



possibilities
unlimited

Annual Report 2013





cyan profile

Cyan Limited is a public listed company incorporated in Pakistan on 23 April, 1960, focused on making equity investments' in companies with high growth potential. We recognize that entrepreneurs are the leaders behind innovation and employment creation. Further, we believe that by combining the spirit of entrepreneurship with the Group's social, intellectual and financial resources, a platform can be created where long term relationships are established and growth opportunities are nurtured.

A high potential company is one, which is led by a driven entrepreneur who has identified the means to commercially address a significant market requirement and shown the ability to compete at national, regional and international level.

The Cyan platform will bring together high potential entrepreneurs, industry professionals and providers of capital. By facilitating interaction between stakeholders, we aim to cultivate investment opportunities as opposed to simply evaluating them.

Our process driven approach has been designed to promote a dialogue between Cyan's Management team and entrepreneurs. By understanding an entrepreneur's aspirations, we believe win-win transactions can be cultivated for all stakeholders.

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vision & mission



taking entrepreneurship to
scale



company information

Board of Directors

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

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

*Resigned on Feb. 24, 2014 and
the Board appointed
Faisal Nadeem Mangroria
in his place

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)
Isfandiyar Shaheen (Principal / HOGE)
Umar Habib (Vice President)
Ghulam Haider (Head of IA & C)
Muhammad Anas Karimi (Manager Finance)
Farid Madhani (Senior Investment Analyst)
Muhammad Ali Hemani (Investment Analyst)
Azam Khan (Investment Analyst)

**As determined by the Board of Directors

Auditors

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

Tax Consultants

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

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



The Company has been selected and ranked 9th on the Top 25 companies for the year 2012 by Karachi Stock Exchange on January 16, 2014. Cyan was selected by the KSE on the basis of a comprehensive parameter, which includes dividend payouts, return on equity, compliance with Listing Regulations and sound corporate governance practices.

geographical presence only in karachi



our values

At Cyan we are committed to participate openness and transparency at all stages, from transaction origination to achieving investment exits. We are committed to ethical business practices and intend to engage with companies that share our values. Strong work ethics combined with entrepreneurial zeal is reflected in everything we do, from strategic decision making to conducting a training session. Our team thrives on building relationships and partnerships.

Most important of all, we are committed to participating in Pakistan's growth prospects and laying the necessary foundations for businesses to succeed.

Openness and
Transparency

our core
values

Integrity

Strong
Work Ethics

Teamwork and
Partnership

Commitment to
Pakistan



pakistan fast growth

100



Pakistan Fast Growth 100-Cyan was the Lead Sponsor (17th November 2013)





strategic objectives

To constitute a Fund
Management Company
(FMC)
In process

Improve Investors
Relations
Achieved

Hurdle Rate
Achieved

Deploy Rs.1Bln. in
Private Equity
At Advance Stage

Dividend yield from
Portfolio to be
Rs.200Mln
Achieved

Dividend Payout target
of Rs.100Mln
Achieved

Hire two resources for
Growth Equity
Achieved

code of conduct

For Employees:

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

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

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

1. Abidance of Laws / Rules

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

2. Integrity

- a. Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors and employees, and not engage in acts discreditable to Cyan and the profession. If they become aware of any irregularity that might affect the interests of Cyan, they shall inform the senior management immediately.
- b. Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions/reports.

- c. Avoid all such circumstance in which there is personal interest conflict, or may appear to be in conflict, with the interests of Cyan or its clients.
- d. Not use their employment status to seek personal gain from those doing business or seeking to do business with Cyan, nor accept such gain, gift, favor, entertainment or other benefits, if offered.

3. Confidentiality

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

4. Professionalism

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

5. Business/Work Ethics

- a. Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work.

- b. Ensure good attendance and punctuality and demonstrate a consistently good record in this area.
- c. Maintain a standard of personal hygiene and dress appropriately for attendance at work.
- d. As a personal responsibility, safeguard both the tangible and intangible assets of Cyan that are under their personal control and shall not use Cyan assets for their personal benefits except where permitted by Cyan.
- e. Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra office communication(s) or communication(s) with individual(s) outside the office that may contain any statement or material that is offensive to others.
- f. Employees shall also not indulge in any of the following activities except with the prior permission of the competent authority:
 - i. Borrow money from or in any way place themselves under pecuniary obligation to broker or money lender or any employee of Cyan or any firm or person having dealings with Cyan.
 - ii. Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrip's for delivery in the case of sale. However, they can make a bona fide investment of their own funds in such stock, shares and securities in line with the employees trading policy.
 - iii. Lend money in their private capacity to a constituent of Cyan or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
 - iv. Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss.
 - v. Act as agent for an insurance company otherwise than as agent for on behalf of Cyan.
 - vi. Be connected with the formation or management of a joint stock company.
 - vii. Engage in any other commercial business or pursuit either on their own account or as agent for another or others.
 - viii. Accept or seek any outside employment or office whether stipendiary or honorary.
 - ix. Undertake part time work for a private or public body or private person, or accept fee thereof.

For Directors:

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

1. Conflict of Interest

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

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

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

- c. **Relationship of Company with third-parties.** Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with Cyan. A director shall recuse him or herself from any Company Board decision involving another firm or Company with which the director is affiliated;
- d. **Compensation from non-Company sources.** Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company;

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

cyan seven

To gauge ideal investment

01

Committed Management

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

02

Sizable Market Share

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

03

Scalable Business Model

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

04

Target Revenue

Company has revenues of at least PKR 500mn or a tangible growth plan to achieve this target in the short term

05

Target Margin

Company has an EBITDA of at least PKR 100mn and has remained positive for the past three years

06

Minimum Investment Size

The Company is seeking to raise at least PKR350 mn

07

Exit Potential

The ability of an exit for Cyan i.e. to sell its stake in 4-6 years via trade sale, IPO, share buy back/redemption, etc.

potential in
selected
sectors



Animal Protein



Pharmaceuticals

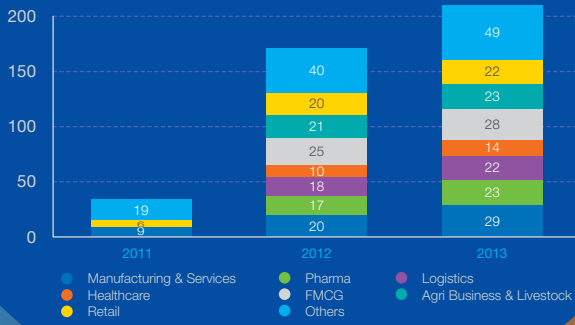


Healthcare Services



Education

Pipeline Development by Industry



Logistics



Retail



Telecom



Banquets and Wedding Halls



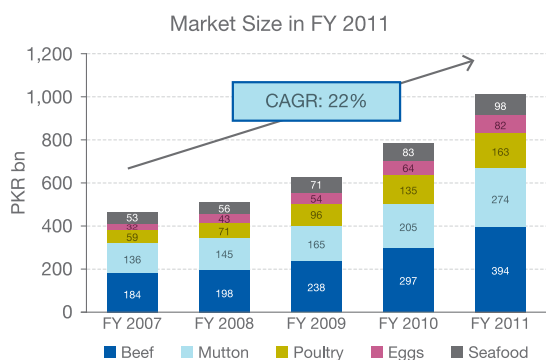
Animal Protein

Animal Protein

Industry Profile: Livestock constitutes ~12.5% of Pakistan's GDP. Livestock is the nation's source of animal protein in the form of various types of meat. Although some institutionalization has been observed recently, the animal protein industry of Pakistan remains fragmented and dominated by the informal sector.

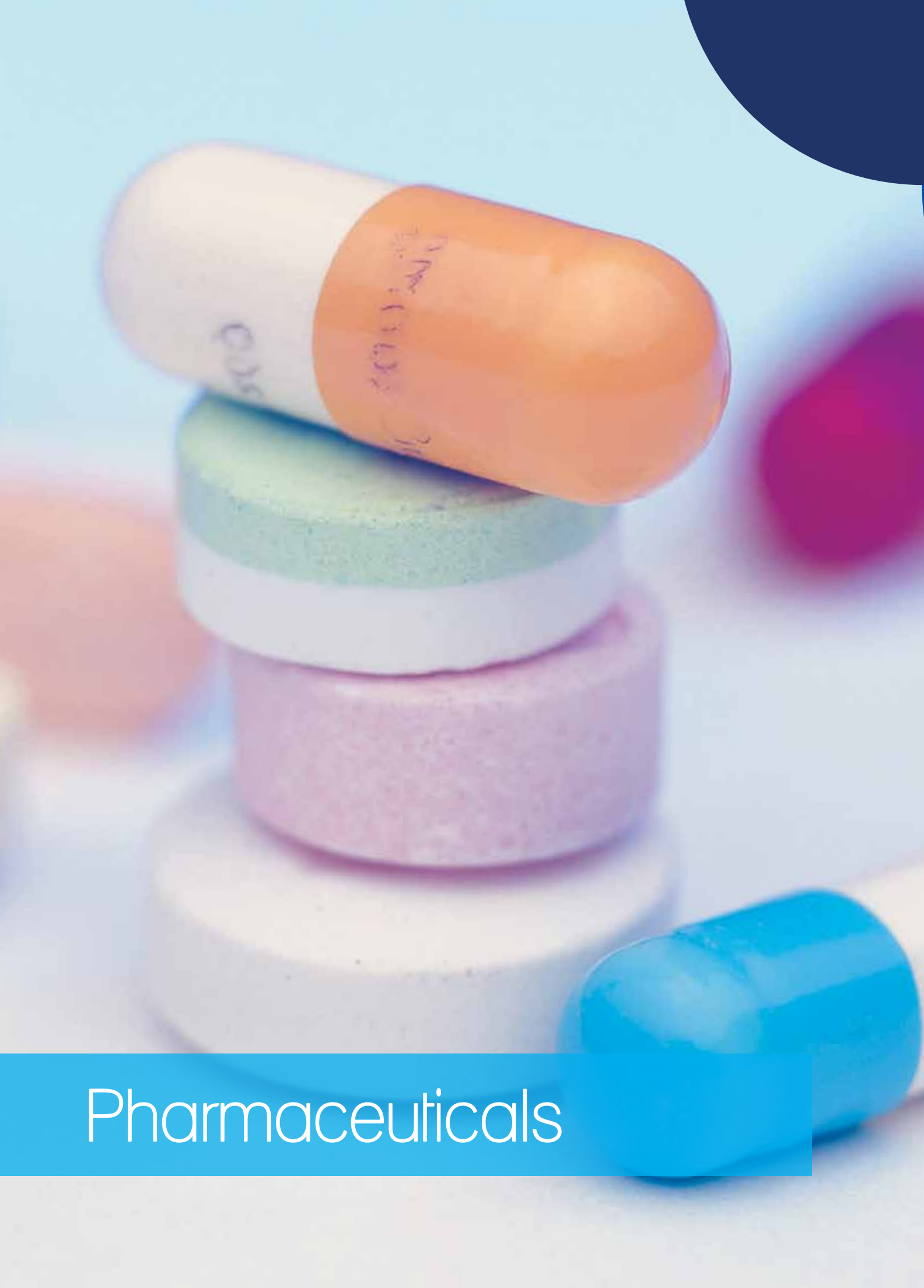
Market Size: According to Cyan's estimate, the size of the meat industry in Pakistan is USD 11.0bn thereby constituting ~5% of the Country's GDP at the end of FY11. Within the industry, beef is the largest segment with a 39% segment share, followed by mutton with 27% share, poultry with 16% share and seafood with 10% share. The rest constitutes egg sales.

22%
CAGR



Did you know?

- 25% of all beef and 41% of all mutton production occurs on Eid ul Azha
- Pakistan's human population is 15% greater than all cows, buffalos and goats combined
- 35 million is the number of eggs Pakistan consumed each day
- An average Pakistani consumes less meat than an average Bangladeshi



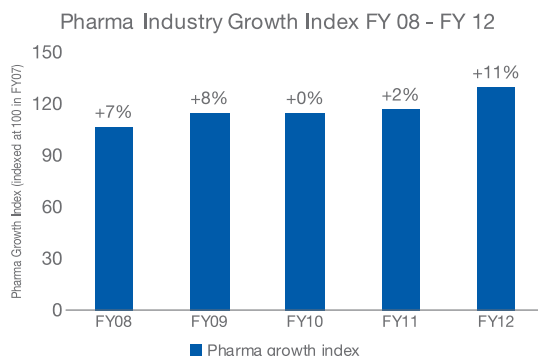
Pharmaceuticals

Pharmaceuticals

Industry Profile: Industry Profile: The Pharmaceutical industry contributes ~1.2% to Pakistan's GDP and provides direct employment to over 100,000 people. Pharma in Pakistan comprises mainly drug formulation – due to the nascent stage of competitive Active Pharma Ingredient (API) manufacturing – and remains highly regulated in terms of pricing and quality controls.

