200	-	24,997	24,181	-	0.86%	0.07%
Millat Tractors Limited	-	50,000	-	-	32,343	-	-
	101,200	50,000	24,997	24,181	32,343	0.86%	
Technology & Communication							
TRG Pakistan Limited	10,000,000	5,000,000	279,437	346,500	72,800	12.26%	1.83%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

Name of investee company	Number of Shares		Carrying Value	Market value		Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14		
----- Rupees '000'-----							
Power Generation & Distribution							
The Hub Power Company Limited (related party)	10,000,000	10,000,000	783,600	1,026,000	783,600	36.31%	0.86%
Equity held: 0.86% (2014: 0.86%)							
Pakgen Power Limited	500,000	-	15,097	14,715	-	0.52%	0.13%
Japan Power Generation Limited	3,000,000	-	19,841	11,880	-	0.42%	1.92%
Lalpir Power Limited	-	4,000,000	-	-	119,600	-	-
K-Electric Limited	-	5,000,000	-	-	46,100	-	-
			818,538	1,052,595	949,300	37.25%	
Commercial Banks							
MCB Bank Limited	100,000	-	21,700	21,684	-	0.77%	0.01%
Habib Metropolitan Bank Limited	-	6,000,000	-	-	223,800	-	-
National Bank of Pakistan	-	8,500,000	-	-	590,410	-	-
NIB Bank Limited	-	30,000,000	-	-	69,600	-	-
United Bank Limited	350,000	-	55,064	54,232	-	1.92%	0.03%
			76,764	75,916	883,810	2.69%	
Cable and Electrical Goods							
Pak Elektron Limited	500,000	5,017,000	34,027	31,270	205,346	1.11%	0.11%
TPL Trakker Limited	1,000,000	-	18,177	14,930	-	0.53%	0.46%
			52,204	46,200	205,346	1.64%	
Pharmaceutical							
The Searle Company Limited	-	839,400	-	-	203,000	-	-
GlaxoSmithKline Pakistan Limited	200,000	-	47,856	44,004	-	1.56%	0.06%
			47,856	44,004	203,000	1.56%	
Insurance							
Adamjee Insurance Company Limited	500,000	4,500,000	28,561	28,255	222,570	1.00%	0.14%
IGI Insurance Limited	214,000	-	55,472	50,626	-	1.79%	0.17%
EFU General Insurance Company	-	100,000	-	-	15,290	-	-
			84,033	78,881	237,860	2.79%	
			1,902,133	2,124,447	3,868,136	75.19%	
Unrealised gain on quoted shares			222,314				

9.3.1.1 5 million shares (2014: 5 million shares) of The Hub Power Company Limited having market value of Rs. 513 million (2014: Rs. 391.8 million) as at December 31, 2015 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

9.3.1.2 The Company has running finance facility of Rs.500 million (December 2014: Rs.500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.85% and will expire on March 31, 2016.

The facility is secured against pledge of 4.5 million (market value: Rs. 461.70 million) ordinary shares of HUBCO.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

9.3.2 Mutual Funds

		Number of Units		Carrying Value	Market value	
Name of fund	Note	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14
(Rupees in '000)						
AKD Cash Fund		487,282	-	25,000	25,108	-
Atlas Money Market Fund		67,602	-	34,741	35,118	-
Meezan Islamic Income Fund		323,378	-	17,000	17,023	-
PICIC Cash Fund		-	3,304,535	-	-	346,097
Primus Daily Reserve Fund		-	383,215	-	-	40,172
NAFA Government Securities Liquid Fund	9.3.2.1	236,220	223,871	2,474	2,462	2,349
NAFA Money Market Fund		2,572,465	944,869	26,012	26,054	9,881
Carrying Cost as at December 31, 2015				105,227	105,765	398,499
Market Value as at December 31, 2015				105,765		
Unrealised gain on mutual funds				538		

9.3.2.1 236,220 units (December 31, 2014: 223,871 units) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.462 million (December 31, 2014: Rs.2.349 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

