

# Imagine Innovate Implement



Condensed Interim Financial Information (Un-audited)  
for the Quarter and Nine Months ended September 30, 2013



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Financial Information

## Company Information

### Board of Directors

Shabbir Hussain Hashmi (Chairman)  
 Isar Ahmad  
 Shahid Hamid Pracha  
 Shafiq Ahmed  
 M. Jawaid Iqbal  
 Ruhail Yousuf Muhammad  
 A. Samad Dawood (Chief Executive)

### Board Audit Committee

Shahid Hamid Pracha (Chairman)  
 Shafiq Ahmed  
 Ruhail Yousuf Muhammad

### Board HR & Remuneration Committee

Shabbir Hussain Hashmi (Chairman)  
 A. Samad Dawood  
 Shahid Hamid Pracha

### Board Investment Committee

Shabbir Hussain Hashmi (Chairman)  
 Isar Ahmad  
 M. Jawaid Iqbal  
 Ruhail Yousuf Muhammad

### COO & Company Secretary

Sulaiman S. Mehdi

### CFO

Faisal Nadeem Mangroria

### Head of Internal Audit & Compliance

Ghulam Haider

### Executives\*

A. Samad Dawood (CEO)  
 Sulaiman S. Mehdi (COO & CS)  
 Faisal Nadeem Mangroria (CFO)  
 Shaharyar Ahmed (Principal / Co HOGÉ)  
 Isfandiyar Shaheen (Principal / Co HOGÉ)  
 Ghulam Haider (Head of IA & C)  
 Umer Habib (Vice President)  
 Farid Madhani (Senior Analyst)  
 Muhammad Anas Karimi (Manager Finance)  
 Muhammad Ali Hemani (Investment Analyst)  
 Azam Khan (Investment Analyst)

### Auditors

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

### Tax Consultants

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

### Internal Auditor

The Internal Audit Function has been outsourced to Anjum Asim Shahid Rahman (Chartered Accountants)

### Share Registrar/Transfer Agent

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

### Legal Advisors

Zahid & Tariq Advocates  
 65, Hussain Manzil, Chestnut Street,  
 Garden East, Karachi

### Bankers

Allied Bank Limited  
 Bank Al Habib Limited  
 Bank Al Falah Limited  
 Barclays Bank PLC Pakistan

### Registered Office

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

\* As determined by the Board of Directors

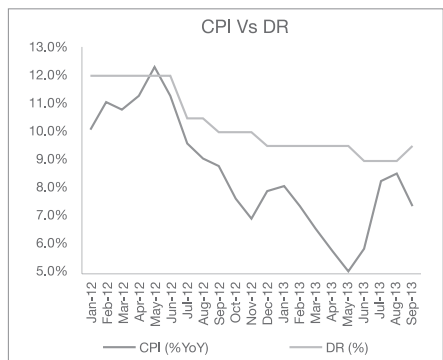
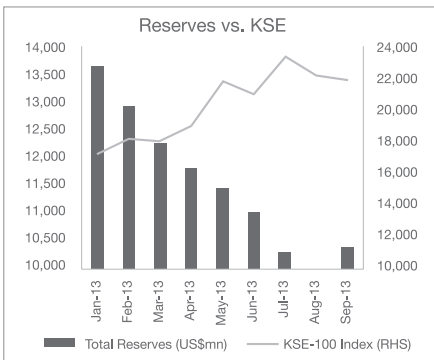
## Directors' Review

The Board of Directors of Cyan Limited is pleased to present the un-audited condensed interim financial information of the company for the quarter and nine months ended September 30, 2013.

### Economy Review

Headline inflation remained benign in 9MCY13 averaging in single digits at 7%YoY vs. 10.5%YoY in 9MCY12 which underscores lower price pressures due to contained food inflation. At the same time, Core (trimmed mean) inflation remained on a downtrend to register at 8%YoY in 9MFY13 from 10.8%YoY in the same period last year. Despite real interest rates in positive territory, the SBP reversed the monetary easing cycle and increased the DR by 50bps in Sep'13 due to risk on external side leading to pressure on the currency. In this regard the PKR-US\$ depreciated by 8.77% in 9MFY13 versus 5.42% during the same period last year.

The SBPs hawkish stance is likely to continue due to subsequent inflationary pressure expected going forward as policy measures aim to address structural imbalances within the economy. Inflationary pressures in 4QCY13 are expected to pick up pace on the back of reforms (increase in power tariff) under the IMF program, currency weakness, increase in petroleum product prices and seasonal uptick.



On the external front, the Current Account registered a high deficit of US\$3,183mn in 8MCY13 vs. a deficit of US\$1,584mn during the same period last year. The improvement in the latter was underpinned by receipts from the Coalition Support Funds of US\$1.18bn under trade in services. With Sep'13 remittances coming in at US\$1,283mn, cumulative 9MCY13 remittances have risen to US\$10,732mn, up 3%YoY. In addition total foreign exchange reserves stood at US\$13.6bn at the start of the calendar year but with IMF repayments and pressure on the external account, end-Sep'13 reserves fell to US\$9.9bn, down 23%YoY and implying an import cover of just about ~2.7 months. In this regard, the first tranche under the IMF EFF program was released in Sep'13 and quarterly disbursements of US\$540mn are stringent on meeting IMF pre-conditions. That said the currency is expected to remain under pressure in the rest of the calendar year with further repayments to IMF and non-materialization of any foreign inflows (CSF/3G auction/privatization/Etiscalat).