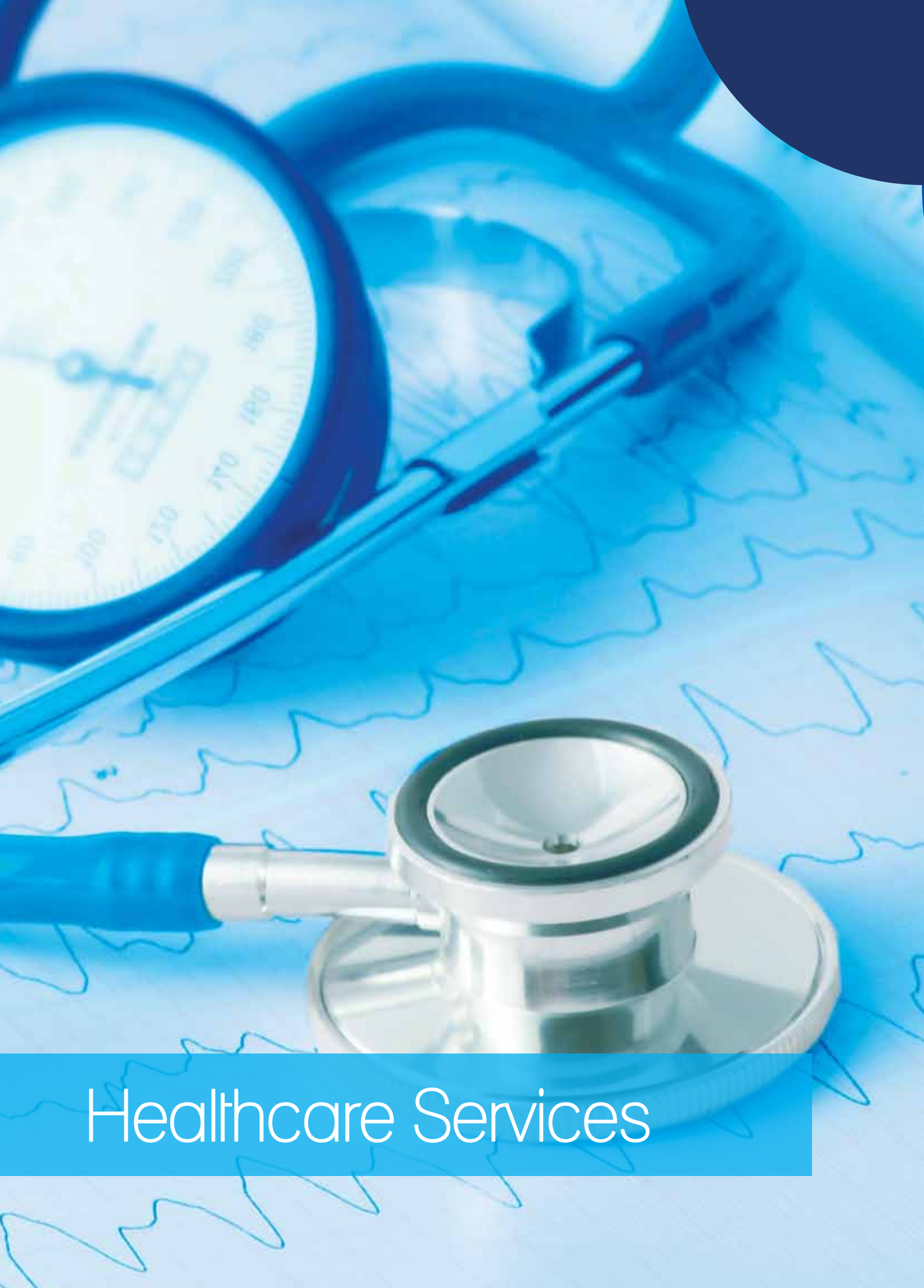
Market Size: The Pharmaceutical industry in Pakistan is valued at USD 2.1bn. The bulk of the industry comprises branded generic drugs i.e. ~86% of all drugs sold in Pakistan. The industry is segmented amongst a myriad of therapeutic classes which is reflective of the technical nature of drug production. Approximately, 85% of drugs are produced and consumed domestically. However, key raw materials required for drug formulation are mostly imported from China and India which have developed buoyant API industries over time.

6%
C A G R



Did you know?

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



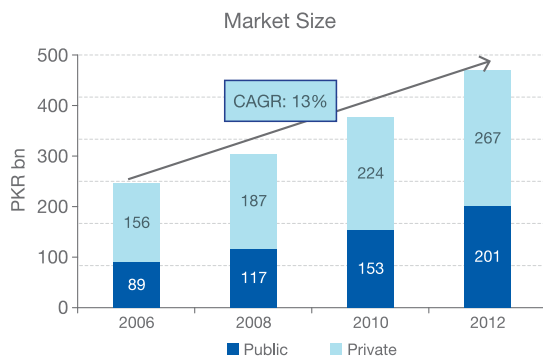
Healthcare Services

Healthcare Services

Industry Profile: The accessibility and quality of healthcare is a common metric to assess the developmental stage of a country. There are estimated to be 972 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: According to Cyan's estimates, the size of the healthcare service industry is cumulatively valued at ~USD 6.0bn as of FY12, constituting 2.9% of Pakistan's GDP. Spending is split between government institutions (~43%) and private institutions (~57%). Within privately owned institutions, the majority (47%) share is spent in pharmacies, followed by clinics (37%), hospitals (13%) and laboratories & diagnostic centers (3%). The demand for healthcare services in Pakistan has been steadily increasing 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.

13%
CAGR



Did you know?

- There are 2,000 people per hospital bed in Pakistan
- On average, only ~850 beds are added while ~4 million children are born each year
- There are twice the number of doctors in the country than nurses
- Digestion related infections are the most common diseases in Pakistan

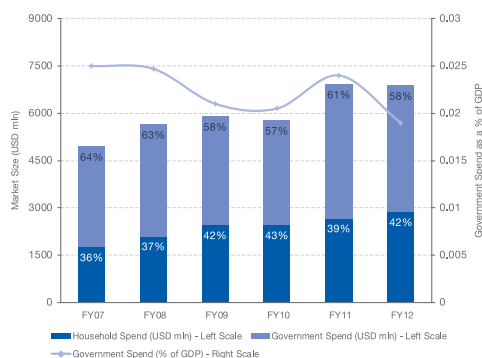


Education

Education

Industry Profile: The literacy rate in Pakistan is 58%; clearly indicating a lack of penetration of education in the country. Education is a state responsibility as per the constitution; however, quality education remains accessible by only a few.

Market Size: The Education industry in Pakistan is valued at USD 6.9bn, contributing ~3.26% to Pakistan's GDP and providing employment to ~5% of the labor force. The sector is divided between public and private institutions, along with a number of non-government organizations running charitable education foundations. Public spending, which accounts for ~58% of total education spend. Over the past few years, the share of government spending has declined as reflected by a decreased budgetary allocation to education spending i.e. less than 2% of GDP.



Did you know?

- Free education is a constitutional right for every Pakistani child
- Just to accommodate new population, Pakistan needs ~3.3 schools per hour for the next 5 years
- The top 20% of the population is 3.5x more willing to spend on education than the bottom 20%
- 26 countries poorer than Pakistan send more children to primary school
- 65% of all primary school children do not end up studying further than 5th grade
- 30% of the adult population have not received even a single year of schooling

A full-page photograph of a male delivery person. He is wearing a bright yellow polo shirt, a blue baseball cap, and dark trousers. He is smiling and holding a large, rectangular cardboard box with both arms. The background is a solid, warm brown color. In the bottom right corner, there is a blue circular graphic element. A semi-transparent blue horizontal bar is positioned at the bottom of the image, containing the word "Logistics" in white text.

Logistics

Logistics

Industry Profile: Transportation, Storage and Communications have remained at 10-11% of Pakistan's GDP since the year 2000. Logistics constitutes a substantial chunk of this sector. Despite its large market size, the sector is marred with fragmentation, unorganized businesses and poor infrastructure.

Market Size: According to a Data Monitor Report published on January 2011, the Pakistan Logistics Market was valued at USD 12.3bn in 2009, thereby contributing ~6-7% to the country's GDP. Logistics comprises Road transport (77% market share), Sea transport (19% market share), Air freight (2% market share), Warehousing (1% market share) and other value added services. Within the road transport (over land) segment, most of goods are transported via trucks rather than rail; a trend which is unique to Pakistan.

7.6%
C A G R

Did you know?

- It costs 5x more to transport goods up-country than down-country
- Majority of Pakistan's trucking fleet are of Bedford make; the company closed down in 1986
- 2.3 billion kg worth of goods were transported to and fro by trucks in 2011

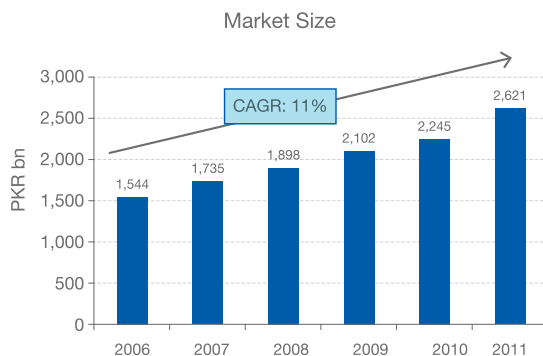


Retail

Retail

Industry Profile: Retailing is defined as sales of new and used goods to the general public for personal or household consumption. Store-based retail – comprising sales from brick & mortar outlets/ stalls – constitutes 99% of all retail. The industry employs 6.5 million of the labor force.

Market Size: The size of the retail industry in Pakistan is estimated to stand at ~USD 30.3bn, hence representing ~14% of Pakistan's GDP. This estimate is exclusive of sales tax. Broadly, store-based retail is categorized into grocery and non-grocery stores having 58% and 42% market share respectively. However, a significant chunk of non-grocery items (33%) are sold in primarily grocery stores, thereby skewing proportions between the two categories in terms of store sales.

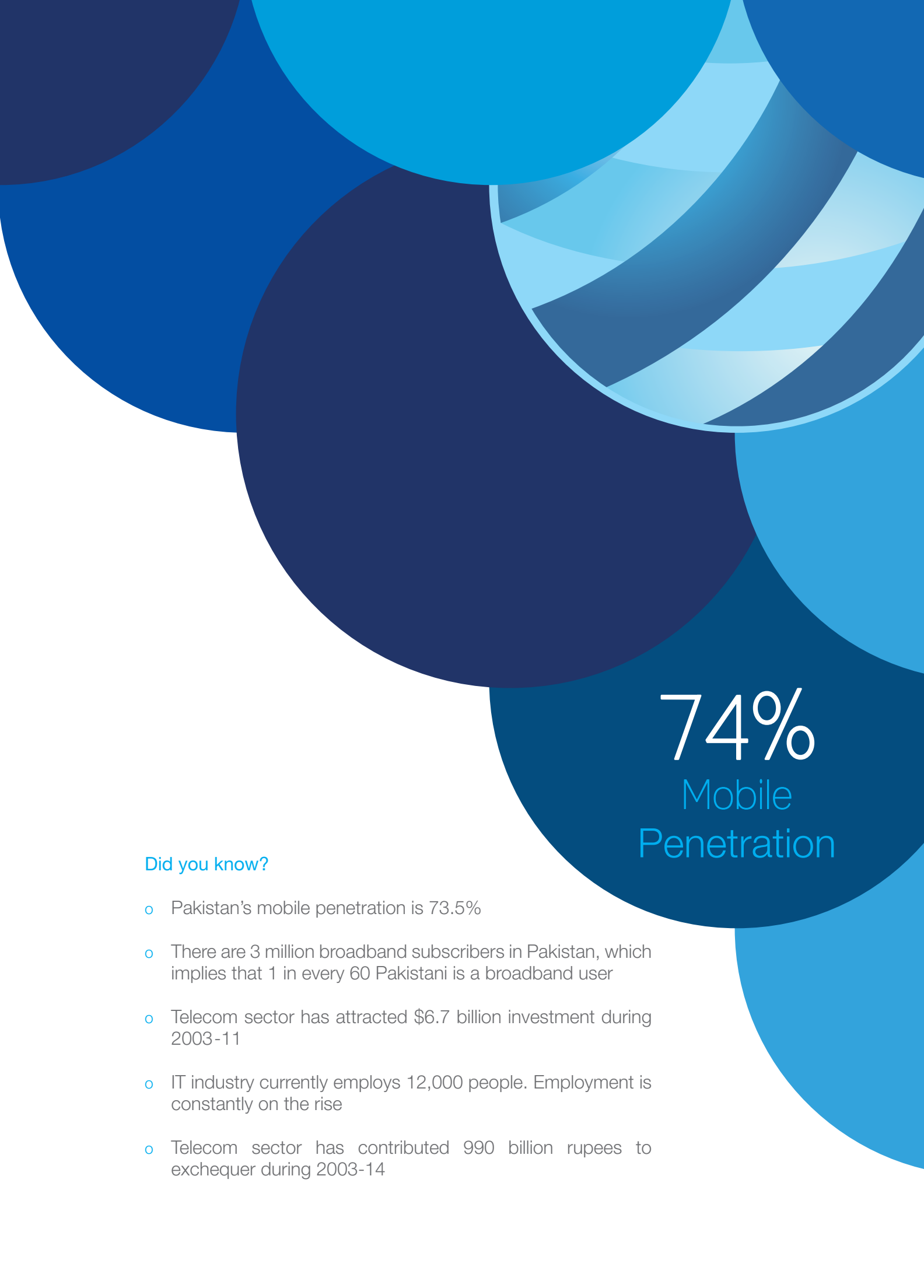


Did you know?

- According to the Pakistan Bureau of Statistics, the average Pakistani spends PKR 2,000 per year on apparel items
- ~58 million sq meters of all retailing space in Pakistan would fit into all wall-mart stores alone, comfortably!
- Dubai mall is 12x the size of the largest mall in Pakistan in terms of area



Telecom



74%
Mobile
Penetration

Did you know?

- Pakistan's mobile penetration is 73.5%
- There are 3 million broadband subscribers in Pakistan, which implies that 1 in every 60 Pakistani is a broadband user
- Telecom sector has attracted \$6.7 billion investment during 2003-11
- IT industry currently employs 12,000 people. Employment is constantly on the rise
- Telecom sector has contributed 990 billion rupees to exchequer during 2003-14



Banquets and Wedding Halls

Banquets and Wedding Halls

Industry Profile: Banquets and wedding halls have been a fundamental avenue of entertainment and socializing based on cultural makeup of the Pakistani society. Anecdotal evidence suggests the banquet and catering business has been thriving recently in line with growing per capita income levels.

Market Size: Financially, weddings entail a major expenditure, of which a significant portion would be spent on food and seating. This has given rise to numerous banquet halls and catering businesses across the country. These also cater to corporate events, parties and exhibitions which mitigate the seasonality effect associated with weddings in Pakistan. However, the vast majority of these businesses are informal and small scaled, making the sector one of the most opaque seen in the country. Due to a lack of data availability, anecdotal evidence is used to estimate market size, which falls in the range of USD 2-3bn.

JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
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Wedding Halls Peak Seasons

Third Party Catering Peak Seasons

Offering third-party catering helps mitigate the seasonality impact of wedding halls as such a service can be offered to house events, which usually are spread across the year and institutional clients continuously through out the year~industry sources

Source: Cyan Analysis

Did you know?

- As per Cyan's estimates, 0.96mn reported weddings occur annually within the population age groups 15 to 40
- ~50% of an average wedding's expenditure in Pakistan is on food
- A typical banquet hall earns ~75% of its entire revenue during a four month period

notice of the 54th annual general meeting

Notice is hereby given that the Fifty Fourth (54th) Annual General Meeting (AGM) of Cyan Limited will be held at Marriott Hotel, Abdullah Haroon Road, Karachi at 11.30 a.m. on Wednesday the April 30, 2014 to transact the following business:

Ordinary Business

1. To confirm the minutes of the 53rd Annual General Meeting of the Company held on March 26, 2013.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2013 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 50% (Rs.5.00 per share) for the year ended December 31, 2013 as recommended by the Board of Directors. This is in addition to the interim cash dividend of 50% (Rs.5.00 per share) already paid during the year.
4. To appoint Auditors for the year ending December 31, 2014 and to fix their remuneration.
5. To elect seven (7) Directors as fixed by the Board pursuant to the provisions of Section 178(1) of the Companies Ordinance, 1984 for a term of three years. The term of the present Board expires on April 30, 2014 and the new Board will assume office on the same day. The following retiring directors are eligible to offer themselves for re-election:
 - i. Shabbir Hussain Hashmi
 - ii. A. Samad Dawood
 - iii. Faisal Nadeem Mangroria
 - iv. Shafiq Ahmed
 - v. Shahid Hamid Pracha
 - vi. M. Jawaid Iqbal
 - vii. Ruhail Yousuf Muhammad
6. To transact any other business with the permission of the Chair.