		Note	2015	2014
(Rupees in '000)				
9.4	Term Deposit Receipts			
	Deposits maturing within one month	9.4.1	3,000	3,000
9.4.1	Term Deposit Receipts carry mark-up at 5.5% (2014: 7.5%) per annum and maturity on January 28, 2016 (January 21, 2015).			
10	TRADE AND OTHER RECEIVABLES			
	Amounts due from other insurers / reinsurers - Discontinued Operations	10.1	2,465	2,465
	Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
	Sundry receivables	10.2	3,110	36,979
			10,981	44,850
10.1	Amounts due from other insurers / reinsurers - unsecured			
	Considered good - foreign		542	542
	- local		1,923	1,923
	Considered doubtful		74	74
			2,539	2,539
	Provision against amounts due from other insurers / reinsurers		(74)	(74)
			2,465	2,465

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
10.2 Sundry receivable			
Profit on bank deposits			
- Saving accounts		23	22
- Term deposits		2	6
Receivable against sale of investments - net		-	33,866
Others		3,085	3,085
		<u>3,110</u>	<u>36,979</u>
11 ADVANCES AND SHORT-TERM PREPAYMENTS			
Advances and deposits		2,271	301
Prepayments		934	883
Club Membership - employees (related party)		792	1,042
		<u>3,997</u>	<u>2,226</u>
12 CASH AND BANK BALANCES			
Cash in hand		6	17
Saving accounts		159,885	21,827
		<u>159,891</u>	<u>21,844</u>
12.1	These accounts carry effective mark-up rate, ranging between 5.5% to 7% (2014: 6.5% to 8%) per annum.		
12.2 Cash and cash equivalents			
Cash and cash equivalents for the purpose of cash flow statement comprises of the following:			
- Cash and bank balances		159,891	21,844
- Term deposit receipts	9.4	3,000	3,000
		<u>162,891</u>	<u>24,844</u>

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014		2015	2014
	(Number of shares)			(Rupees in '000)	
	250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
	58,377,722	58,377,722	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	583,777	583,777
	<u>58,627,722</u>	<u>58,627,722</u>		<u>586,277</u>	<u>586,277</u>

13.1 As at December 31, 2015, related parties hold 41,470,337 (2014: 39,682,826) ordinary shares of Rs. 10 each.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
14 RESERVES			
Capital reserves			
- Reserve for exceptional losses	14.1	10,535	10,535
- Capital gain reserve		2,553	2,553
		<u>13,088</u>	<u>13,088</u>
Revenue reserve			
- General reserve		120,000	120,000
		<u>133,088</u>	<u>133,088</u>

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

15 DEFERRED LIABILITY

15.1 Staff retirement benefits

The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2015. The principal actuarial assumptions used for the purpose of the valuation were as follows:

Principal actuarial assumptions

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

	2015	2014
a. Valuation discount rate	10.00%	12.25%
b. Salary increase rate	10.00%	12.25%
c. Average expected service length of employees (in years)	2.65	4.81

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

The gratuity scheme exposes the entity to the following risks:

Mortality risks

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

Final salary risks

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

	2015	2014
	(Rupees in '000)	
15.2 The amount recognised in the balance sheet is determined as follows:		
Present value of defined benefit obligations	<u>8,369</u>	<u>9,377</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	

15.3 Reconciliation of payable to defined benefit plan

Present value of Defined Benefit Obligation	8,369	9,377
Net actuarial gains / (losses) not recognised	-	-
Balance at the end of the year	8,369	9,377

15.4 Movement in net liability recognized in the balance sheet

At January 1	9,377	8,858
Current service cost	2,388	2,922
Interest expense / (income)	924	709
	12,689	12,489
Remeasurements:		
- Gain from change in demographic assumptions	-	-
- Gain from change in financial assumptions	-	(10)
- Experience adjustments	(645)	3,043
	(645)	3,033
Benefit payments	(3,675)	(6,145)
At December 31	8,369	9,377

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

	2015			2014		
	Impact on defined benefit obligation - Increase / (decrease)			Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	----- In percentage -----					
Discount rate	0.5%	-7.45%	8.19%	0.5%	-5.43%	5.95%
Salary increase rate	0.5%	8.39%	-7.69%	0.5%	6.16%	-5.67%

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

15.6 The weighted average duration of the defined benefit obligation is 15.71 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

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

At December 31, 2015	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
(Rupees in '000)					
Gratuity	257	237	684	49,513	50,691
	2015	2014	2013	2012	2011
(Rupees in '000)					

15.7.1 Historical information

Defined benefit obligation	8,369	9,377	8,858	4,824	1,959
Fair value of plan assets	-	-	-	-	-
(Surplus) / Deficit	8,369	9,377	8,858	4,824	1,959
Remeasurement (Gain) / Loss on obligation	(645)	3,033	1,717	884	54
Remeasurement (Gain) / Loss on plan assets	-	-	-	-	-
	(645)	3,033	1,717	884	54

- 15.7.2 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 3.43 million as per the actuarial valuation report of the Company as of December 31, 2015.