Additionally reforms under IMF program have started to take place with increases in the power tariff, upcoming imposition of gas levy and tax administration measures to reduce FY14 fiscal deficit. In this regard the Government plans to restart the Privatization/Restructuring process of 31 State Owned Enterprises (SOEs) within the next 12 -18 months with fast tracking transactions in the oil & gas and financial sector via block sales, SPOs and GDRs in the domestic and international markets. This should provide support to the external account and contain pressures on the currency in CY14.

On the real side, modest improvement was seen in LSM growth which registered at 3.7%YoY in Jul'13. Sectors registering positive growth included Food, Beverages & Tobacco, Coke & Petroleum products, Fertilizers and Textile. Going forward further improvement may be expected if the energy sector bottlenecks are addressed which is estimated to wipe out 2% of GDP.

## Stock Market Review 9MCY13 & Outlook

The KSE-100 Index gained 29% in 9MCY13, again making Pakistan one of the best performing markets in the world. Strong Index gains during this period were driven by a successful transition following general elections, monetary easing with a surprise Discount Rate cut by 50bps to 9% in Jun'13, the GoPs resolve to tackle the energy crisis, corporate results which continued to surprise on the upside and successful negotiation and release of the first IMF tranche of US\$540mn in Sep'13. However at the tail end of Sept'13 market sentiment has been negatively impacted with the SBP reversing its monetary stance with a 50 bps hike in policy rate alongside a slowdown in corporate earnings and negative regulatory developments particularly for banks as exchange rate depreciation has accelerated (PkR-US\$ dep of 6.9% in 3QCY13). Net foreign portfolio investment in 9MCY13 came in at US\$225mn, up a robust 440% from the same period last year providing a positive sign that foreign investors continue to be attracted to the market's relatively undemanding valuations relative to regional peer group. At the same time average daily volumes during the period also increased by 38%YoY to 242mn shares (All Share). Within mainboard sectors, top gainers in the last quarter were Fixed Line Telecom (+39%), Automobiles and Parts (+43%), Electricity (+41%), Commercial Banks (+31%) and General Industries (+28%). Underperforming sectors during the period included Chemicals (+3%), Financial Services (-17%), Food producers (-8%) and Engineering (-1%).

## Outlook

Having gained 29% CYTD, the KSE-100 Index with current market cap of PkR5,185bn trades at a forward P/E of 7.55x which is at a discount of 34% to the MSCI Asia Pacific Index. Within the backdrop of uptick in inflationary pressure going forward and a weakening PkR, the interest rate cycle has been reversed by the SBP's hawkish stance in Sep'13 MPS. However we believe a further increase in DR may be expected CY14 unless pressures on the PkR intensify before the end of the current CY. As such, any upside to the KSE-100 Index may not be as broad based and is likely to be driven by earnings growth rather than valuation multiples re-rating. Banks appear to be obvious beneficiaries of any increase in interest rates while sectors such as Cements, Fertilizers and OMCs still display attractive valuations. This indicates that the ongoing rally could potentially extend particularly if relationship with US improves and the GoP meets the required pre conditions by the IMF. At the same time materialization of foreign inflows will be supportive in containing pressure on the currency and building up of reserves.

## Company Performance

As at September 30, 2013, the company's exposure towards public equities was increased to 71% from 51% (June 30, 2013), whereas 29% was vested in mutual funds & Debt instruments. The objective of increased exposure towards public equities is a result of company's liking towards the banking sector that appears to be obvious beneficiary of any increase in interest rates on expectation of inflationary pressures in 4QCY13 on the back of reforms (increase in power tariff) under the IMF program, currency weakness, increase in petroleum product prices and seasonal uptick.

The alignment of company's portfolio towards selective blue chip stocks has resulted in un-realized gains of Rs.517 million during the nine months. Dividends from our portfolio have decreased by 32% to Rs.170 million for the nine months ended September 30, 2013 as opposed to Rs.250 million earned in the corresponding period last year due to reduction in the overall equity exposure. The company also earned capital gains of Rs.355 million during the nine months as opposed to Rs.736 million recorded in the corresponding period in 2012.