By order of the Board

SULAIMAN S. MEHDI
COO & Company Secretary

Karachi, February 24, 2014

NOTES:

For Candidates Participating in the Election of Directors

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

- a) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984;
- b) Consent to act as director on Form 28 under Section 184 of the Companies Ordinance, 1984;
- c) A detailed profile along with his/her office address as required under SECP SRO 25(1) 2012 dated January 16, 2012;
- d) A declaration confirming that:
 - i. He/she is aware of the duties of directors under the Companies Ordinance, 1984, the Memorandum and Articles of Association and Listing Regulations of Stock Exchanges;
 - ii. He/she is not ineligible to become a director of the Company under any applicable laws and regulations (including Listing Regulations of Stock Exchanges);
 - iii. He/she is not serving as a director of more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company;
 - iv. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
- e) In terms of Article 75 of the Articles of Association, the qualification of a Director shall be the holding in his own name solely, or jointly with another or others and whether beneficially, or as a trustee/nominee for another or others or otherwise howsoever, of shares of the value of Rs.25,000 (Rupees twenty five thousand only) in the Company.

Closure of Share Transfer Books

The Share transfer books of the Company will remain closed from Tuesday April 22, 2014 to Wednesday April 30, 2014 (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 April 21, 2014 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 form.

CNIC Number

As instructed by the 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 as requested by our letters dated March 5, 2013 and September 25, 2013 and also through advertisement in newspapers on March 4, 2013 and September 21, 2013. All those shareholders who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/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 the process of cash dividend payment 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). An advertisement in this regard was also published in Business Recorder (English), and Express (Urdu) on March 04, 2013.

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.

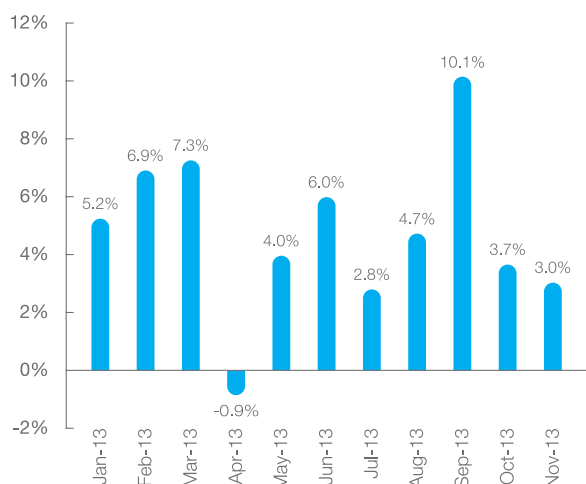
directors' report

The Board of Directors is pleased to present the 54th Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2013.

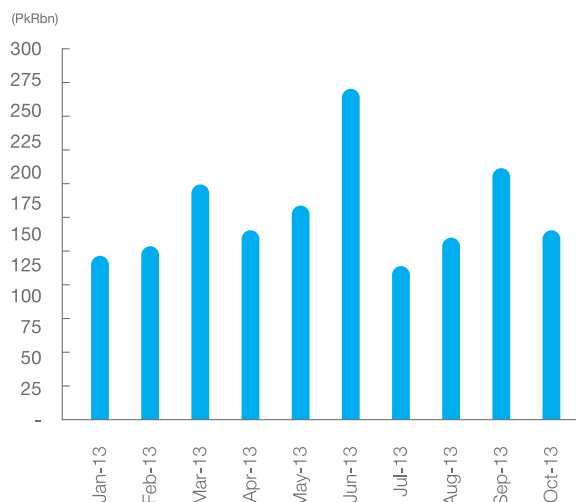
Economy Review

Reentry into an IMF program was the hallmark of CY13 which set the tone for macroeconomic performance under the new government. This US\$6.6bn Extended Fund Facility (EFF) program is different from earlier IMF programs in that it is based on quarterly reviews, which ensures consistent reform implementation, while a longer repayment period should not lead to Balance of Payments stress post program completion, unlike the previous SBA program. Thus far the GoP has taken steps to address power sector issues, first by clearing the then existing stock of circular debt and then by raising power tariffs for all consumers (domestic + commercial + industrial). The GoP has also flagged revival of the privatization program as a key policy prerogative and success on this front should enable lasting comfort on the external front.

LSM Growth Rate



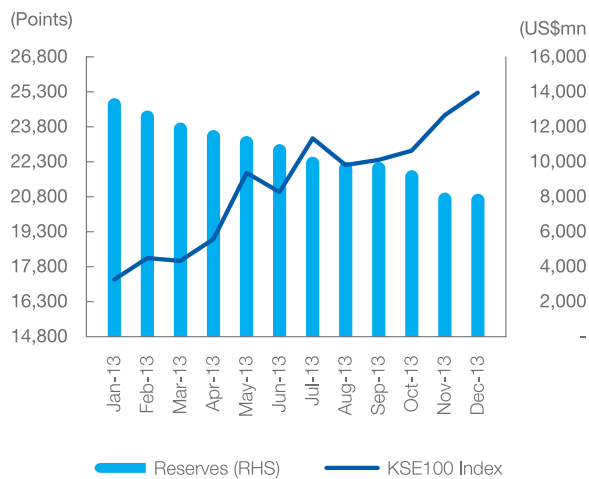
Tax Collection



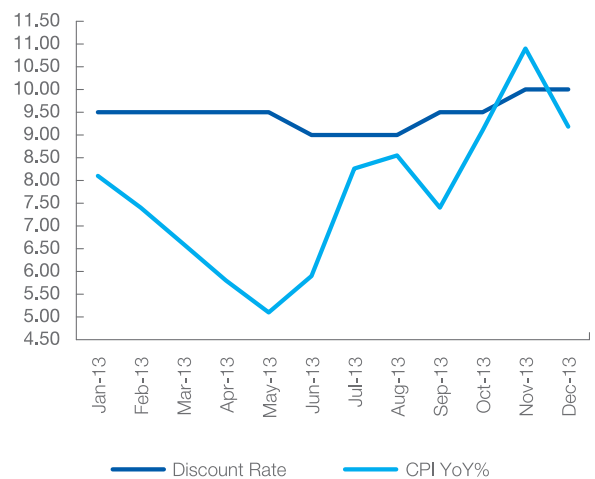
While GDP growth has averaged less than 3% over the last 5 years, with growth constrained by two major floods and an acute energy deficit, the new government's emphasis on resolving power sector issues should serve to unleash the economy's true potential over the medium term. Specifically, power tariffs have been increased by more than 30% on average, circular debt stock to the tune of Pkr500bn was cleared in Jun'13 and a better energy mix has been targeted with coal conversion being encouraged. Coming from a low base, the improvement is already visible with cumulative July-Nov'13 LSM growth clocking in at 4.9%YoY. Sectors leading this rebound include Food, Chemicals, Electronics and Textiles. This has led the Finance Ministry to

indicate that GDP growth is reaching 5% again, although official data on this front is still awaited. At the same time, although the FY13 fiscal deficit came in at a high 8.0% of GDP, there are signs that improvement is at hand where the 1HFY14 tax collection has reportedly increased by a healthy 15%YoY to PkR1,020bn while power sector subsidies should now be markedly lower. All in all, the 1QFY14 fiscal deficit at 1.1% of GDP encapsulates the positive developments.

Reserves vs. KSE100 Index

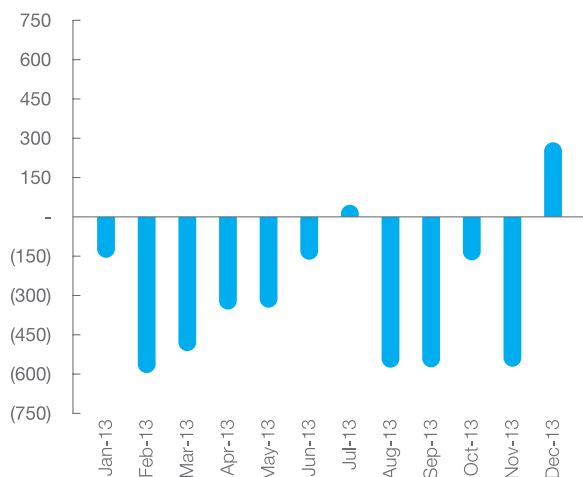


DR vs. CPI YoY%

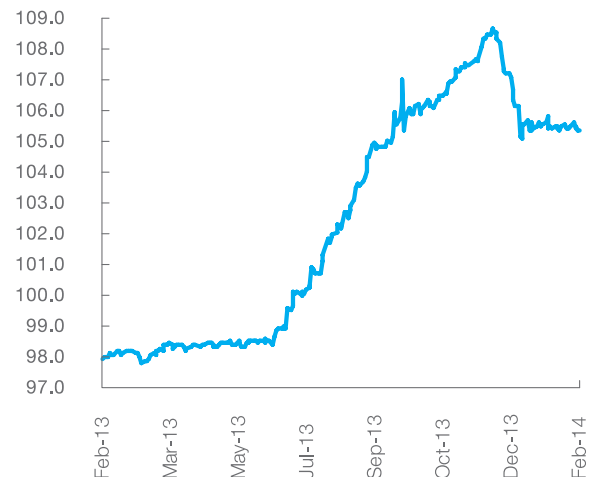


After reentry into the IMF program and an initial uptick in price pressures post the increase in power tariffs (Nov'13 CPI came in at 10.9%YoY), the SBP reversed its monetary easing stance and raised the benchmark DR by a cumulative 100bps to 10% in 2HCY13. That said, CY13 CPI averaged 7.7%YoY and with Jan'14 CPI clocking in at 7.9%YoY, further monetary tightening may be on hold. A weaker PkR leading to second round imported inflation appears the key risk to this framework.

Monthly Current Account Balance (US\$m)



USD/PkR Trend



On the external front, while the current account registered a contained deficit of US\$2.31bn (1% of GDP) in CY13 on the back of a 2.3%YoY reduction in the trade deficit and a 5.6%YoY increase in remittances,

fx reserves remained under pressure due to the repayments pertaining to the previous IMF program. In this regard, total fx reserves in Dec'13 were recorded at US\$8.32bn which indicated an import cover of just 2.5months. Understandably, the PKR came under pressure, depreciating by 8.7% vs. the US\$ in CY13. Going forward, comfort on the external account is dependent on the GoP's execution capability where key checkpoints include the 3G auction (planned for end-Mar'14), issue of a Eurobond, Etisalat/CSF dues and revival of the privatization program. Regarding the latter, the GoP has initially shortlisted more than 30 entities for the first round of privatizations/secondary offerings (incl. OGDC, PPL, HBL, UBL and ABL). GoP efforts to this end should be helped by recent approval of the EU GSP Plus status which should provide a catalyst to the country's exports particularly the Textile sector. On a further positive note, the IMF program remains on track and quarterly tranches should see smooth disbursements.

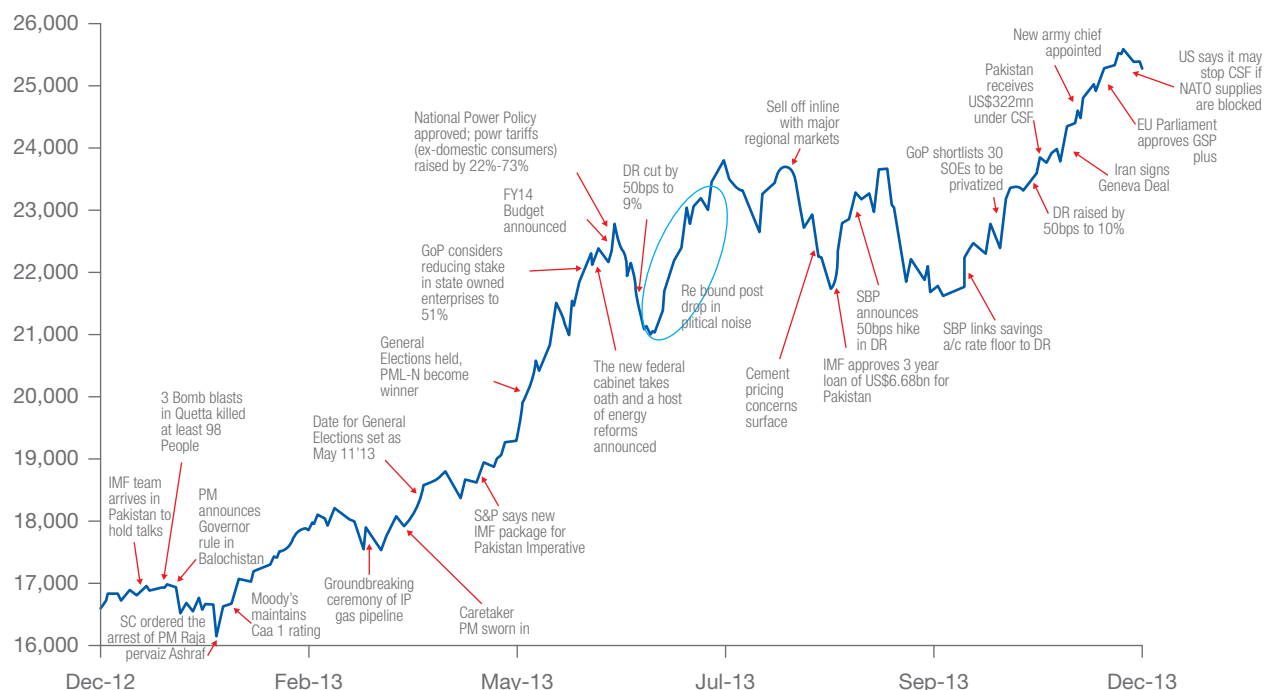
Stock Market Review CY2013 & CY2014 Outlook

The KSE-100 Index gained a robust 49.4% (US\$ adjusted: 41%) in CY13, continuing its bull run after a gain of 49% in CY12. Sentiments remained buoyed by the first ever democratic transition in Pakistan's history despite macro weakness as investor focus shifted to cheap valuation multiples, driving the market's P/E from 6.8x at the start of the year to 8.5x at the end. Foreign investors remained key participants, with net FPI of US\$398mn in CY13, bringing the 5yr cumulative net inflow to US\$950mn. The market's P/E still remains below its 10yr average (9.1x) and could witness continued rerating subject to an improvement in macros and market-specific factors. While P/E rerating to 9.5x could drive the Index to 27,500-28,000 points in CY14, the key risk for this thesis is any shortcoming in the government's execution viz. divestiture of stakes in SOEs, 3G auction etc.