- 15.8 The disclosure made in notes 15.1 to 15.7.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2015.

	Note	2015	2014
(Rupees in '000)			
16 DEFERRED TAXATION			
Deductible temporary differences			
Staff gratuity		2,594	3,282
Leave encashment		846	883
		3,440	4,165
Taxable temporary differences			
Revaluation of investments		(47,761)	(19,066)
Accelerated tax depreciation		(845)	(1,270)
		(48,606)	(20,336)
		(45,166)	(16,171)
16.1 Reconciliation of deferred tax liability			
Opening balance		(16,171)	(26,890)
Recognised in profit and loss account		(28,567)	9,657
Recognised in equity		(428)	1,062
Closing balance		(45,166)	(16,171)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
17 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES			
Amounts due to other insurers / reinsurers -			
Discontinued Operations	17.1	587	587
Accrued expenses	17.2	136,190	68,880
Provision for outstanding claims - Discontinued Operations		8,805	8,805
Payable against purchase of investment - net		74,311	-
Other creditors and accruals	17.3	34,794	28,337
Unclaimed dividend		29,488	20,219
		<u>284,175</u>	<u>126,828</u>
17.1 Amounts due to other insurers / reinsurers			
Foreign companies		-	-
Local companies		587	587
		<u>587</u>	<u>587</u>
17.2	The amount includes balance of compensated absences of key management personnel amounting to Rs 2.5 million as at December 31, 2015 (2014: Rs 2.3 million).		
17.3 Other creditors and accruals			
Workers' Welfare Fund		31,718	21,448
Premium refundable to policy holders - Discontinued Operations		171	171
Brokerage payable		1,673	4,204
Sundry creditors		1,232	2,514
		<u>34,794</u>	<u>28,337</u>
18 CONTINGENCIES AND COMMITMENTS			
Contingencies and commitments other than those disclosed elsewhere in these financial statements are as follows:			
18.1	Guarantees issued on behalf of the Company by commercial banks	<u>5,205</u>	<u>5,205</u>
19 RETURN ON INVESTMENTS			
Held-to-maturity			
Amortisation on			
- Treasury bills		<u>3,565</u>	<u>4,076</u>
Available-for-sale and held for trading			
Dividend income:			
- Related parties		105,327	65,794
- Others		51,949	156,766
		<u>157,276</u>	<u>222,560</u>
		<u>160,841</u>	<u>226,636</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
20 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		2,614	2,769
Income from non-financial assets			
Gain on sale of property and equipment		23	398
Income from long term loans		748	645
Others		3,934	14,089
		<u>7,319</u>	<u>17,901</u>
21 OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	21.1	131,185	114,019
Levy, cess and insurance		1,089	1,036
Rent, rates and taxes		6,853	6,041
Depreciation		3,025	3,588
Amortisation		1,078	1,542
Legal and professional charges		12,526	3,996
Printing and stationery		2,167	1,603
Utilities		1,680	2,046
Vehicle running expenses		194	217
Advertisement, promotion and event expenses		2,697	449
Security guards expenses		907	907
Auditors' remuneration	21.2	769	644
Entertainment		2,758	2,565
Travelling and communication expenses		2,213	2,448
Fees and subscription		3,540	2,534
Postage and telegram		356	348
Books and periodicals		10	48
Repairs, renewal and decoration		878	737
Workers' welfare fund		10,269	20,966
Brokerage, commission and advisory expense		21,830	19,210
Bank and settlement charges		1,960	1,985
Employee training fee		2,453	587
Due diligence charges		4,075	-
Research expense		2,371	4,403
Other expenses		1,201	8,173
		<u>218,084</u>	<u>200,092</u>
21.1	This includes Rs. 2.12 million (2014: Rs. 3.19 million) in respect of employees' provident fund.		
21.2 Auditors' remuneration			
Annual audit fee		374	325
Review and certifications		296	247
Out of pocket expenses		99	72
		<u>769</u>	<u>644</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