The brief summary of the financial highlights for the nine months ended September 30, 2013 and 2012 is as under:

	September 30, 2013	
	PAT/(LAT) Rs. '000	EPS/(LPS) Rupees
Continuing Operations	871,131	14.86
Discontinued Operations	(570)	(0.01)
<b>Total</b>	<b>870,561</b>	<b>14.85</b>

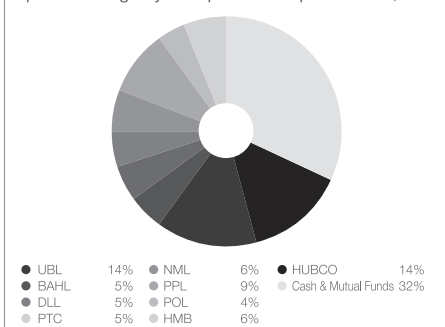
Rs. '000

CONTINUING OPERATIONS	September 30, 2013	September 30, 2012	Change
Return on Investments	173,717	253,547	(31%)
Gain on Sale of Investments - Net	355,020	736,197	(52%)
Other Income	4,449	5,378	(17%)
	533,186	995,122	(46%)
Unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit and loss-net	516,769	563,236	(8%)
Provision for Impairment in value of available-for-sale investment	-	(50,078)	100%
	1,049,955	1,508,280	(30%)
Operating & Administrative Expenses	(154,344)	(189,393)	19%
PBT	895,611	1,318,887	(32%)
Taxation	(24,480)	(66,879)	(64%)
PAT	871,131	1,252,008	(30%)
EPS – Rupees	14.86	21.36	(30%)

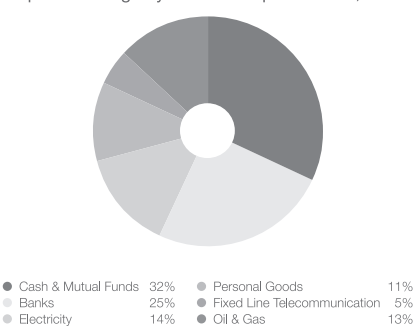
Rs. '000

DISCONTINUED OPERATIONS	September 30, 2013	September 30, 2012	Change
Net claims recovery/(expense)	-	(37)	100%
	-	(37)	100%
Net expense	(570)	(587)	3%
(LBT)	(570)	(624)	9%
Taxation	-	-	-
(LAT)	(570)	(624)	9%
(LPS)	(0.01)	(0.01)	-

Top 10 Holdings by Companies - September 30, 2013



Top 10 Holdings by Sector - September 30, 2013



\*Top Ten Holding represent 89% of total portfolio

## Earnings per Share

During the nine months ended September 30, 2013 the company posted earnings per share of Rs.14.85 compared to Rs.21.35 (restated) in the corresponding period in 2012.

## Private Equity Update

During the nine months ended September 30, 2013, the company met with 24 companies, the team's focus was primarily on executing transactions in its pipeline. To date Cyan has met with more than 200 companies across Pakistan.

Cyan is currently conducting due diligence on two opportunities in the Telecommunication Sector, and is at the Term Sheet stage with an opportunity in the Pharmaceutical sector. In addition to the three opportunities in advanced stages, the company is at various stages of transaction evaluation with four additional opportunities in the Transportation, Logistics, Health-care and Manufacturing sectors.

The average investment size of all transactions being currently evaluated is USD10 million. Majority of the transactions are growth capital or partial cash outs while one opportunity can be categorized as a Proprietary Deal in which the company has identified an opportunity and is in the process of assembling a platform to execute on the opportunity. All investment opportunities being evaluated have significant room for follow on investments.

## Credit Rating

On December 01, 2011 JCR-VIS Credit Rating Company Limited has withdrawn the Insurer Financial Strength (IFS) rating of 'A' (Single A) assigned to Formerly Central Insurance Company Limited. The Company has already appointed JCR-VIS on August 16, 2013 for the assignment of its new credit rating.

## Related Party Transactions

During the quarter all transactions made with associated companies/related parties were duly approved by the Board of Directors of the company. All transactions with related parties are on arms length basis.

## 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 unwavering 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 of the Karachi and Lahore Stock Exchanges and the Auditors for their continued support and cooperation.

On behalf of the Board

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

Karachi: October 25, 2013



# Condensed Interim Statement of Financial Position

As at September 30, 2013

	Note	September 30, 2013 (Un-audited )	December 31, 2012 (Audited)
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	21,365	22,393
Intangible assets	6	2,960	3,801
Long term loan		5,696	6,376
Long term Investments	7	7,377	26,783
Long term deposits		2,500	2,500
		<u>39,898</u>	<u>61,853</u>
<b>CURRENT ASSETS</b>			
Short term Investments	7	5,502,827	4,507,082
Short term deposits		-	2,000
Long term loan - current portion		1,116	1,116
Trade and other receivables		75,035	51,450
Advances, prepayments and deposits		2,316	1,825
Cash and bank balances	8	53,384	13,494
		<u>5,634,678</u>	<u>4,576,967</u>
		<u>5,674,576</u>	<u>4,638,820</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
100,000,000 (2012: 100,000,000)			
Ordinary shares of Rs 10/- each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital		586,277	586,277
Unappropriated profit		4,089,396	3,687,858
Reserves		133,088	133,088
Surplus on revaluation of available-for-sale investments		158,632	56,566
		<u>4,967,393</u>	<u>4,463,789</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability - gratuity		6,533	4,824
Deferred taxation		5,416	20,112
		<u>11,949</u>	<u>24,936</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued expenses and other liabilities		664,498	134,222
Taxation-net		30,736	15,873
		<u>695,234</u>	<u>150,095</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,674,576</u>	<u>4,638,820</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