Worldwide Indices Performance in CY13

	Index	CYTD Index		CYTD	Change Since	Change Since
Country	31-Dec-13	High	Low	Change	CYTD High	CYTD Low
Dubai	3,370	3,370	1,550	107.7%	0.0%	117.4%
Abu Dhabi	4,290	4,290	2,556	63.1%	0.0%	67.8%
Pakistan	25,261	25,579	15,189	49.4%	-1.2%	66.3%
NASDAQ Composite	4,177	4,177	2,837	38.3%	0.0%	47.2%
S&P	1,848	1,848	1,353	29.6%	0.0%	36.6%
Kuwait	7,550	8,431	5,650	27.2%	-10.5%	33.6%
DJIA	16,577	16,577	12,542	26.5%	0.0%	32.2%
Saudi Arabia	8,536	8,562	6,462	25.5%	-0.3%	32.1%
German	9,552	9,589	6,951	25.5%	-0.4%	37.4%
Qatar	10,380	10,527	8,300	24.2%	-1.4%	25.0%
Vietnam	505	528	375	22.0%	-4.4%	34.5%
MSCI FM	595	595	457	21.4%	0.0%	30.1%
Oman	6,835	6,924	5,529	18.6%	-1.3%	23.6%
UK	6,749	6,840	5,606	14.4%	-1.3%	20.4%
Malaysia	1,867	1,873	1,598	10.5%	-0.3%	16.8%
India	21,171	21,326	17,313	9.0%	-0.7%	22.3%
Srilanka	5,913	6,489	5,323	4.8%	-8.9%	11.1%
Hong Kong	23,306	24,039	19,145	2.9%	-3.0%	21.7%
Philippines	5,890	7,392	5,150	1.3%	-20.3%	14.4%
Russia	10,177	10,612	8,674	0.7%	-4.1%	17.3%
Singapore	3,167	3,454	2,946	0.0%	-8.3%	7.5%
Jakarta	4,274	5,215	3,968	-1.0%	-18.0%	7.7%
Brazil	21,294	22,762	18,739	-3.1%	-6.4%	13.6%
MSCI EM	1,003	1,083	883	-5.0%	-7.4%	13.5%
Thailand	1,299	1,643	1,234	-6.7%	-21.0%	5.3%
China	2,116	2,434	1,950	-6.7%	-13.1%	8.5%

KSE behavior on News Flow Time line CY 2013

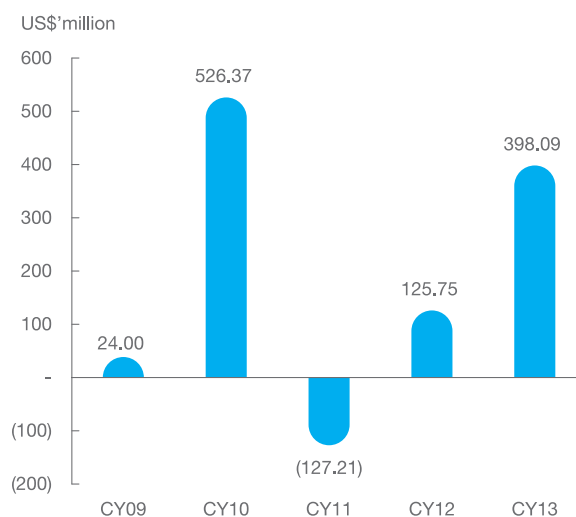


Sector Reviews

Among major sectors, key outperformers during CY13 were Cements (+74%YoY on continued strong margins and demand), Textiles (+65%YoY on the EU's GSP Plus status), Autos (+63%YoY on a weaker JPY) and 4) Fixed Line Telecoms (+62%YoY following the ICH agreement and ahead of the 3G auction). Major laggards were Chemicals (+17%YoY on gas supply uncertainty) and Food Producers (+17%YoY on a slowdown in sales). Index heavyweights Oil & Gas (+41%YoY) and Banks (+46%YoY) performed broadly at par with the overall market.

CY13 Sectorwise Return	
Sector	CYTD
Chemicals	17%
Food Producers	17%
Household Goods	33%
Electricity	37%
Oil and Gas	41%
General Industrials	45%
Commercial Banks	46%
Telecommunication	62%
Automobile and Parts	63%
Personal Goods (Textile)	65%
Cement	74%
Electronic and Electrical Goods	83%
Pharma and Bio Tech	105%
Paper and Board	130%
Media	134%
Beverages	160%
Health Care Equipment	222%
Tobacco	570%
Total	43%

Net Foreign Portfolio Investment

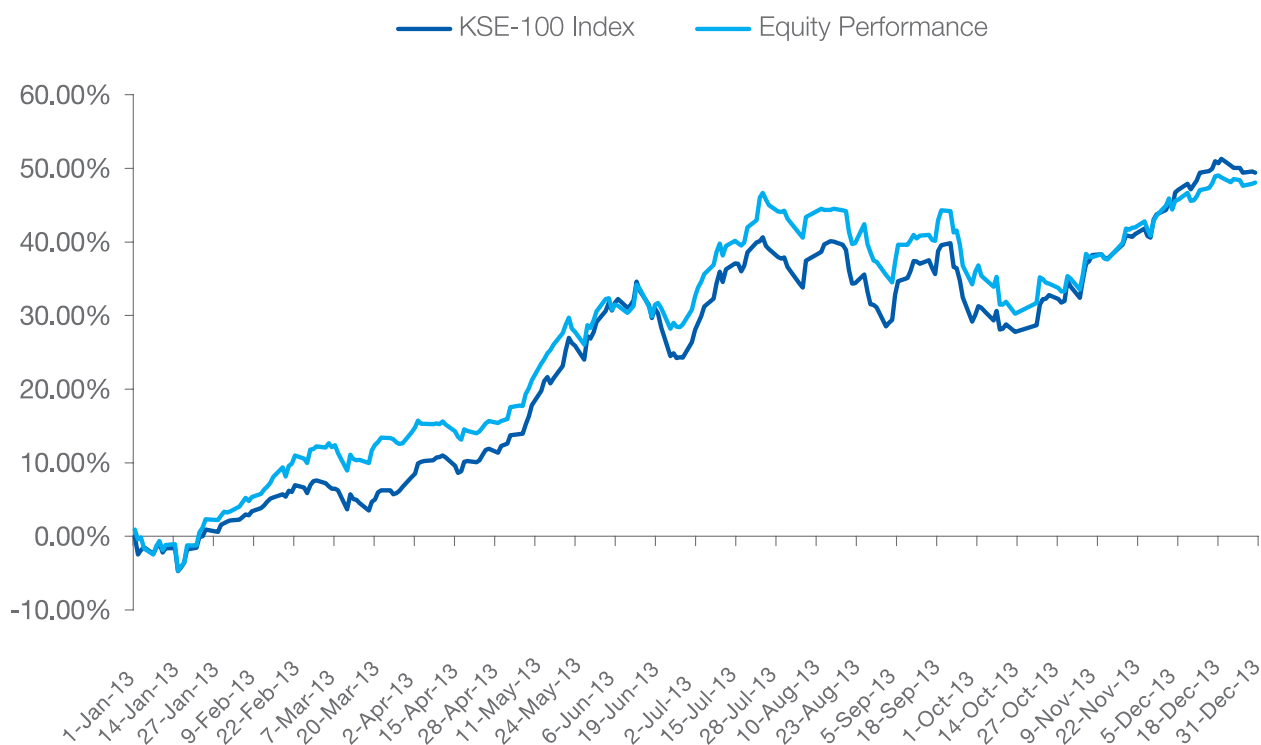


Company Performance

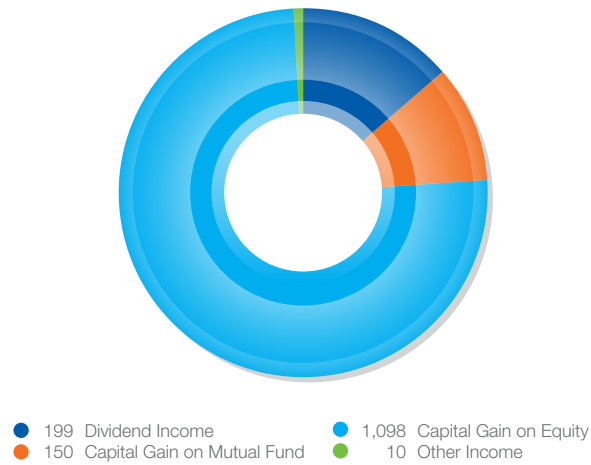
Investment - Continuing Operations

During the year the company adopted a cautious stance for capital preservation and 32% of the total portfolio was vested towards money market mutual funds. During the year the company's equity portfolio returned 48.07% versus the KSE-100 Index performance of 49.43%. The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in banks, energy, oil and gas, personal goods and money market mutual funds. During the year, the company increased its exposure upto 26% towards the banking sector with an expectation of increase in net interest margins due to monetary tightening by the State Bank of Pakistan (SBP), balance sheet growth and lower provisioning. Personal goods exposure especially textiles were increased to 13% due to GSP Plus status granted to Pakistan by European Union (EU). The company reduced its exposure in the telecommunication and cement sector due to concerns on the sustainability of the International Clearing House (ICH) and the Cement Cartel respectively. However, The company retained its exposure in group related companies especially HUBCO due to double digit dividend yield. With a sizeable exposure towards the money market funds, dividends from our equity portfolio declined by 34% to Rs.198 million for the year 2013 as opposed to Rs.303 million earned last year, however, this decline was more than compensated through the capital gains of Rs.150 earned through investment in Mutual Funds. Dividend income from related parties decreased by 38% from Rs.159 million to Rs.99 million due to reduced exposure in HUBCO. Dividend income from others also decreased by 31% from Rs.144 million to Rs.99 million due to overall reduction in equity exposure. The company also earned realized capital gains of Rs.483 million (2012: Rs.1,239 million) and unrealized gains of Rs.765 million (2012: Rs.234 million) on re-measurement of investments classified as financial assets at fair value through profit and loss – net.

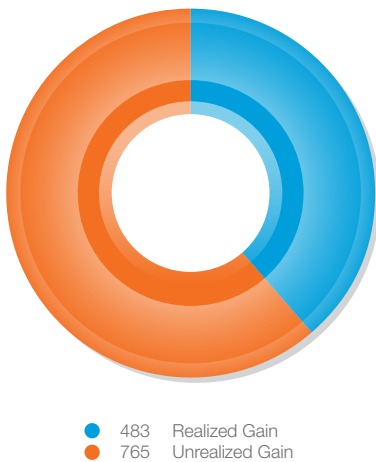
Due to appreciation in the share price of Dawood Hercules and Dawood Lawrencepur Ltd. no fresh provision for impairment in value of available for sale investments was made during the year.



Total Income Rs.1,457 Million



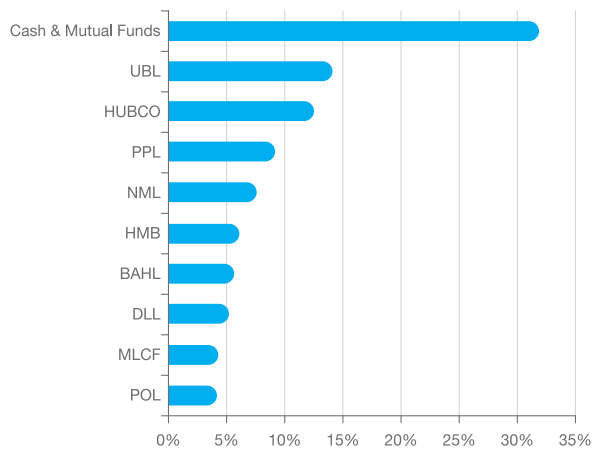
Capital Gains Rs.1,248 Million



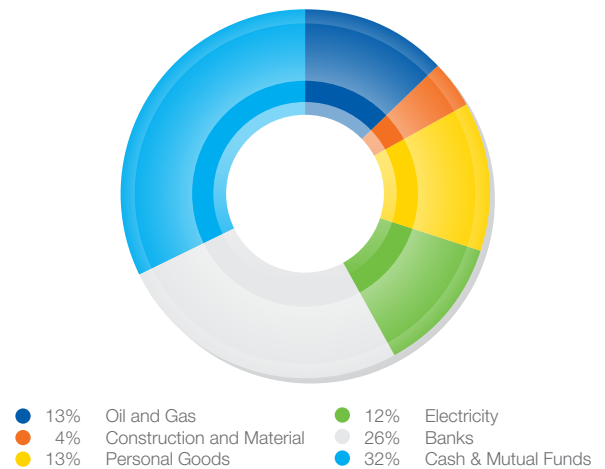
Dividend Income Rs.198 Million



Portfolio Breakup based on Top Ten Holdings* as at December 31, 2013



Sector wise Break-up Based on Top Ten Holdings* as at December 31, 2013



* Top Ten Holdings represent 89% of the total portfolio

Insurance - Discontinued Operations

During the year under review, the net loss after tax from insurance has been recorded at Rs.1 million which was the same last year reflecting no change. The company has discontinued its insurance business and license was revoked in November 2011.