22 TAXATION

Tax returns have been filed up to the Tax year 2014 (Accounting year 2013) which are deemed as assessments completed in terms of section 120(1) of the Income Tax Ordinance 2001 (ITO). However, the Company and the Department have filed appeals in respect of certain assessment years which relate to the following:

The Additional Commissioner of Inland Revenue has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2004 on account of apportionment of management and general expenses against capital gain and dividend income resulting in an additional tax liability of Rs 2.289 million. The matter was contested at learned Commissioner of Inland Revenue, (Appeal-1) LTU and addition was deleted. The department went in appeal on this issue before the learned Appellate Tribunal Inland Revenue, which adjudicated the matter in favour of the Company. The Commissioner Inland Revenue filed an application in the High Court of Sindh which was decided in favour of the company. A civil petition was filed by the Commissioner Inland Revenue in the Supreme Court of Pakistan against the order of the High Court of Sindh.

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

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

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

Tax Year 2009, the Additional Commissioner Inland Revenue (ACIR) Audit has passed amended order under Section 122(5A) of the Income Tax Ordinance, 2001 and treated dividend income as normal business income and charged normal tax rate i.e. 35% instead of reduced rate of 10% on dividend income of Rs.102 million. The ACIR has also disallowed the provision for IBNR amounting to Rs.0.940 million and created tax demand of Rs.30 million. The Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals). Subsequently, a stay was granted by the

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for the year ended December 31, 2015

Appellate Tribunal subject to 15% payment of the demand amount. Cyan Limited complied with the stay order and paid Rs. 4.526 million. The Company is confident that the remaining liability shall not be payable on the basis of recent decisions by the taxation authorities.

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

The Commissioner Inland Revenue (Zone-IV) has selected Tax year 2012 for Audit under section 214C of the Income Tax Ordinance, 2001.

	2015	2014
	(Rupees in '000)	
22.1 Provision for taxation		
Current year	(94,882)	(138,592)
Prior years	(37,423)	477
Deferred	(28,567)	9,657
	<u>(160,872)</u>	<u>(128,458)</u>
22.2 Tax expense	<u>(160,872)</u>	<u>(128,458)</u>
	<u>(160,872)</u>	<u>(128,458)</u>
22.3 Relationship between tax expense and accounting profit		
Profit for the year before taxation (including discontinued operations)	<u>495,907</u>	<u>1,027,245</u>
Tax effect of reduction in tax rate	(2,076)	-
Tax at the applicable rate of 32% (2014: 33%)	158,690	338,991
Tax effect of capital loss / (gain) exempt from tax	-	(5,353)
Tax effect of capital loss / (gain) taxed at a lower rate	(84,252)	(222,337)
Tax effect of dividend income taxed at a lower rate	(36,416)	(52,531)
Tax effect of unrealised gain taxed at lower rate	(71,313)	(117,253)
Reversal of prior year charge	37,423	(477)
Tax effect of (income) / expenses that are not considered in determining taxable income	158,211	189,699
Others	605	(2,281)
	<u>160,872</u>	<u>128,458</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

23 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	----- (Rupees in '000) -----							
Fees	-	-	1,150	550	-	-	1,150	550
Managerial remuneration including bonus	29,504	33,121	-	-	20,712	55,865	50,216	88,986
House rent, conveyance, and other allowances	7,152	6,910	-	-	7,528	12,308	14,680	19,218
Contribution to provident fund	1,100	1,013	-	-	800	1,746	1,900	2,759
	37,756	41,044	1,150	550	29,040	69,919	67,946	111,513
Number of persons	1	2	4	4	10	9	15	15