## Condensed Interim Profit and Loss Account

For the quarter and nine months ended September 30, 2013 - (Un-audited)

Note	Nine Months Ended		Quarter Ended	
	September 30, 2013	2012	September 30, 2013	2012
----- (Rupees in '000) -----				
<b>CONTINUING OPERATIONS</b>				
Return on investments	173,717	253,547	79,618	143,628
Capital gain on sale of investments - net	355,020	736,197	235,894	44,021
Other income	4,449	5,378	371	1,533
	<u>533,186</u>	<u>995,122</u>	<u>315,883</u>	<u>189,182</u>
Net unrealized gain on revaluation of investments classified at fair value through profit or loss	516,769	563,236	(150,852)	267,986
Provision for impairment in value of available-for-sale investments	-	(50,078)	-	-
	<u>1,049,955</u>	<u>1,508,280</u>	<u>165,031</u>	<u>457,168</u>
<b>EXPENSES</b>				
Operating and administrative expenses	(154,344)	(189,393)	(54,942)	(57,675)
	<u>(154,344)</u>	<u>(189,393)</u>	<u>(54,942)</u>	<u>(57,675)</u>
<b>PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS</b>	<b>895,611</b>	<b>1,318,887</b>	<b>110,089</b>	<b>399,493</b>
Taxation - current year	(39,176)	(38,676)	(23,157)	(14,987)
- prior year	-	35,143	-	-
- deferred	14,696	(63,346)	27,646	(27,658)
	<u>(24,480)</u>	<u>(66,879)</u>	<u>4,489</u>	<u>(42,645)</u>
<b>PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS</b>	<b>871,131</b>	<b>1,252,008</b>	<b>114,578</b>	<b>356,848</b>
<b>DISCONTINUED OPERATIONS</b>				
Loss from discontinued operations	(570)	(624)	(198)	(196)
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>870,561</u></b>	<b><u>1,251,384</u></b>	<b><u>114,380</u></b>	<b><u>356,652</u></b>
<b>Basic and diluted earnings / (loss) per share</b>	<b>10</b>	----- (Rupees) -----		
From continuing operations	14.86	21.36	1.95	6.09
From discontinued operations	(0.01)	(0.01)	(0.00)	(0.01)
<b>Total</b>	<b><u>14.85</u></b>	<b><u>21.35</u></b>	<b><u>1.95</u></b>	<b><u>6.08</u></b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

## Condensed Interim Statement of Comprehensive Income

For the quarter and nine months ended September 30, 2013 - (Un-audited)

	Nine Months Ended		Quarter Ended	
	September 30, 2013	2012	September 30, 2013	2012
	----- (Rupees in '000) -----			
Profit after taxation	870,561	1,251,384	114,380	356,652
Other Comprehensive Income				
Surplus revaluation of available-for-sale investments - net of tax	102,066	153,728	41,643	14,166
Total comprehensive income for the period	<u>972,627</u>	<u>1,405,112</u>	<u>156,023</u>	<u>370,818</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

## Condensed Interim Statement of Changes in Equity

For the nine months ended September 30, 2013 - (Un-audited)

	Share Capital	Capital reserves			Revenue reserves		Surplus / (deficit) 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	Unappropriated profit		
	----- (Rupees in ,000) -----							
Balance as at January 01, 2012	390,851	10,535	-	2,553	120,000	2,592,494	37,670	3,154,103
Effect of change in accounting policy with respect to accounting for re-measurement losses on defined benefit plan - net of tax (note 2.2)	-	-	-	-	-	(36)	-	(36)
<b>Total comprehensive income for the nine months</b>								
Net Profit for the nine months ended September 30, 2012	-	-	-	-	-	1,251,384	-	1,251,384
Other comprehensive income	-	-	-	-	-	-	153,728	153,728
Final dividend @ Rs.2.5 per share for the year ended Dec 31, 2011	-	-	-	-	-	(97,713)	-	(97,713)
Transfer to reserve for issue of bonus shares	-	-	195,426	-	-	(195,426)	-	-
Issue of bonus shares @ 50%	195,426	-	(195,426)	-	-	-	-	-
Interim dividend of Rs. 1.00 per share for the half year ended June 30, 2012	-	-	-	-	-	(39,085)	-	(39,085)
	195,426	-	-	-	-	(332,224)	-	(136,798)
<b>Balance as at September 30, 2012</b>	<b>586,277</b>	<b>10,535</b>	<b>-</b>	<b>2,553</b>	<b>120,000</b>	<b>3,511,618</b>	<b>191,398</b>	<b>4,422,381</b>
<b>Balance as at December 31, 2012</b>	<b>586,277</b>	<b>10,535</b>	<b>-</b>	<b>2,553</b>	<b>120,000</b>	<b>3,688,477</b>	<b>56,566</b>	<b>4,464,408</b>
Effect of change in accounting policy with respect to accounting for re-measurement losses on defined benefit plan - net of tax (note 2.2)	-	-	-	-	-	(619)	-	(619)
Net Profit for the nine months ended September 30, 2013	-	-	-	-	-	870,561	-	870,561
Other comprehensive income	-	-	-	-	-	-	102,066	102,066
Final dividend @ Rs.3.00 per share for the year ended Dec 31, 2012	-	-	-	-	-	(175,884)	-	(175,884)
Interim dividend of Rs. 5.00 per share for the half year ended June 30, 2013	-	-	-	-	-	(293,139)	-	(293,139)
	-	-	-	-	-	(469,023)	-	(469,023)
<b>Balance as at September 30, 2013</b>	<b>586,277</b>	<b>10,535</b>	<b>-</b>	<b>2,553</b>	<b>120,000</b>	<b>4,089,396</b>	<b>158,632</b>	<b>4,967,393</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