During 2013 profit after tax stood at Rs.1,177 million as compared to Rs.1,429 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2012 and 2013 is as under:

	PAT/(LAT) Rs. in Million	EPS/(LPS) Rupees
Continuing Operations	1,177	20.07
Discontinued Operations	(1)	(0.01)
	1,176	20.06

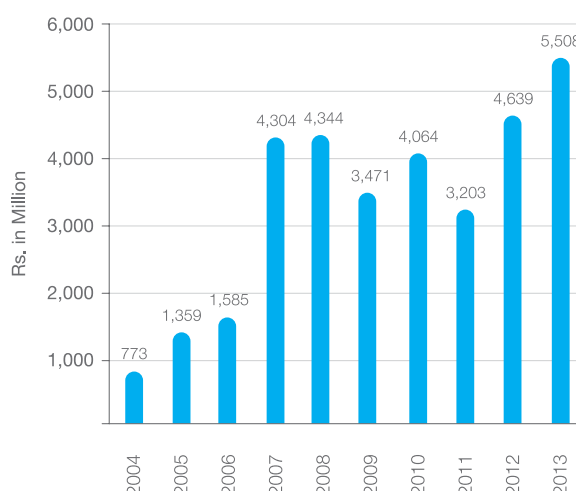
Rs. in Million

CONTINUING OPERATIONS			
	2013	2012	Change
Return on Investments	203	307	(34%)
Gain on Sale of Investments - Net	483	1,239	(61%)
Other Income	6	6	-
	692	1552	(55%)
Unrealized appreciation	765	234	227%
Provision for Impairment	-	(51)	-
	1,457	1,736	(16%)
Operating & Administrative Expenses	(244)	(231)	(6%)
Financial Charges	-	-	-
	(244)	(231)	(6%)
PBT	1,213	1,504	(19%)
Taxation	(36)	(75)	52%
PAT	1,177	1,429	(18%)
EPS – Rupees	20.07	24.38	(18%)

Rs. in Million

DISCONTINUED OPERATIONS			
	2013	2012	Change
Net expense	(1)	(1)	-
LBT	(1)	(1)	-
LAT	(1)	(1)	-
LPS - Rupees	(0.01)	(0.02)	50%

Total Assets



Earnings Per Share

During the year the company posted earnings per share of Rs.20.06 compared to earnings per share of Rs.24.36 in 2012.

Private Equity Update

During the year ended December 31, 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; one in the Telecommunication Sector, and the other in logistics. In addition to the two opportunities in advanced stages, the company is at various stages of transaction evaluation with 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.

Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2013 stood at Rs.1,176 million compared to profit after tax of Rs.1,428 million last year.

The Board now recommends a final cash dividend of 50% (Rs. 5 per share) for the year ended December 31, 2013. This is in addition to interim cash dividend of 50% (Rs.5 per share.)

Objectives and Corporate Strategy

Company's sound and satisfactory performance for last two 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 strategy 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 not been utilized during this year and will be used as and when any arbitrage opportunity arises.

Company 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 includes public equities and money market mutual funds.

Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs.586.28 million. Shareholders' fund at the year-end totaled Rs.5,311million. The liquidity position of the Company remains strong with a year-end current ratio of 34 (2012: 31).

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.

Relationship 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. Besides, significant progress has been made towards the implementation of certain other key applications, i.e. human resource management, risk management, enterprise general ledger and fixed assets module. We are hopeful that by the above developments, the operational capabilities of relevant department of the Company will be improved and this will support for improvement of internal controls and effective management information system.

Human Resources Development, Training & Succession Planning

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

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

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

Internal Control

The internal control framework has been effectively implemented through an independent outsourced Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company. The Internal Audit function has carried out its duties under the charter defined by the 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

CSR Activity:

Most of the peoples of our country are living in remote downgraded areas in Pakistan and cannot access or afford education in order to improve the education in the country. With this assumption Cyan borne the cost of one graduate learners of IDSP - Pakistan Institute for Development Studies and Practices. IDSP is a national human resource development institute based in Quetta since 1998, a nonprofit institute. IDSP offers theory and practice based community development courses, for young people across the country who are looking for a meaningful direction in their life. Since its inception, 6,000 learners have graduated from IDSP across Pakistan. These graduates are engaged in constructive and community development projects and programs. The company also participated in the fund raising event organized by Patients Aid Foundation for installation and smooth operation of CyberKnife - a state of the art robotic radiosurgery machine used in the treatment of cancerous tumours whilst eliminating tissue trauma at JPMC. The Company also contributed funds for sending goods and supplies to people of Thar who are facing an acute famine situation due to drought. Further the Company also sponsored the Gold Package for a 4 day PAFMUN (PAF Chapter Model United Nations Conference) organized by The City School PAF Chapter.

Energy Conservation

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

Occupational Health, Safety & Environmental 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.46.37 million to the National Exchequer by way of taxes, during the year 2013.

Corporate Award

The Company has been selected and ranked 9th on the Top 25 companies for the year 2012 by Karachi Stock Exchange on January 16, 2014. Cyan was selected by the KSE on the basis of a comprehensive parameter, which includes dividend payouts, return on equity, compliance with Listing Regulations and sound corporate governance practices.

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 and the process has been completed and the rating is awaited.

Related Party Transactions

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

Material Information

During the year an Extra-ordinary General Meeting of the Company was held whereat shareholders have passed special resolutions to form a Fund Management Company as a wholly owned subsidiary of Cyan to be known as 'Cyan Equity Partners Limited' or such other name, as may be available at the Company Registration Office, to be constituted as a Non-Banking Finance Company for launching private Equity Fund(s) and for providing Fund Management Services under the Private Equity and Venture Capital Fund Regulations, 2008.

The Company is yet to file the application for formation of the FMC with SECP.

Board of Directors

The Board comprises of Seven Directors

Subsequent to the Balance Sheet date Mr. Isar Ahmad resigned from the Board and casual vacancy has been filled up through appointment of Mr. Faisal Nadeem Mangrora.

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 Stock Exchanges.

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, 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. One director has fifteen years or more of experience on the board and two directors have obtained certification under the directors' training program as stipulated in the Code of Corporate Governance.

Safeguarding of Company Records

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

Board Meetings

During the year under review, four (4) meetings of the Board of Directors were held, which were all presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings as were required by the Code of Corporate Governance. Attendance by each director was as follows:

		No. of meetings held	No. of meetings attended
Shabbir Hussain Hashmi	(Chairman)	4	4
A. Samad Dawood	(CEO/Director)	4	4
Isar Ahmad	(Director)	4	3
Shafiq Ahmed	(Director)	4	4
M. Jawaid Iqbal	(Director)	4	1
Shahid Hamid Pracha	(Director)	4	4
Ruhail Yousuf Muhammad	(Director)	4	1

Board Audit Committee Meetings

		No. of meetings held	No. of meetings attended
Shahid Hamid Pracha	(Chairman)	4	4
Shafiq Ahmed	(Member)	4	4
Ruhail Yousuf Muhammad	(Member)	4	1

Board Investment Committee Meetings

		No. of meetings held	No. of meetings attended
Shabbir Hussain Hashmi	(Chairman)	3	3
Isar Ahmad	(Member)	3	3
M. Jawaid Iqbal	(Member)	3	1
Ruhail Yousuf Muhammad	(Member)	3	2

Board HR & Remuneration Committee Meetings

There was no Board HR & Remuneration Committee Meeting held during the year.

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 judgment.
- 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 in the Listing Regulations of the stock exchanges 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, 2013 is Rs.14.10 million
- j) No Trading of shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year were reported:.
- k) Mr. A. Samad Dawood and Mr. Ruhail Yousuf Muhammad are certified Directors under Director training program from Pakistan Institute of Corporate Governance (PICG).

Ownership

As at December 31, 2013, there were 991 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2013, 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 54th 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, 2014. 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 early signs of revival and overall optimism with the change in the political setup. The Company is actively undertaking growth equity and portfolio management business and the outlook is positive. The management team under its CEO is fully committed to effectively implement the new 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 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: February 24, 2014



corporate social responsibility

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

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

Cyan CSR activities will focus on the following areas:

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

Cyan considers the following factors while shortlisting the project:

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



IDSP offers theory and practice based community development courses, for young people across the country.



Cyan contributed funds for sending goods and supplies to people of Thar.



Cyan borne the cost of one graduate learner at IDSP.



Distribution of goods and supplies to people of Thar.

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 Exchanges

Cyan equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

Listing Fees

The annual listing fee for the financial year 2013-2014 has been paid to both the stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of Cyan at KSE and in LSE is "CYAN".

Investor Service Centre

CYAN share department is operated by Technology Trade (Pvt.) Ltd, Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 991 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. Ghulam Haider, Head of Compliance 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. Ghulam Haider
Tel# (92-21) 35634290-3

Contact Person:
Registrar Office
Mr. M. Junaid Dagia
Tel# (92-21) 34391316-7 & 19

Services Standards

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

	For request 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 Listing Regulations.

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 50% (Rs.5 per share). This is in addition to the interim dividend of 50% (Rs. 5.00 per share) already paid during the year making total 100% cash dividend, Rs.10 per share (2012: 40% Cash Dividend and bonus share in proportion of 5 shares for every 10 shares held i.e., 50%) 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 April 22, 2014 to April 30, 2014 both days inclusive.

Dividend Payment

Dividend declared and approved at the Annual General Meeting will be paid on or after April 30, 2014, 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:

Under Section 150 of the Income Tax Ordinance, 2001, tax on dividend payable to a shareholder is to be withheld and will be paid to the Government @ 10% unless the shareholder's income is tax-exempt. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001.

Zakat has already been deducted on the payment of Interim Dividend (D-60) for the financial year 2013 being the first payment of Dividend after the current valuation i.e. July 9, 2013. No 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 as on April 21, 2014. 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 detail 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 web site, www.cyanlimited.com. The web site contains the latest financial results of the Company.

key financial highlights

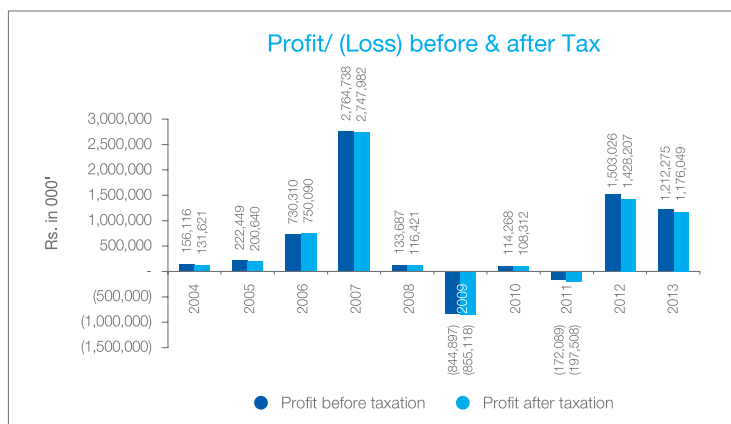
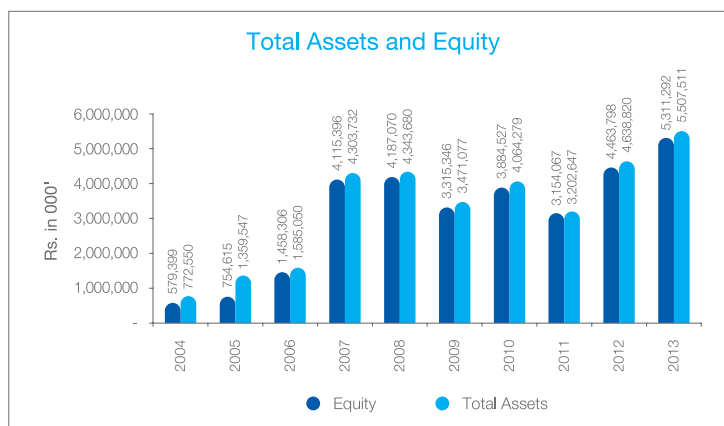
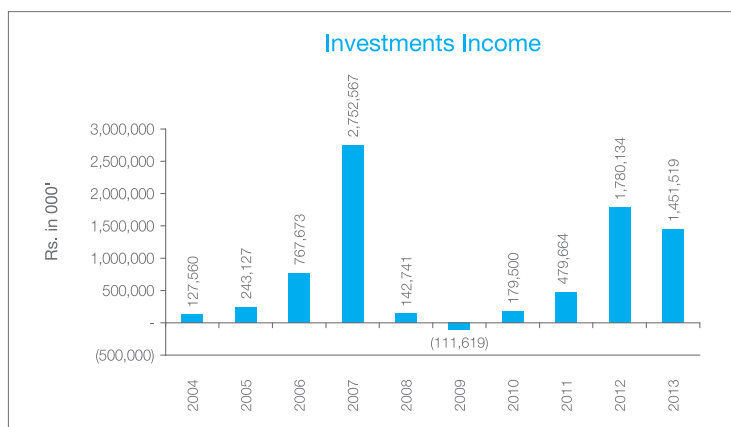
Ten Years at a Glance

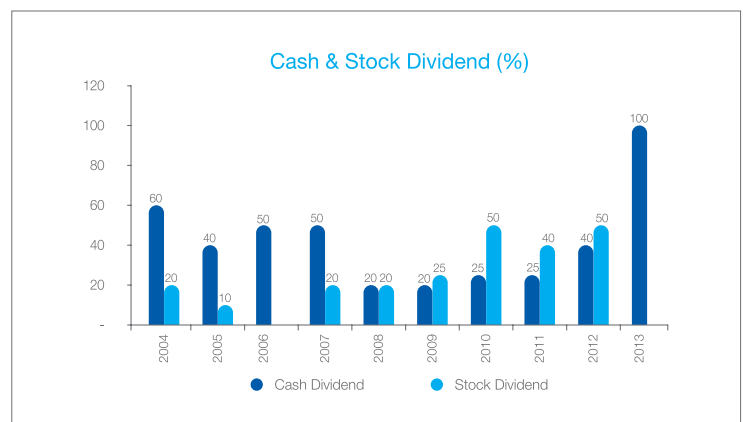
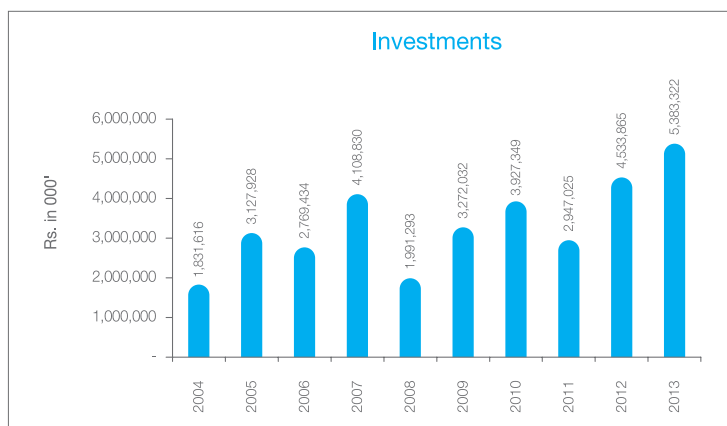
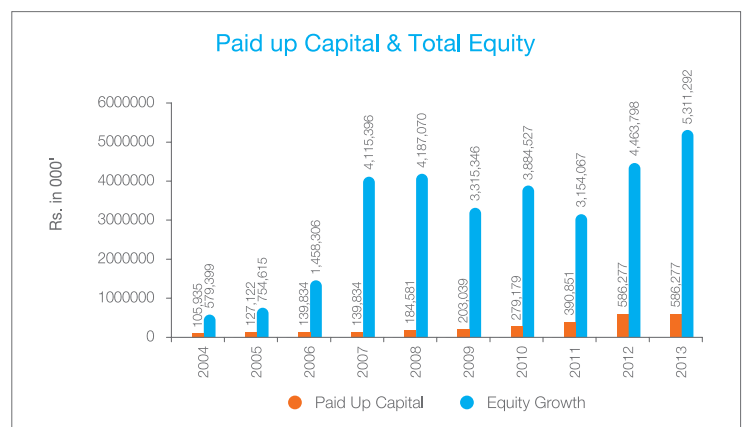
Particulars	2004	2005	2006
	Rupees in '000		
Earnings			
Investments Income / (loss)	127,560	243,127	767,673
Profit / (loss) before taxation	156,116	222,449	730,310
Profit / (loss) after taxation	131,621	200,640	750,090
Pay Out Information %			
Cash Dividend	60	40	50
Stock Dividend	20	10	-
Balance Sheet			
Paid Up Capital	105,935	127,122	139,834
Equity	579,399	754,615	1,458,306
Investments	1,831,616	3,127,928	2,769,434
Cash & Cash Equivalents	109,758	87,857	307,548
Fixed Assets	4,633	6,158	5,624
Total Assets	772,550	1,359,547	1,585,050
Operating Performance			
Earning Per Share (Rupees)	10.35	14.35	53.64
Break up Value per Share (Rupees)	54.69	59.36	104.29
Absolute Return on Investments %	27.99	22.12	66.98
Return on Equity	24.13	30.08	67.79