24 TRANSACTIONS WITH RELATED PARTIES

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

	2015	2014
	(Rupees in '000)	
Rent paid	6,853	6,041
Dividend received	105,327	65,794
Dividend paid	1,668,671	1,182,230
Bonus units received (face value)	-	7,417
Brokerage	746	1,429
Purchase of units	-	914,000
Sale of units	-	1,081,111
Fee payable to related party for Group Internal audit	700	1,141
Commission income from related party on sale of property	3,900	-
Contribution to provident fund	2,117	3,187
Charge for staff retirement gratuity scheme	3,312	3,631
Key management personnel and close family members		
Dividend paid	17,850	52,590
Remuneration	66,796	110,963
Director fee	1,150	550
Club membership issued	-	750
Employee loan issued	530	10,400
Employee loan recovery	3,226	1,986
Disposal of office equipment	38	370
Prepaid club membership amortized during the year.	250	231

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

25 FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2015, the financial assets carried on the statement of financial position are categorised either as 'Loans and receivables', 'financial assets at fair value through profit or loss', 'held to maturity' or 'available for sale'. The financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

-----As at December 31, 2015-----

	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
Financial assets	(Rupees in '000)				
Loan to employees	14,060	-	-	-	14,060
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	10,981	-	-	-	10,981
Advances	3,063	-	-	-	3,063
Cash and bank balances	159,891	-	-	-	159,891
Investments	3,000	44,077	548,028	2,230,212	2,825,317
	193,495	44,077	548,028	2,230,212	3,015,812

----- As at December 31, 2015 -----

	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Financial liabilities	(Rupees in '000)		
Deferred liability	-	8,369	8,369
Creditors, accrued expenses and other liabilities	-	252,457	252,457
	-	260,826	260,826

-----As at December 31, 2014-----

	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
Financial assets	(Rupees in '000)				
Loan to employees	16,020	-	-	-	16,020
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	44,850	-	-	-	44,850
Advances	198	-	-	-	198
Cash and bank balances	21,844	-	-	-	21,844
Investments	3,000	43,743	466,978	4,266,635	4,780,356
	88,412	43,743	466,978	4,266,635	4,865,768

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

----- As at December 31, 2014 -----

	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	(Restated)		
	----- (Rupees in '000) -----		
Financial liabilities			
Deferred liability	-	9,377	9,377
Creditors, accrued expenses and other liabilities	-	105,380	105,380
	-	114,757	114,757

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

26.1 Risk management framework

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

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

26.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held thereagainst are stated in note 9.2.1 and 9.2.3 to these financial statements. Investments amounting to Rs: 44.077 million (2014: Rs: 43.824 million) relate to Government Securities and are not considered as credit risk due to government guarantee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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26.2.1 Exposure to credit risk

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

	Note	2015	2014
		(Rupees in '000)	
Financial assets			
Long term loan	26.2.1.4	14,060	16,020
Long term deposits		2,500	2,500
Trade and other receivables	26.2.1.1	10,981	44,850
Advances		-	198
Cash and bank balances	26.2.1.3	159,891	21,844
Investments		2,825,317	4,780,356
		3,012,749	4,865,768

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

	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
	(Rupees in '000)					
Not past due	3,110	-	3,110	36,979	-	36,979
Past due but not impaired	7,871	-	7,871	7,871	-	7,871
More than one year	74	(74)	-	74	(74)	-
	11,055	(74)	10,981	44,924	(74)	44,850

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

	Note	2015	2014
		(Rupees in '000)	
Foreign		542	542
Domestic		1,923	1,923
		2,465	2,465

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

2014	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Barclays Bank PLC	A-1	A	Standard & Poor's	1,131
Bank AL Habib Limited	A1+	AA+	PACRA	17,460
Summit Bank Limited	A-3	A-	JCR-VIS	2,941
Bank Al Falah Limited	A1+	AA	PACRA	16
Allied Bank Limited	A1+	AA+	PACRA	279
				<u>21,827</u>

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

26.3 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.