## Condensed Interim Cash Flow Statement

For the nine months ended September 30, 2013 - (Un-audited)

	Nine Months Ended	
	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period (Including discontinued operation)	895,041	1,318,263
<b>Adjustment for non cash charges and other items:</b>		
Depreciation/Amortization	4,385	893
(Gain) / Loss on sale of property and equipment	(9)	(784)
Provision for impairment in value of investments	-	50,078
Capital (gain) / Loss on sale of investments - net	(355,020)	(736,197)
Amortization of Income on government securities	(1,597)	(1,301)
Net unrealized gain on revaluation of investments classified at fair value through profit or loss	(516,769)	(563,236)
	(869,009)	(1,250,547)
Operating profit before working capital changes	26,032	67,716
<b>(Increase)/Decrease in operating assets</b>		
Trade and other receivables	(23,585)	48,076
Long term loan	680	895
Deferred Liability	1,709	1,347
Other deposits	2,000	(2,500)
Advances, short term prepayments	(491)	(640)
	(19,687)	47,178
(Decrease)/Increase in trade and other payables	(4,988)	78,361
<b>Net cash generated from operations</b>	1,357	193,255
Taxes Paid	(24,313)	(11,885)
Dividend Paid	(175,884)	(96,279)
<b>Net cash (used in) / generated from operating activities</b>	(198,840)	85,092
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	7,457,065	9,368,580
Investment in securities	(7,215,828)	(9,432,227)
Capital expenditure incurred	(2,592)	(20,473)
Proceeds from sale of property and equipment	84	1,000
<b>Net cash generated from / (used in) investing activities</b>	238,730	(83,120)
Net increase in cash and cash equivalents	39,890	1,972
Cash and cash equivalents at the beginning of the period	13,494	8,330
<b>Cash and cash equivalents at the end of the period</b>	<b>53,384</b>	<b>10,302</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi  
Chairman

A. Samad Dawood  
CEO

# Notes to and forming part of the Condensed Interim Financial Information

For the quarter and nine months ended September 30, 2013 - (Un-audited)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited, a Dawood Hercules 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 Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Dawood Centre, Molvi Tamizuddin Khan Road, Karachi.

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

## 2. BASIS OF PRESENTATION

### 2.1 Statement of Compliance

This condensed interim financial information is un-audited and is being presented to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting". This condensed interim financial information does not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2012.

### 2.2 Change in accounting policy and disclosure

IAS 19 (revised) 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Statement of Financial Position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (revised), the Company's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows;

The company operates an unfunded approved gratuity scheme for all permanent employees who have completed minimum qualifying period of service. The latest actuarial valuation was conducted as at December 31, 2012. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Cost method is used for the actuarial valuation. The amount arising as a result of remeasurements are recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected only by the 'remeasurements' relating to prior years. The effects have been summarised below:

	December 31, 2012	December 31, 2011
	----- Rupees in '000 -----	
<b>Impact on Statement of Financial Position</b>		
(Decrease) / increase in deferred liability - Gratuity	938	54
Decrease / (increase) in deferred tax asset	(319)	(18)
(Increase) / decrease in unappropriated profit	619	36
<b>Impact on Statement of Changes in Equity</b>		
Increase / (decrease) in unappropriated profit		
- Cumulative effect from prior years	(619)	(36)

The Company had not recognised any amounts in respect of remeasurements in the profit and loss accounts for the years ended December 31, 2011 and 2012. Therefore, there is no impact of this change on the profit after taxation and earnings per share for those years. The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

### 2.3 Basis of measurement

This condensed interim financial information has been prepared on the historical cost basis, except for certain investments which are measured at fair value.

### 2.4 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani rupee, which is also the Company's functional currency.

### 2.5 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

### 2.6 Corresponding figures

No significant re-arrangements have been made except for the restatements necessitated by the change in accounting policy as fully explained in note 2.2.

## 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2012 except for the change mentioned in note 2.2.

3.2 Except for note 2.2, New standards, amendments to standards and interpretations that are applicable for the financial year beginning on or after January 1, 2013, are either currently not relevant to the Company or do not have any significant effect on the Company financial information.

## 4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the condensed interim financial information in conformity with approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The significant judgments made by the management in applying the company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended December 31, 2012.