2007	2008	2009	2010	2011	2012	2013
			Restated		Restated	
Rupees in '000						
2,752,567	142,741	(111,619)	179,500	(118,836)	1,735,566	1,457,114
2,764,738	133,687	(844,897)	114,268	(172,089)	1,503,026	1,212,275
2,747,982	116,421	(855,118)	108,312	(197,508)	1,428,207	1,176,049
50	20	20	25	25	40	100
20	20	25	50	40	50	-
		Restated	Restated			
139,834	184,581	203,039	279,179	390,851	586,277	586,277
4,115,396	4,187,070	3,315,346	3,884,527	3,154,067	4,463,798	5,311,292
4,108,830	1,991,293	3,272,032	3,927,349	2,947,025	4,533,865	5,383,322
97,520	64,773	65,136	10,296	19,230	13,494	17,835
4,103	3,187	2,558	1,944	1,590	26,194	22,814
4,303,732	4,343,680	3,471,077	4,064,279	3,202,647	4,638,820	5,507,511
148.88	5.73	(30.63)	2.77	(3.37)	24.36	20
294.31	227.13	163.29	139.14	53.79	76.14	90.59
68.51	3.11	(3.43)	4.57	(3.00)	58.89	32.14
98.61	2.80	(22.80)	3.01	(5.61)	37.49	24.10

key financial highlights

Ten Years at a Glance





ratio analysis

Ratios	Unit	2008	2009	2010	2011	2012	2013
Profitability Ratio							
Profit before tax ratio	%	87	NA	79	NA	87	83
Gross Yield on Earning Assets	%	4	-25	4	-4	38	27
Cost / Income ratio	%	13	-3	27	-53	13	17
Return on Equity	%	3	-26	3	-6	32	22
Return on Capital Employed	%	3	-23	3	-6	37	24
Liquidity Ratios							
Current ratio	Times	28	22	22	68	30	34
Investment / Market Ratios							
Earnings per share (EPS - Basic)	Rs.	1.99	(14.59)	1.85	(3.37)	24.36	20.06
Price Earnings ratio	Times	37.41	NA	36.22	NA	2.18	3.84
Price to Book ratio	Times	0.50	0.62	0.48	0.62	0.70	0.85
Dividend Yield ratio	%	3	3	4	5	8	13
Dividend Payout ratio	Times	1.01	NA	1.35	NA	0.16	0.50
Dividend Cover ratio	%	201	NA	405	NA	37	50
Market Value per share							
- At the end of the year	Rs.	74	74	67	50	53	77
- High during the year	Rs.	250.40	77.38	94.84	116	91	85
- Low during the year	Rs.	74.45	35.50	47.75	54	48	47
Capital Structure Ratios							
Earning assets to total assets ratio	Times	0.96	0.96	0.97	0.93	0.98	0.98
Break-up Value /Net Assets per share	Times	150	119	139	81	76	91



comments ratio analysis

Profitability Ratio

Due to change of business model in 2011, the company is actively involved in public equities and has successfully generated excellent results in 2012 & 2013. Cost has increased due to hiring of professionals for the Growth Equity Business.

Current Ratios

All investments are maintained in blue chip stocks and high rated mutual funds.

Earnings Per Share (EPS)

The Company's Earnings have significantly improved in 2012 & 2013 after the business restructuring in 2011.

Price Earnings Ratio

Due to consistent performance in 2012 & 2013, the Cyan stock has re rated from 2.18 to 3.84 (times).

Price to Book Ratio

The investors have shown greater confidence on Cyan and accordingly, the price to book value increased from 0.70 to 0.85 (times).

Dividend Yield Ratio

Due to excellent performance of the Company's investment portfolio, the dividend yield to the investors increased from 8% to 13%.

Dividend Payout Ratio

50% retained earnings are distributed and remaining are held for investment management.

Earning Assets to Total Assets Ratio

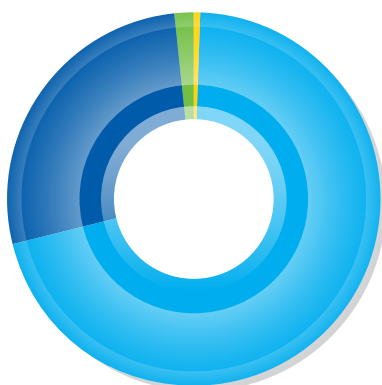
Majority of the Company assets are deployed for generating attractive returns.

Break-Up Value /Net Assets Per Share

Over the period, book value per share has been reduced due to capitalization of retained earnings by issuing bonus shares.

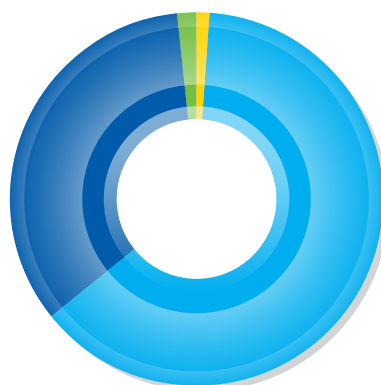
balance sheet composition

Total Assets - 2013



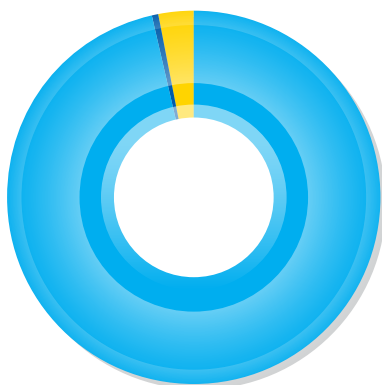
- 0.6% Long term assets
- 70.7% Investments in Equities
- 27.1% Investments in Cash, Debt and Mutual Funds
- 1.6% Other Current assets

Total Assets - 2012



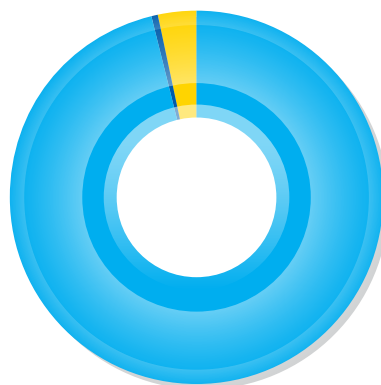
- 1.3% Long term assets
- 62.9% Investments in Equities
- 34.3% Investments in Cash, Debt and Mutual Funds
- 1.5% Other Current assets

Shareholders' Equity and Liabilities - 2013



- 96.4% Share Capital and Reserve
- 0.7% Non-Current Liabilities
- 2.9% Current Liabilities

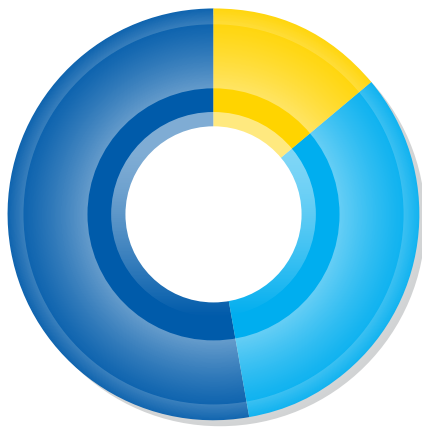
Shareholders' Equity and Liabilities - 2012



- 96.2% Share Capital and Reserve
- 0.6% Non-Current Liabilities
- 3.2% Current Liabilities

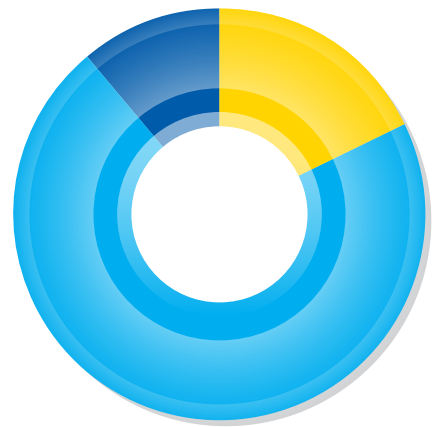
analysis of profit & loss account

Analysis of Top Line Revenue - 2013



15% Return on investments
33% Gain on sale of investments - net
52% Unrealised gain - net

Analysis of Top Line Revenue - 2012



18% Return on investments
71% Gain on sale of investments - net
11% Unrealised gain - net

horizontal analysis

Balance Sheet

Particulars	2008	2009	2010
		Restated	Restated
	Rupees in '000		
Cash and bank deposits	64,773	65,136	10,296
Loan to Employee	-	-	6,930
Investments	4,124,141	3,272,032	3,927,349
Deferred tax	850	828	(105)
Premiums due but unpaid	6,528	3,983	1,440
Amounts due from other insurers / reinsurers	10,730	4,304	13,692
Accrued investment income	1,229	386	657
Reinsurance recoveries against outstanding claims	32,528	69,396	48,337
Prepaid reinsurance premium ceded	60,413	32,415	29,495
Deferred Commission	269	110	253
Taxation - payments less provision	37,737	19,688	21,477
Advances, Prepayments Deposit & Sundry receivables	1,295	241	2,409
Fixed assets	3,187	2,558	1,944
Total Assets	4,343,680	3,471,077	4,064,174
Issued, subscribed and paid up share capital	184,581	203,039	279,179
Unappropriated profit	3,869,401	2,957,063	2,943,551
Reserves	133,088	133,088	133,088
Remeasurement of post employees benefits	-	-	-
Surplus on Revaluation - AFS Investments	-	22,156	528,709
Provision for outstanding claims [including IBNR]	52,768	93,719	71,416
Provision for unearned premium	59,914	34,633	31,062
Commission income unearned	3,351	2,833	1,974
Deferred liabilities	845	923	1,136
Deferred tax	-	-	-
Amounts due to other insurers / reinsurers	21,862	10,164	5,782
Accrued expenses	2,833	2,468	8,438
Other creditor and accruals	5,430	2,776	17,179
Short term running finance	-	-	33,852
Taxation - net	-	-	-
Unclaimed dividend	9,607	8,215	8,808
Total Shareholders' Equity and Liabilities	4,343,680	3,471,077	4,064,174

2011	2012	2013	09 Over 08	10 Over 09	11 Over 10	12 Over 11	13 Over 12
Restated	Restated						
Rupees in '000							
8,330	13,494	17,835	0.56%	-84.19%	-19.09%	61.99%	32.17%
7,892	7,492	6,960	-	100.00%	13.88%	-5.07%	-7.10%
2,947,025	4,533,865	5,383,322	-20.66%	20.03%	-24.96%	53.85%	18.74%
3,437	-	-	-2.59%	-112.68%	-3373.33%	-100%	-
24	13	-	-38.99%	-63.85%	-98.33%	-45.83%	-100%
17,638	28,780	18,144	-59.89%	218.12%	28.82%	63.17%	-36.96%
691	1,471	400	-68.59%	70.21%	5.18%	112.88%	-72.81%
25,352	5,406	5,406	113.34%	-30.35%	-47.55%	-78.68%	-
-	-	-	-46.34%	-9.01%	-	-	-
-	-	-	-59.11%	130.00%	-	-	-
5,104	-	-	-47.83%	9.09%	-76.24%	-	-
185,583	22,105	52,630	-81.39%	899.59%	7603.74%	-88.09%	138.09%
1,590	26,194	22,814	-19.74%	-24.00%	-18.21%	1547.42%	-12.90%
3,202,666	4,638,820	5,507,511	-20.09%	17.09%	-21.20%	44.84%	18.73%
390,851	586,277	586,277	10.00%	37.50%	40.00%	50.00%	-
2,592,494	3,688,477	4,395,503	-23.58%	-0.46%	-11.93%	42.28%	19.17%
133,088	133,088	133,088	-	-	-	-	-
(36)	(610)	(1,726)	-	-	-	-	-183%
37,670	56,566	198,150	-	2286.30%	-92.88%	50.16%	250.30%
29,002	9,025	9,025	77.61%	-23.80%	-59.39%	-68.88%	-
-	-	-	-42.20%	-10.31%	-100%	-	-
-	-	-	-15.46%	-30.32%	-100%	-	-
1,959	4,824	8,858	9.23%	23.08%	72.45%	146.25%	83.62%
-	20,103	26,890	-	-	-	100.00%	33.76%
3,038	1,725	587	-53.51%	-43.11%	-47.46%	-43.22%	-65.97%
4,870	75,543	85,037	-12.88%	241.90%	-42.28%	1451.19%	12.57%
383	36,590	25,573	-48.88%	518.84%	-97.77%	9453.52%	-30.11%
-	-	-	-	100.00%	100.00%	-	-
-	15,873	31,448	-	-	-	100.00%	98.12%
9,347	11,339	8,801	-14.49%	7.22%	6.12%	21.31%	-22.38%
3,202,666	4,638,820	5,507,511	-20.09%	17.09%	-21.20%	44.84%	18.73%

vertical analysis

Balance Sheet

Particulars	2008	2009	2010	2011
		Restated	Restated	Restated
	Rupees in '000			
Cash and bank deposits	64,773	65,136	10,296	8,330
Loan to Employee	-	-	6,930	7,892
Investments	4,124,141	3,272,032	3,927,349	2,947,025
Deferred tax	850	828	(105)	3,437
Premiums due but unpaid - unsecured	6,528	3,983	1,440	24
Amounts due from other insurers / reinsurers - unsecured	10,730	4,304	13,692	17,638
Accrued investment income	1,229	386	657	691
Reinsurance recoveries against outstanding claims	32,528	69,396	48,337	25,352
Prepaid reinsurance premium ceded	60,413	32,415	29,495	-
Deferred Commission	269	110	253	-
Taxation - payments less provision	37,737	19,688	21,477	5,104
Advances, Prepayments Deposit & Sundry receivables	1,295	241	2,409	185,583
Fixed assets	3,187	2,558	1,944	1,590
Total Assets	4,343,680	3,471,077	4,064,174	3,202,666
Issued, subscribed and paid up share capital	184,581	203,039	279,179	390,851
Unappropriated profit	3,869,401	2,957,063	2,943,551	2,592,494
Reserves	133,088	133,088	133,088	133,088
Remeasurement of post employees benefits				(36)
Surplus on Revaluation - AFS Investments	-	22,156	528,709	37,670
Provision for outstanding claims [including IBNR]	52,768	93,719	71,416	29,002
Provision for unearned premium	59,914	34,633	31,062	-
Commission income unearned	3,351	2,833	1,974	-
Deferred liabilities	845	923	1,136	1,959
Deferred tax	-	-	-	-
Amounts due to other insurers / reinsurers	21,862	10,164	5,782	3,038
Accrued expenses	2,833	2,468	8,438	4,870
Other creditor and accruals	5,430	2,776	17,179	383
Short term running finance	-	-	33,852	-
Taxation - net	-	-	-	-
Unclaimed dividend	9,607	8,215	8,808	9,347
Total Shareholders' Equity and Liabilities	4,343,680	3,471,077	4,064,174	3,202,666