	2015					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
	(Rupees in '000)					
On balance sheet financial liabilities and others						
Deferred liability	8,369	8,369	-	-	-	(8,369)
Creditors, accrued expenses and other liabilities	252,457	252,457	(252,457)	-	-	-
	<u>260,826</u>	<u>260,826</u>	<u>(252,457)</u>	<u>-</u>	<u>-</u>	<u>(8,369)</u>
	2014					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
	(Rupees in '000)					
	Re-stated					
On balance sheet financial liabilities and others						
Deferred liability	9,377	9,377	-	-	-	(9,377)
Creditors, accrued expenses and other liabilities	105,380	105,380	(105,380)	-	-	-
	<u>114,757</u>	<u>114,757</u>	<u>(105,380)</u>	<u>-</u>	<u>-</u>	<u>(9,377)</u>

26.4 Market risk

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

26.4.1 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 %	
	2015	2014	2015	2014
Financial Assets				
Fixed rate instruments				
- Government Securities	44,077	43,743	7.76%	9.99%
- TDR	3,000	3,000	5.5%	7.5%
Variable rate instruments				
- Saving accounts	159,885	21,827	5.5% to 7%	6.5% to 8%

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increase or decrease net assets by Rs. 1.6 million (2014: Negligible effect). The analysis assumes that all other variables remain constant.

26.4.1.1 Maturity profile of financial assets and liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

2014					
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
----- (Rupees in '000) -----					
Financial assets					
Loan to employees	669	2,008	13,343	-	16,020
Long term deposits	-	-	-	2,500	2,500
Advances	-	-	-	198	198
Investments	3,000	43,743	-	4,733,613	4,780,356
Trade and other receivables	-	-	-	44,850	44,850
Cash and bank balances	21,827	-	-	17	21,844
	25,496	45,751	13,343	4,781,178	4,865,768
Financial liabilities					
Deferred liability	-	-	-	9,377	9,377
and other liabilities	-	-	-	105,380	105,380
	-	-	-	114,757	114,757
On-balance sheet gap (a)	25,496	45,751	13,343	4,666,421	4,751,011
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)	25,496	45,751	13,343	4,666,421	4,751,011
Cumulative interest rate sensitivity gap	25,496	71,247	84,590		

26.4.2 Equity price risk

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

In case of 5% increase / decrease in KSE 100 index on December 31, 2015, net profit for the year would increase / decrease by Rs. 26.875 million (2014: Rs. 33.273 million) as a result of gains / losses on equity securities at fair value through profit or loss and available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2015 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

26.4.3 Foreign currency risk

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

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

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

Investment carried at fair value are categorized as follows:

As at December 31, 2015				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,124,447	-	-	2,124,447
- Mutual fund units	105,765	-	-	105,765
Investment in securities - financial assets available for sale				
- Quoted shares	509,727	-	-	509,727
- Mutual fund units	38,301	-	-	38,301

As at December 31, 2014				
	Level 1	Level 2	Level 3	Total
ASSETS	----- (Rupees in '000) -----			
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	3,868,136	-	-	3,868,136
- Mutual fund units	398,499	-	-	398,499
Investment in securities - financial assets available for sale				
- Quoted shares	424,516	-	-	424,516
- Mutual fund units	42,462	-	-	42,462

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

28 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 to 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.

29 EARNINGS PER SHARE – basic and diluted

	2015	2014
	(Rupees in '000)	
Net profit for the year attributable to ordinary shareholders	<u>335,035</u>	<u>898,787</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>58,627,722</u>	<u>58,627,722</u>
	(Rupees)	
Basic earnings share	<u>5.71</u>	<u>15.33</u>

30 SUBSEQUENT EVENTS

- 30.1 The Board of Directors in its meeting held on February 22, 2016 has announced a final cash dividend of Rs. 4 per share (2014: Rs. 42.5 per share) in respect of the year ended December 31, 2015 amounting to Rs. 234.511 million (2014: Rs. 2,491.678 million). The financial statements for the year ended December 31, 2015 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

31 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest unaudited financial statements of the Fund for the half year ended December 31, 2015:

	2015	2014
	(Rupees in '000)	
Size of the fund - Total assets	<u>15,076</u>	<u>14,585</u>
Cost of investments made	<u>14,762</u>	<u>11,210</u>
Percentage of investments made	<u>98%</u>	<u>77%</u>
Fair value of investments	<u>14,762</u>	<u>11,210</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended December 31, 2015

31.1 The break-up of fair value of investments is

	2015		2014	
	(Rupees in '000)	%	(Rupees in '000)	%
Banks	<u>14,762</u>	<u>100%</u>	<u>11,210</u>	<u>100%</u>

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

32 No. of employees

The total average number of employees during the year and as at December 31, 2015 and 2014 respectively are as follows:

	2015	2014
	No of employees	
Average number of employees during the year	<u>16</u>	<u>16</u>
Number of employees as at December 31	<u>18</u>	<u>15</u>

33 GENERAL

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

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 22, 2016 by the Board of Directors of the Company.