	September 30, 2013 (Un-audited)	December 31, 2012 (audited)
	----- (Rupees in '000) -----	
<b>5 PROPERTY AND EQUIPMENT</b>		
Opening book value	22,393	1,586
Additions during the period / year	2,292	23,111
	24,685	24,697
Less: Written down value (WDV) of disposal during the period / year	(75)	(465)
Less: Depreciation for the period / year	(3,245)	(1,839)
	(3,320)	(2,304)
	<u>21,365</u>	<u>22,393</u>

The details of additions and disposals during the nine months period are as follows:

**Additions-Cost**

Furniture and fixtures	1,287	14,511
Office Equipment	1,005	7,012
Vehicles	-	1,588
	<u>2,292</u>	<u>23,111</u>

**Disposal-Cost**

Furniture and fixtures	-	846
Office Equipment	32	2,771
Vehicles	70	1,889
	<u>102</u>	<u>5,506</u>



Note September 30, December 31,  
2013 2012  
(Un-audited) (audited)  
----- (Rupees in '000) -----

## 6 INTANGIBLE ASSETS

Opening book value	3,801	4
Additions during the period / year	300	4,269
	4,101	4,273
Less: Written down value (WDV) of disposal during the period / year	-	-
Less: Depreciation for the period / year	(1,141)	(472)
	(1,141)	(472)
	<u>2,960</u>	<u>3,801</u>

The details of additions and disposals during the nine months period are as follows:

### Additions-Cost

Computer Software / License	300	4,269
	<u>300</u>	<u>4,269</u>

## 7 INVESTMENTS

The investments comprise of the following:

### Held-to-maturity investments - long term

Government Securities	7,377	26,783
	<u>7,377</u>	<u>26,783</u>

### Held-to-maturity investments- short term

Government Securities	34,877	14,811
Available-for-sale investments	286,224	184,159
Investments carried at fair value through profit or loss	5,181,726	4,308,112
	5,502,827	4,507,082
	<u>5,510,204</u>	<u>4,533,865</u>

### 7.1 Available-for-sale investments

Un-quoted shares	7.1.1	-	-
Mutual funds	7.1.2	27,158	22,656
Un-quoted debentures	7.1.3	-	-
Quoted shares - related parties	7.1.4	259,066	161,503
		<u>286,224</u>	<u>184,159</u>

## 7.1.1 Un-quoted Shares

Name of investee company	Note	Number of Shares		Cost	
		30-Sep-13	31-Dec-12	30-Sep-13	31-Dec-12
		----- Rupees '000'-----			
Bankers Equity Limited	7.1.1.1	13,465	13,465	117	117
Saifi Development Corporation Limited	7.1.1.1	8,900	8,900	34	34
				151	151
Less: Provision for Impairment Carrying Value				(151)	(151)
				-	-

7.1.1.1 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.

## 7.1.2 Mutual Funds

Name of fund	Note	Number of Units		Cost	Market value	
		30-Sep-13	31-Dec-12	30-Sep-13	30-Sep-13	31-Dec-12
		----- Rupees '000'-----				
National Investment Unit Trust (NIT)	7.1.2.1	240,500	240,500	3,131	9,742	7,982
Golden Arrow Selected Stock Fund		2,405,532	2,405,532	8,798	17,416	14,674
				11,929	27,158	22,656
Less: Provision for Impairment Carrying Value				(2,279)		
Market Value as at 30 September 2013				27,158		
Unrealised Gain on Mutual Funds				17,508		

7.1.2.1 NIT units amounting to Rs. 9.742 million (2012: 7.982 million), are under lien against a bank guarantee issued by Habib Bank Limited

## 7.1.3 Un-quoted debentures

Name of investee company		Number of Debentures		Cost	
		30-Sep-13	31-Dec-12	30-Sep-13	31-Dec-12
		-----Rupees '000'-----			
Hyson Sugar Mills Limited		240,500	240,500	60	60
				60	60
Less: Provision for Impairment Carrying Value				(60)	(60)
				-	-

## 7.1.4 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	30-Sep-13	31-Dec-12	30-Sep-13	30-Sep-13	31-Dec-12
			-----Rupees '000'-----		
<b>Chemicals</b>					
Dawood Hercules Corporation Limited	794,380	794,380	47,653	39,560	25,850
Equity held: 0.17% (2012: 0.17%)					
<b>Personal Goods</b>					
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,110	219,506	135,653
Equity held: 5.02% (2012: 5.02%)					
			269,763	259,066	161,503
Less: Provision for Impairment			(151,821)		
Carrying Value			117,942		
Market Value as at 30 September 2013			259,066		
Unrealised Gain on Quoted Shares			141,124		

	Note	Market Value	
		September 30, 2013	December 31 2012
		(Un-audited)	(Audited)
		----- Rupees '000' -----	
7.2 Investment Carried at fair value through profit or loss			
Quoted shares	7.2.1	3,364,841	2,782,812
Mutual funds	7.2.2	1,816,885	1,525,300
		5,181,726	4,308,112