2012	2013	2008	2009	2010	2011	2012	2013
Restated							
Rupees in '000							
13,494	17,835	1.49%	1.88%	0.25%	0.26%	0.29%	0.32%
7,492	6,960	-	-	0.17%	0.25%	0.16%	0.13%
4,533,865	5,383,322	94.95%	94.27%	96.63%	92.02%	97.74%	97.75%
-	-	0.02%	0.02%	-	0.11%	-	-
13	-	0.15%	0.11%	0.04%	-	-	-
28,780	18,144	0.25%	0.12%	0.34%	0.55%	0.62%	0.33%
1,471	400	0.03%	0.01%	0.02%	0.02%	0.03%	0.01%
5,406	5,406	0.75%	2.00%	1.19%	0.79%	0.12%	0.10%
-	-	1.39%	0.93%	0.73%	-	-	-
-	-	0.01%	-	0.01%	-	-	-
-	-	0.87%	0.57%	0.53%	0.16%	-	-
22,105	52,630	0.03%	0.01%	0.06%	5.79%	0.48%	0.96%
26,194	22,814	0.07%	0.07%	0.05%	0.05%	0.56%	0.41%
4,638,820	5,507,511	100%	100%	100%	100%	100%	100%
586,277	586,277	4.25%	5.85%	6.87%	12.20%	12.64%	10.65%
3,688,477	4,395,503	89.08%	85.19%	72.43%	80.95%	79.52%	79.81%
133,088	133,088	3.06%	3.83%	3.27%	4.16%	2.87%	2.42%
(610)	(1,726)	-	-	-	-	-0.01%	-0.03%
56,566	198,150	-	0.64%	13.01%	1.18%	1.22%	3.60%
9,025	9,025	1.21%	2.70%	1.76%	0.91%	0.19%	0.16%
-	-	1.38%	1.00%	0.76%	-	-	-
-	-	0.08%	0.08%	0.05%	-	-	-
4,824	8,858	0.02%	0.03%	0.03%	0.06%	0.10%	0.16%
20,103	26,890	-	-	-	-	0.43%	0.49%
1,725	587	0.50%	0.29%	0.14%	0.09%	0.04%	0.01%
75,543	85,037	0.07%	0.07%	0.21%	0.15%	1.63%	1.54%
36,590	25,573	0.13%	0.08%	0.42%	0.01%	0.78%	0.46%
-	-	-	-	0.83%	-	-	-
15,873	31,448	-	-	-	-	0.34%	0.57%
11,339	8,801	0.22%	0.24%	0.22%	0.29%	0.24%	0.16%
4,638,820	5,507,511	100%	100%	100%	100%	100%	100%

horizontal & vertical analysis

Horizontal Analysis (Profit and Loss Account)

Particulars	2008	2009	2010
	Rupees in '000		
Net premium revenue	14,758	13,397	10,509
Net claims	(6,562)	(7,695)	(4,701)
Expenses	(6,263)	(10,075)	(15,315)
Net commission	13,060	15,147	13,503
Investment income	142,734	(111,619)	179,500
Provision for Impairment	(14,322)	(737,444)	(43,474)
Other income	3,399	6,136	3,433
Financial charges	(141)	(402)	(5,103)
General and administration expenses	(12,976)	(12,342)	(24,084)
Taxation	(17,266)	(10,221)	(5,956)
Profit / (Loss) after tax	116,421	(855,118)	108,312
Earnings / (Loss) per share - Rupees	5.73	(42.12)	2.77

Vertical Analysis (Profit and Loss Account)

Particulars	2008	2009	2010	2011
	Rupees in '000			
Net premium revenue	14,758	13,397	10,509	(4,503)
Net claims	(6,562)	(7,695)	(4,701)	9,588
Expenses	(6,263)	(10,075)	(15,315)	(19,647)
Net commission	13,060	15,147	13,503	1,727
Investment income	142,734	(111,619)	179,500	479,664
Provision for Impairment	(14,322)	(737,444)	(43,474)	(601,097)
Other income	3,399	6,136	3,433	2,597
Financial charges	(141)	(402)	(5,103)	(225)
General and administration expenses	(12,976)	(12,342)	(24,084)	(40,193)
Taxation	(17,266)	(10,221)	(5,956)	(25,419)
Profit / (Loss) after tax	116,421	(855,118)	108,312	(197,508)

Comments on the analysis - Vertical & Horizontal of Balance Sheet & Profit & Loss

1. The Company has earned Rs.1.77 billion profit after tax over the period since 2008. Out of Rs.1.77 billion, Rs.1.25 billion has been distributed as dividend to the shareholders. Rs.401 million in the form of stock dividend and remaining Rs.846 million in the form of cash dividend.
2. Due to retention of profitability amounting to Rs.526 million and stock dividend of Rs.401 million, the shareholder equity increased from Rs.4.19 billion to Rs.5.32 billion .

2011	2012	2013	09 Over 08	10 Over 09	11 Over 10	12 Over 11	13 Over 12
Rupees in '000			Percentage Change				
(4,503)	-	-	-9.22%	-21.56%	-142.85%	-	-
9,588	(37)	-	17.27%	-38.91%	-303.96%	-100.39%	100%
(19,647)	(978)	(768)	60.87%	52.01%	28.29%	-95.02%	-21.47%
1,727	-	-	15.98%	-10.85%	-87.21%	-	-
479,664	1,780,134	1,451,519	-178.20%	-260.81%	167.22%	271.12%	-18.46%
(601,097)	(50,506)	-	5049.03%	-94.10%	1282.66%	-91.60%	100%
2,597	5,938	5,595	80.52%	-44.05%	-24.35%	128.65%	-5.78%
(225)	(209)	(235)	185.11%	1169.40%	-95.59%	-7.11%	12.44%
(40,193)	(231,316)	(243,836)	-4.89%	95.14%	66.89%	475.51%	5.41%
(25,419)	(74,819)	(36,226)	-40.80%	-41.73%	326.78%	194.34%	-51.58%
(197,508)	1,428,207	1,176,049	-834.50%	-112.67%	-282.35%	-823.11%	-17.66%
(3.37)	24.36	20.06	-835.08%	-106.58%	-221.66%	-822.85%	-17.65%

2012	2013	2008	2009	2010	2011	2012	2013
Rupees in '000		Percentage Change					
-	-	12.68%	-1.57%	9.70%	2.28%	0.00%	0.00%
(37)	-	-5.64%	0.90%	-4.34%	-4.85%	-0.00%	0.00%
(978)	(768)	-5.38%	1.18%	-14.14%	9.95%	-0.07%	-0.07%
-	-	11.22%	-1.77%	12.47%	-0.87%	0.00%	0.00%
1,780,134	1,451,519	122.60%	13.05%	165.72%	-242.86%	124.64%	123.42%
(50,506)	-	-12.30%	86.24%	-40.14%	304.34%	-3.54%	0.00%
5,938	5,595	2.92%	-0.72%	3.17%	-1.31%	0.42%	0.48%
(209)	(235)	-0.12%	0.05%	-4.71%	0.11%	-0.01%	-0.02%
(231,316)	(243,836)	-11.15%	1.44%	-22.24%	20.35%	-16.20%	-20.73%
(74,819)	(36,226)	-14.83%	1.20%	-5.50%	12.87%	-5.24%	-3.08%
1,428,207	1,176,049	100.00%	100%	100%	100%	100%	100%

- Internal reserves in the form of retained earnings is maintained to fund investment portfolio of the Company, due to which investments increased from Rs.4.12 billion to Rs.5.38 billion.

summary of six years cash flow at a glance

	2008	2009	2010	2011	2012	2013
Cash & Cash equivalents at the beginning of the year	97,520	64,773	63,136	(25,924)	8,330	13,494
Net Cash flow from operating activities	(56,582)	(30,635)	(89,293)	10,189	8,251	(491,672)
Net Cash flow from investing activities	23,835	30,998	233	24,065	(3,087)	496,013
Net increase/(decrease) in cash & cash equivalent	(32,747)	363	(89,060)	34,254	5,164	4,341
Cash & Cash equivalents at the end of the year	64,773	65,136	(25,924)	8,330	13,494	17,835

Over the years cash balances have been reduced as Company is now managing its surplus cash by investing in mutual funds for reaping tax efficient returns.



quarterly analysis

For the Year Ended December 31, 2013

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	----- Rupees in 000 -----				
Revenue	382,104	502,820	165,031	407,159	1,457,114
Return on investments	85,269	8,830	79,618	29,437	203,154
Gain on sale of investments - net	86,098	33,028	235,894	128,474	483,494
Other income	393	3,685	371	1,146	5,595
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	210,344	457,277	(150,852)	175,474	692,243
Profit after Taxation	320,132	436,049	114,380	305,488	1,176,049
Net Assets (As at)	4,630,744	5,104,509	4,967,393	5,507,511	-

REVENUE:

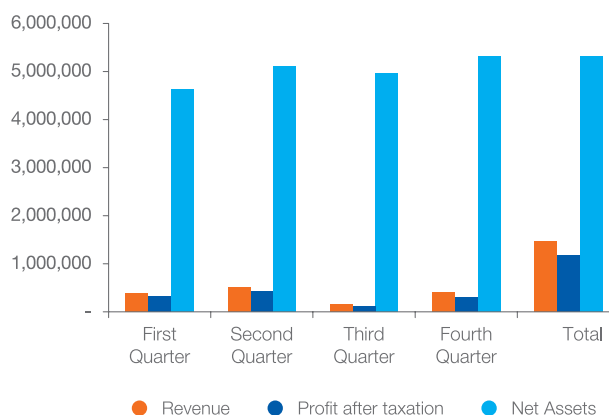
Except for Q3, Gross Revenue have shown increasing trend in all quarters due to positive performance of KSE-100 Index in the relevant quarters. Return on investment mainly comprise dividend income, that have shown increasing trend in Q1 and Q3 due to corporate announcements' book closure.

PROFIT AFTER TAXATION

Profit after Taxation (PAT) increased in Q2 as compared to Q1 mainly due to increased in unrealized gain on investments. However, due to reversal in unrealized gain and mark to market loss on investment - net profit after tax reduced to Rs.114 million in Q3.

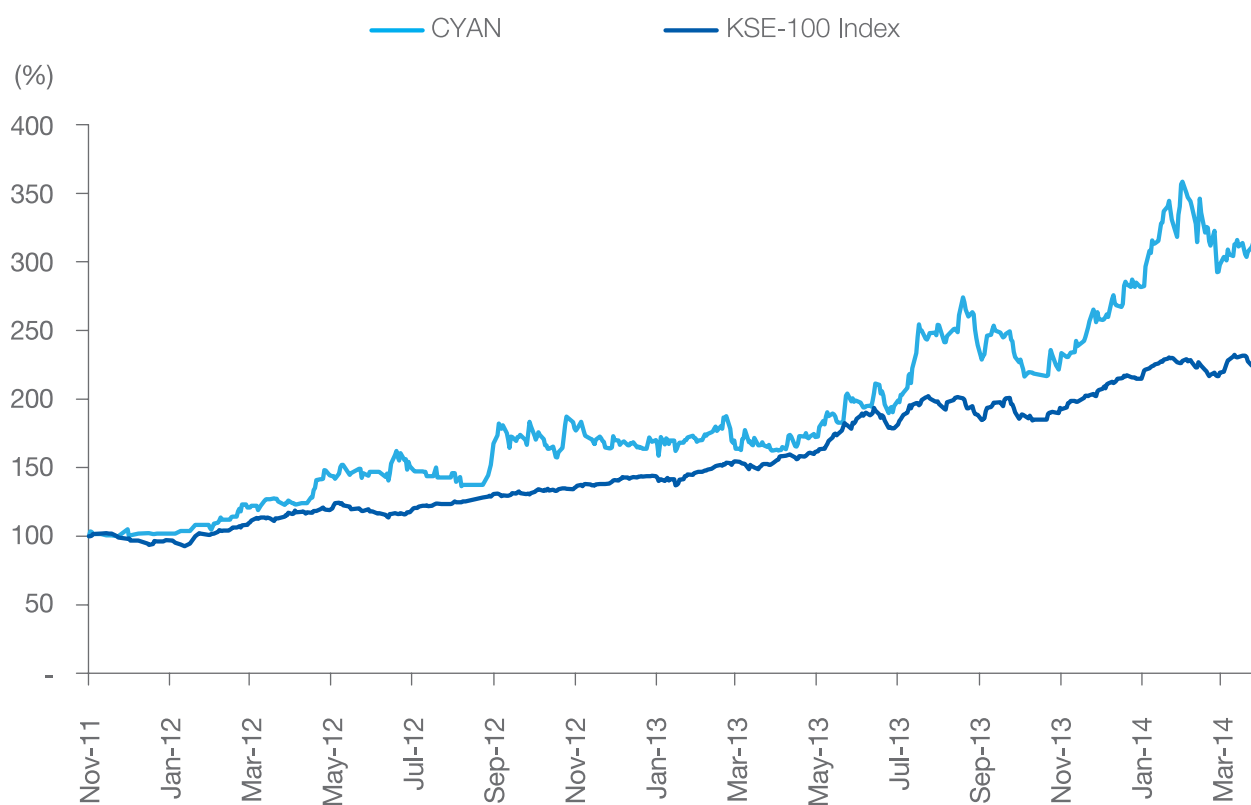
NET ASSETS / SHARE CAPITAL AND RESERVES

Net Assets have shown increasing trend in all quarters except for Q3 in which the Company paid dividend worth of Rs.293 million.





share price sensitivity analysis



The Company revoked its insurance business on November 30, 2011. Since November 2011, Cyan's stock returned 207% as against the KSE - 100 Index performance of 130%.