PATTERN OF SHAREHOLDING

As at December 31, 2015

Disclosure Requirement under the Code of Corporate Governance

S. No.	Categories of Shareholders	Share held	Percentage
1	Directors & CEO (including holding of their spouses and minor children) Hussain Dawood Shahzada Dawood Kulsum Dawood	6,895,867 4,688,356 1,787,511 420,000	11.76
2	Associated Companies, undertakings and related parties. Dawood Corporation (Pvt) Limited Dawood Industries (Pvt) Limited Pebbles (Pvt) Limited Asian Co-operative Society Limited Trustee-Hajiani Hanifa Bai Memorial Society	39,262,826 36,364,680 3,433 1,564,383 513,330 817,000	66.97
3	NIT & ICP Investment Corporation of Pakistan IDBL (ICP Unit)	643 40 603	-
4	Banks Development Financial Institutions, Non-Banking Financial Institutions. United Bank Limited Union Bank Limited Habib Bank Limited	22,042 2,233 18,388 1,421	0.04
5	Insurance Companies Reliance Insurance Company Limited	21,658 21,658	0.04
6	Modarabas and Mutual Funds Growth Mutual Funds Limited Pak Asian Fund Limited	1,694 1,194 500	-
7	Public Sector Companies and Corporation Ghee Corporation of Pakistan Limited Burma Oil Mills Limited Pakistan Industrial Development Corporation	38,805 2,820 7,740 28,245	0.07
10	Others	236,827	0.40
11	General Public Local Foreign	12,147,360 12,072,451 74,909	20.72
	Total	58,627,722	100.00
	Shareholders holding 5% or more voting rights Dawood Corporation (Pvt) Limited Hussain Dawood	36,364,680 4,688,356	62.03 8.00

PATTERN OF SHAREHOLDING

As at December 31, 2015

No. of Shareholders	Shareholding Range		Total Shares held
	From	To	
330	1	100	8,417
465	101	500	202,305
397	501	1,000	376,083
577	1,001	5,000	1,511,106
143	5,001	10,000	1,116,432
39	10,001	15,000	487,736
28	15,001	20,000	494,787
19	20,001	25,000	427,387
18	25,001	30,000	499,487
9	30,001	35,000	291,159
5	35,001	40,000	194,522
4	40,001	45,000	170,336
6	45,001	50,000	288,495
4	50,001	55,000	211,963
3	55,001	60,000	176,616
1	60,001	65,000	61,225
4	65,001	70,000	268,449
1	70,001	75,000	70,153
4	75,001	80,000	314,140
1	80,001	85,000	81,188
1	90,001	95,000	93,744
1	100,001	105,000	104,200
1	110,001	115,000	112,486
2	155,001	160,000	315,775
1	170,001	175,000	172,071
1	190,001	195,000	190,500
1	415,001	420,000	420,000
1	510,001	515,000	513,330
1	670,001	675,000	674,000
1	815,001	820,000	817,000
1	1,560,001	1,565,000	1,564,383
1	1,775,001	1,780,000	1,777,603
1	1,780,001	1,785,000	1,780,097
1	1,785,001	1,790,000	1,787,511
1	4,685,001	4,690,000	4,688,356
1	36,360,001	36,365,000	36,364,680
2,075			58,627,722

PATTERN OF SHAREHOLDING

As at December 31, 2015

S.No.	Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
1	Banks Development Financial Institutions, Non Banking Financial Institutions.	3	22,042	0.04
2	Insurance Companies	1	21,658	0.04
3	Directors, Chief Executive Officer and their spouse and minor children	3	6,895,867	11.76
4	Associated Companies, undertaking and related parties	5	39,262,826	66.97
5	NIT & ICP	2	643	-
6	Modarbas and Mutual Funds	2	1,694	-
7	Public Sector Companies and Corporation	3	38,805	0.07
8	Foreign Investors	3	74,909	0.13
9	Others	28	236,827	0.40
10	Individual	2025	12,072,451	20.59
		2,075	58,627,722	100