## 7.2.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	30-Sep-13	31-Dec-12	30-Sep-13	30-Sep-13	31-Dec-12
				Rupees '000'	
<b>Oil &amp; Gas</b>					
Oil & Gas Development Company Limited	225,000	450,000	43,337	52,880	86,675
Pakistan Oil Fields Limited	400,000	500,000	175,016	171,492	218,770
Pakistan Petroleum Limited	2,070,000	1,725,000	304,963	394,542	304,963
Pakistan State Oil Limited	540,900	400,000	114,354	141,770	92,884
<b>Chemicals</b>					
Fatima Fertilizer Company Limited	-	5,000,000	-	-	132,000
<b>Construction &amp; Materials</b>					
D.G Khan Cement Limited	1,000,000	6,000,000	78,196	68,870	327,480
Fauji Cement Company Limited	-	10,043,500	-	-	65,684
Maple Leaf Cement Company Limited	7,475,500	-	214,111	159,826	-
<b>Personal Goods</b>					
Nishat Mills Limited	2,950,000	2,700,000	188,027	273,377	172,395
<b>HouseHold Goods</b>					
Tariq Glass Industries Limited	-	1,100,000	-	-	23,199
<b>Electricity</b>					
The Hub Power Company Limited (related party) Equity held: 0.86% (2012: 0.86%)	10,000,000	10,000,000	452,400	637,300	452,400
Kot Addu Power Company Limited	-	4,440,500	-	-	219,316
Nishat Power Limited	-	2,504,000	-	-	48,828
Karachi Electric Supply Company Limited	-	1,334,000	-	-	7,684
<b>Commercial Banks</b>					
National Bank of Pakistan	-	2,170,000	-	-	107,176
Askari Bank Limited	-	2,525,000	-	-	43,481
JS Bank Limited	-	3,054,000	-	-	17,927
Bank Al Habib Limited	6,525,000	-	221,612	236,662	-
Habib Bank Limited	750,000	-	128,250	114,345	-
Habib Metropolitan Bank Limited	11,669,500	-	272,108	246,110	-
United Bank Limited	4,766,939	1,033,239	463,512	632,239	86,451
<b>Non Life Insurance</b>					
Adamjee Insurance Company Limited	-	880,501	-	-	59,997
<b>Technology Hardware and Equipment</b>					
TPL Trakker Limited	431,847	431,847	3,904	3,023	3,904
<b>Financial Services</b>					
Jahangir Siddiqui and Company Limited	-	2,500,000	-	-	40,350
<b>Fixed line telecommunication</b>					
Wateen Telecom Limited	-	5,005,000	-	-	14,915
Pakistan Telecommunication Company Limited	8,884,000	13,915,500	223,532	232,405	241,434
<b>Equity Investment Instruments</b>					
PIIC Growth Fund	-	908,500	-	-	14,899
			<u>2,883,322</u>	<u>3,364,841</u>	<u>2,782,812</u>
			3,364,841		
			<u>481,519</u>		

7.2.1.1 5 million shares of The Hub Power Company Limited having market value of Rs. 318.65 million as at September 30, 2013 (December 31, 2012: Rs.226.20 million) have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

7.2.1.2 The Company has running finance facility of Rs.500 million (December 2012: 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 be expired on March 31, 2014. The facility is secured against pledge of 4.50 million (market value: Rs. 287 million) 1.00 million (market value: Rs.69 million), 2.50 million (market value: Rs.332 million), 1.00 million (market value: Rs.191 million), 0.3 million (market value: Rs.79 million), 0.2 million (market value: Rs.86 million) Rs.0.1 million (market value: Rs.24 million) and 10.00 million (market value: Rs.211 million) ordinary shares of HUBCO, DGKC, UBL, PPL, PSO, POL, OGDC and HMB respectively.

## 7.2.2 Mutual Funds

Name of fund	Note	Number of Units		Cost	Market value	
		30-Sep-13	31-Dec-12	30-Sep-13	30-Sep-13	31-Dec-12
----- Rupees '000 -----						
ABL Cash Fund (a related party)		26,306,330	7,041,903	261,522	263,200	70,491
AKD Cash Fund		1,229,254	102,092	60,105	61,463	5,104
Atlas Money Market Fund		200,574	-	100,000	100,835	-
Faysal Money Market Fund		-	1,948,178	-	-	200,507
First Habib Cash Fund		1,027,451	-	100,000	102,850	-
Meezan Cash Fund		2,014,470	-	100,000	100,945	-
NAFA Government Securities Liquid Fund	7.2.2.1	211,062	199,452	2,005	2,119	2,005
NAFA Money Market Fund		19,354,001	30,558,881	186,167	193,689	306,622
Pakistan Cash Management Fund		1,059,488	-	51,898	53,015	-
PICIC Cash Fund		3,990,278	2,802,537	389,852	401,418	281,447
IGI Money Market Fund		-	2,532,559	-	-	255,045
HLB Money Market Fund		-	497,482	-	-	50,390
MCB Cash Management Optimizer Fund		-	2,017,667	-	-	202,312
Primus Daily Reserve Fund		3,201,925	-	316,000	322,310	-
UBL Liquid Plus Fund (related party)		2,141,871	1,509,577	214,086	215,041	151,377
Carrying Cost as at 30 September 2013				1,781,635	<u>1,816,885</u>	<u>1,525,300</u>
Market Value as at 30 September 2013				1,816,885		
Unrealised Gain on Mutual Funds					<u>35,250</u>	