GLOSSARY

Abbreviation Description

AuM	Assets under Management
AGM	Annual General Meeting
BOD	Board of Directors
BIC	Board Investment Committee
CEO	Chief Executive Officer
COO	Chief Operating Officer
CS	Company Secretary
CFO	Chief Financial Officer
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 15	Calendar Year 2015
CPI	Consumer Price Index
CYTD	Calendar year to date
CSR	Corporate Social Responsibility
CCG	Code of Corporate Governance
DH Group	Dawood Hercules Group
DR	Discount Rate
DFI	Development Financial Institution
EBITDA	Earnings before interest, taxes, depreciation and amortization
EFF	Extended Fund Facility
EU GSP	European Generalised System of Preferences
EPS/(LPS)	Earnings per share/(Loss per share)
Ext. Hardrive	External hardrive
FY 14	Fiscal Year 2014
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource

Abbreviation Description

1HFY15	First Half Year 2015
2HCY 15	Second Half Calendar Year 2015
IA & C	Internal Audit and Compliance
Info.	Information
IPO	Initial Public Offering
Incl	Including
IMF	International Monetary Fund
ICH	International Clearing House
IFRS	International Financial Reporting Standards
IBNR	Incurred but not reported
IFAC	International Federation of Accountants
IAS	International Accounting Standards
KG	Kilo Grams
KPK	Khyber Pakhtunkhwa
Labs	Laboratories
LSM	Large Scale Manufacturing
LBT	Loss before tax
MIC	Management Investment Committee
Mgmt.	Management
NTN	National Tax Number
NBFI	Non-Bank Financial Institution
NIT	National Investment Trust
PkR	Pakistani Rupee
P/E	Price Earnings Ratio
PAT/(LAT)	Profit after tax/(Loss after tax)
PBT	Profit before tax
SME	Small and medium enterprises
SOEs	State Owned Enterprise
TOR	Terms of Reference
YoY	Year-over-year
5yr	Five years

Proxy Form

cyan Limited

I/We _____ of _____
being a member of CYAN LIMITED and holder of _____ Ordinary Shares as
per Share Register Folio No. _____ and/or CDC participant ID No. _____
and Account / Sub-Account No. _____ hereby appoint _____
_____ of _____
or failing him/her _____ of _____ as my / our proxy to
vote for me and on my/our behalf at the 56th Annual General Meeting of the company to
be held at Marriott Hotel, Karachi on March 29, 2016 at 11:30 am and at any adjournment
thereof.

Signed this _____ day of _____ 2016

Witness 1

Signature _____

Name _____

CNIC No. or _____

Passport No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. or _____

Passport No. _____

Address _____

Signature on Revenue
Stamps of Rupees Five

Signature should agree with specimen
signature with the Company.

Notes:

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

Please
affix correct
postage

cyan_{Limited}

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

نمائندگی کا فارم

سیان لمیٹڈ

سیان لمیٹڈ کا چھینواں سالانہ اجلاس عام

میں / مسمیٰ / مسماۃ

ساکن

ضلع _____ بحیثیت ممبر سیان لمیٹڈ، مسمیٰ / مسماۃ ساکن _____ کو بطور مختار (پراکسی)

مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے ۵۶ سالانہ اجلاس عام جو کہ میریٹ ہوٹل کراچی میں بتاریخ ۲۹ مارچ ۲۰۱۶ بروز منگل بوقت صبح ۱۱:۳۰ بجے منعقد ہو رہا ہے اور اس کے کسی ملوث شدہ اجلاس میں ووٹ ڈالے۔

دستخط _____ بروز _____ ۲۰۱۶

گواہ (۱)

دستخط گواہ: _____

نام: _____

قومی شناختی کارڈ نمبر یا: _____

پاسپورٹ نمبر: _____

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

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

گواہ (۲)

دستخط گواہ: _____

نام: _____

قومی شناختی کارڈ نمبر یا: _____

پاسپورٹ نمبر: _____

نوٹس:

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

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

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

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

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

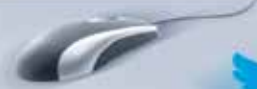
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
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