7.2.2.1 200,810 units (December 31, 2012: Nil) of NAFA Government Liquid Fund having a market value of Rs. 2.016 million (December 31, 2012: Nil) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

8 CASH AND BANK BALANCES	September 30,	December 31,
	2013 (Un-audited)	31, 2012 (Audited)
----- (Rupees in '000) -----		
Cash in hand	22	41
Stamps in hand	28	63
Cash at bank	<u>53,334</u>	<u>13,390</u>
	<u>53,384</u>	<u>13,494</u>

## 9 CONTINGENCIES AND COMMITMENTS

Guarantees issued on behalf of the company by commercial banks against court decree.	5,205	5,205
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	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- (Rupees in '000) -----	
<b>10 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after tax for the period		
Continuing Operations	871,131	1,252,008
Discontinued Operations	<u>(570)</u>	<u>(624)</u>
	<u>870,561</u>	<u>1,251,384</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding as at the period end	<u>58,627,722</u>	<u>58,627,722</u>
	----- (Rupees) -----	
Earnings per share		
Continuing Operations	14.86	21.36
Discontinued Operations	<u>(0.01)</u>	<u>(0.01)</u>
	<u>14.85</u>	<u>21.35</u>

## 11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, staff retirement fund, 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 condensed interim financial information are as follows:

### Transactions:

	Nine Months Ended		Quarter Ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- (Rupees in '000) -----			
Premiums (refund) /underwritten	(16)	-	-	-
Premiums collected	<u>13</u>	<u>65</u>	<u>-</u>	<u>-</u>
Claims paid	<u>-</u>	<u>47,917</u>	<u>-</u>	<u>-</u>
Rent expense	<u>4,053</u>	<u>6,373</u>	<u>1,438</u>	<u>2,225</u>
Dividend Income	<u>98,584</u>	<u>158,512</u>	<u>47,964</u>	<u>127,680</u>
Dividend distribution	<u>321,055</u>	<u>67,843</u>	<u>200,659</u>	<u>-</u>
Bonus shares received (face value)	<u>14,029</u>	<u>41,284</u>	<u>6,600</u>	<u>-</u>
Bonus shares Issued (face value)	<u>-</u>	<u>133,772</u>	<u>-</u>	<u>133,772</u>
Brokerage expense	<u>646</u>	<u>1,879</u>	<u>194</u>	<u>326</u>
Purchase of units of mutual funds	<u>1,510,124</u>	<u>1,058,635</u>	<u>487,086</u>	<u>50,090</u>
Sale of units of mutual funds	<u>1,269,079</u>	<u>1,287,684</u>	<u>371,385</u>	<u>50,317</u>
Service charges	<u>491</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Income	<u>-</u>	<u>735</u>	<u>-</u>	<u>-</u>
Contribution to Provident Fund	<u>2,345</u>	<u>1,710</u>	<u>813</u>	<u>836</u>
Contribution to Staff Retirement Benefits	<u>1,709</u>	<u>1,389</u>	<u>573</u>	<u>756</u>
<b>Key Management Personnel</b>				
Dividend distribution	<u>10,073</u>	<u>2,999</u>	<u>6,296</u>	<u>-</u>
Bonus shares Issued (face value)	<u>-</u>	<u>4,197</u>	<u>-</u>	<u>4,197</u>
Remuneration excluding bonus	<u>37,834</u>	<u>36,823</u>	<u>13,704</u>	<u>18,446</u>
Director fee	<u>900</u>	<u>1,200</u>	<u>200</u>	<u>500</u>
Principal received against loan to employee	<u>893</u>	<u>893</u>	<u>223</u>	<u>223</u>

September 30, December 31,  
2013 2012  
(Un-audited) (Audited)  
----- (Rupees in '000) -----

## Balances

Loan to executive			<u>6,812</u>	<u>7,492</u>
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Nine Months Ended		Quarter Ended	
September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
----- Rupees in '000' -----			

## 12 DISCONTINUED OPERATIONS

Results of discontinued operations:

Net Claim recovery/(expenses)	-	(37)	-	-
Net Expenses	<u>(570)</u>	<u>(587)</u>	<u>(198)</u>	<u>(196)</u>
(Loss) / Profit before tax	<u>(570)</u>	<u>(624)</u>	<u>(198)</u>	<u>(196)</u>
Taxation - deferred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss after tax	<u>(570)</u>	<u>(624)</u>	<u>(198)</u>	<u>(196)</u>

## 13 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2013 by the Board of Directors of the Company.

## 14 CORRESPONDING FIGURES

Corresponding information has been reclassified, rearranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. However no significant re-arrangements have been made.

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Dawood Centre, M.T. Khan Road,  
Karachi-75530

Ph: (92-21) 35684019, 35681491

Fax: (92-21) 35680218

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