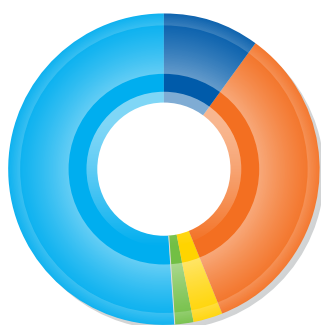
The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as available for sale and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies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

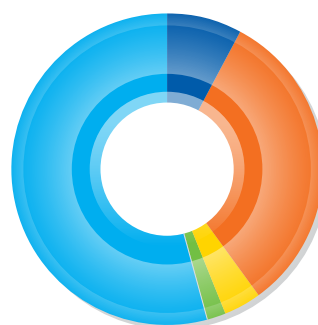
Value added	2013 Rs. 000	%	2012 Rs. 000	%
Return on investments	203,154		307,074	
Capital gains	483,494		1,239,085	
Unrealized gain - Net	764,871		183,469	
Other income	5,595		5,938	
Gross Revenue	1,457,114		1,735,566	
Less: Administrative expenses	81,543		71,400	
	1,375,571	100%	1,664,166	100%
Value Allocated				
To Employees				
Salaries, allowances and other benefits	133,535	10%	125,042	8%
To Shareholders				
Cash Dividend	469,023	34%	332,224	20%
Bonus	-		195,426	12%
To Government				
Company Taxation	36,226	3%	74,819	4%
To Society				
Workers' Welfare Fund	23,854	2%	33,787	2%
To expansion				
Depreciation and amortization	5,907	0%	2,311	0%
To growth				
As Reserve and Retained earning	707,026	51%	900,557	54%
	1,375,571	100%	1,664,166	100%

Value Allocated 2013



- 10% Salaries, allowances and other benefits
- 34% Cash and Stock Dividend
- 3% Company Taxation
- 2% Workers' Welfare Fund
- 0% Depreciation and amortization
- 51% As Reserve and Retained earning

Value Allocated 2012



- 8% Salaries, allowances and other benefits
- 32% Cash and Stock Dividend
- 4% Company Taxation
- 2% Workers' Welfare Fund
- 0% Depreciation and amortization
- 54% As Reserve and Retained earning

directors' profile



Shabbir Hussain Hashmi
Chairman

Shabbir Hashmi has more than 30 years of project finance and private equity experience. At Actis Capital, one of the largest private equity investors in the emerging market, he had led the Pakistan operations. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc for Pakistan and Bangladesh. He also had a long stint with USAID and later briefly with the World Bank in Pakistan, specializing in planning and development of energy sector of the country. Apart from holding more than 24 board directorships as a nominee of CDC/Actis in the past, he is currently serving as an independent director on several companies from manufacturing to financial services. He is also on the board of governors of The HelpCare Society which is operating K-12 schools in Lahore for underprivileged children. He is an engineer from Dawood College of Engineering & Technology, Pakistan and holds an MBA from J.F. Kennedy University, USA.



Shahid Hamid Pracha
Director

Mr. Pracha serves as Chief Executive of Dawood Hercules Corporation Limited and Chairman of DH Fertilizers Limited, Dawood Lawrencepur Limited, and Tenaga Generasi Limited. He is also a Director on the Boards of Hub Power Company Limited, Engro Corporation, Engro Fertilizer Ltd., e2e Business Enterprises (Private) Limited, Cyan Ltd., Engro Powergen Ltd. and Engro Powergen Qadirpur Ltd. He previously served as Chief Executive of the Dawood Foundation, the philanthropic arm of the Dawood Hercules Group. Whilst in that role, he was concurrently the first CEO of The Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

Mr. Pracha is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood Hercules Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK.



Shafiq Ahmed
Director

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 Financial and Corporate Affairs at the Holding Company Level as General Manager Finance & Company Secretary. He is also serving on the Board of Directors of Dawood Lawrencepur Limited and Tenaga Generasi Limited. Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 19 years working with industry leaders and pioneers in these fields. He is a Fellow Chartered Accountant of the Institute of Chartered Accountants of Pakistan and holds a degree in Law.



M. Jawaid Iqbal
Director

Muhammed Jawaid Iqbal is currently serving Allied Bank Limited as Group Chief, Corporate and Investment Banking and Treasury. Mr. Iqbal is a Chartered Financial Analyst and holds a Masters degree in Business Administration with extensive experience in the field of Corporate & Investment Banking. Allied Bank is one of the leading corporate and investment banks in the country. The Corporate & Investment Banking Group has been the recipient of numerous awards conferred by locally and internationally recognized institutions.



Ruhail Yousuf Muhammad
Director

Ruhail Muhammad is currently the Chief Executive Officer of Engro Fertilizers Limited. Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited. He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst. Ruhail has 28 years of Financial & Commercial experience and prior to becoming CEO has worked in areas such as treasury, commodity & currency trading, derivatives, merger & acquisitions, risk management, strategy & financial planning. He has worked in these areas in Pakistan, UAE and Europe. He is on the Board of Engro Corporation Limited and its various subsidiaries. In addition, he is also on the Board of Hub Power Company Limited & Pakistan Institute of Corporate Governance.



Isar Ahmad
Director

Mr. Ahmad has diversified experience of working in senior management positions in multinational and large Pakistani organizations, having served as Chief Executive of Dawood Hercules Corporation Limited, Chief Executive of DH Fertilizers Ltd., Finance Director, Supply Chain Director and Head of Business Unit at Reckitt Benckiser, Managing Director, Haleeb Foods, as well as having been the Financial Advisor at Indus Motor Company Limited. He holds a Masters Degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants of England & Wales. He also serves as a Director on the Boards of Dawood Hercules Corporation Limited and Engro Polymer and Chemicals Limited.



A. Samad Dawood
Director/CEO

Mr. Samad Dawood is a graduate in Economics from University College London, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He is also the Chief Executive of Dawood Corporation (Pvt.) Limited. He also serves as Director on the Board(s) of Engro Corporation Limited, DH Corporation Limited, The Hub Power Company Limited, Dawood Lawrencepur Limited, Engro Foods Limited, , Engro Fertilizers Limited, DH Fertilizers Limited, and Tenaga Generasi Limited. Mr. Samad is a member of Young Presidents' Organization, Pakistan Chapter.

management team



Sulaiman S. Mehdi
Chief Operating Officer

Sulaiman is the Chief Operating Officer of Cyan. Sulaiman led the insurance license revocation process for Central Insurance Company Limited ("CICL"). The revocation of CICL's insurance license and its business restructuring is a landmark transaction, and the first of its kind in Pakistan.

Sulaiman has over 13 years of experience working with leading Financial Services Groups in senior positions in the area of operations, investments, marketing, legal and corporate affairs. Prior to joining Cyan, he served as Chief Operating Officer and Company Secretary of ABL Asset Management Company Limited ("ABL AMCL"). During his tenure at ABL AMCL, assets under management grew from PKR 1.8 billion to PKR 13 billion. Prior to joining ABL AMCL he was associated with Allied Bank Limited – Corporate and Investment Banking Group as Senior Vice President (SVP) and was largely responsible for the formation of ABL AMCL.

Prior to joining ABL AMCL, Sulaiman served as the Chief Operating Officer and Company Secretary of PICIC Asset Management Company Ltd. During his tenure the assets under management in the form of closed end funds grew from PKR 4.5 billion to PKR 19 billion.

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).



Faisal Nadeem Mangroria
CFO

Faisal is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG) and a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). He has 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 article-ship 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 of 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.



Isfandiyar Shaheen
Principal/Head of
Growth Equity Investments

Experience: Isfandiyar has eight years of experience in the field of Investment Banking, Consulting and Private Equity. Before joining Cyan, Isfandiyar served as the Head of Investment Banking at Foundation Securities where he co-managed the buy-side effort for United Energy Group to acquire British Petroleum's Assets in Pakistan – transaction valued at \$750 million. Prior to this, he was the founder and CEO of The Kadmos Initiative. Isfandiyar started his career at Seabury Group in New York, focusing on investment banking and consulting. He serves on the boards of Inbox Business Technologies (Private) Limited, Engro Eximp (Private) Limited and Sach (Private) Limited.

Education: Isfandiyar holds a B.A Economics & Mathematics from Franklin and Marshall College, USA.

Select Transactions:

- Acquisition of Midwest Air by TPG Capital (USA)
- Air Canada Technical by KKR (Canada)
- British Petroleum's Pakistan assets by United Energy Group (Pakistan)

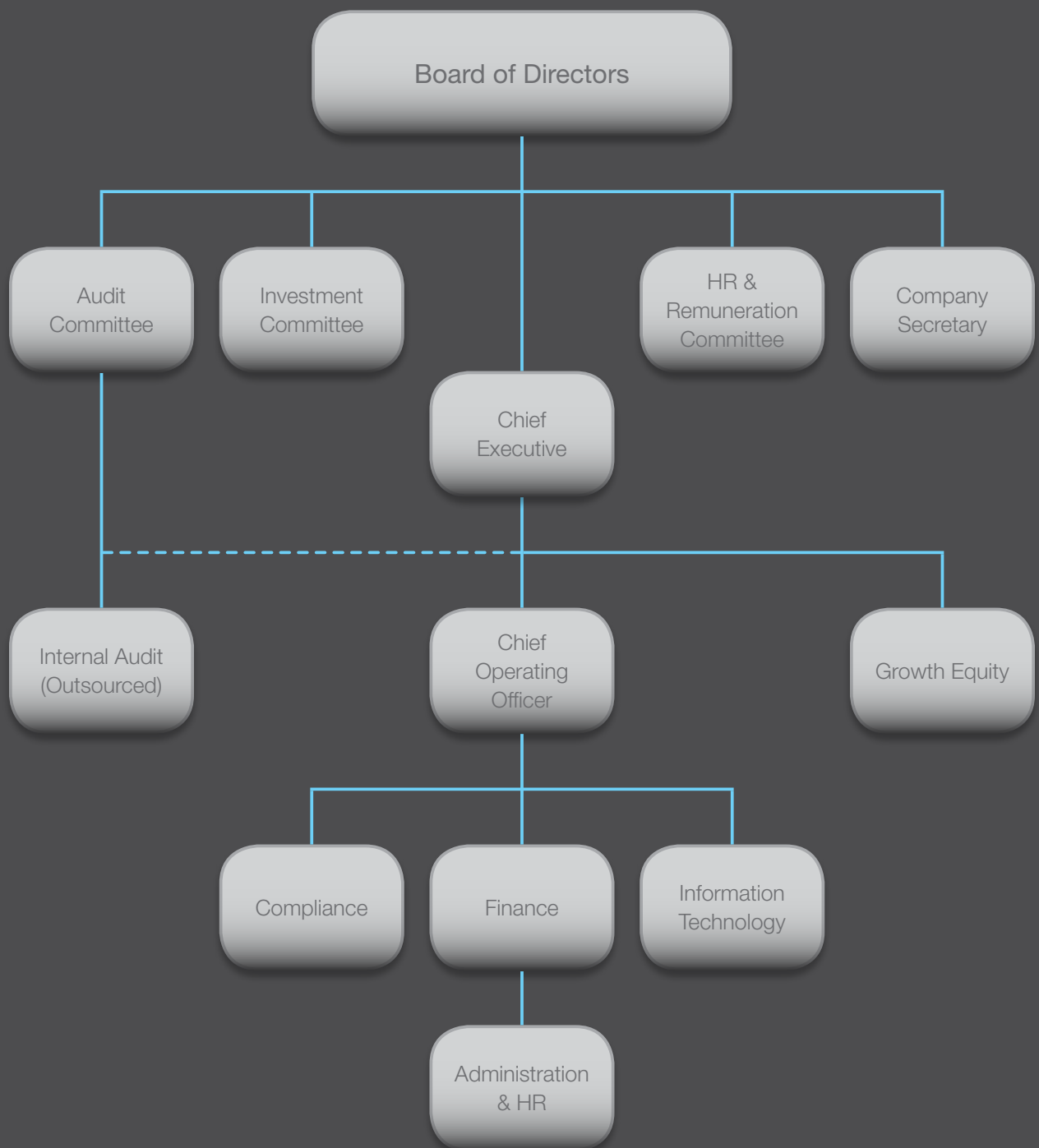


Umer Habib
Vice President

Experience: Umer has 5 years of private equity experience in Pakistan, evaluating, executing and monitoring transactions amounting to US\$ 70 million in various industries including agriculture, pharmaceuticals, power generation and financial infrastructure.

Education: He completed his Bachelor's Degree in Economics from Lahore University of Management Sciences and also holds an MBA Degree in Finance from the National University of Singapore

organizational structure



board committees

Board Audit Committee

The Board Audit Committee is composed of the following non-executive Directors:

1.	Mr. Shahid Hamid Pracha	Chairman
2.	Mr. Shafiq Ahmed	Member
3.	Mr. Ruhail Yousuf Muhammad	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

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;

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

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:

Ascertain that the integrity of internal control system including financial and operational controls, risk management, accounting system and reporting structure are adequate and effective;

Determine the appropriateness of measures to safeguard the Company's assets;

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;

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;

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;

Monitor the compliance with the best practices of corporate governance and identification of significant violations thereof.

C. Internal Audit Function

The Committee shall:

Review and discuss the adequacy of structure, responsibilities, staffing, resources and functioning of the company's internal audit department;

Review the preparation, execution and results of the company's annual internal audit work program;

Review and discuss the periodical internal audit reports;

Ensure that significant internal audit findings and recommendations and Management's responses are considered.

D. Financial Reporting

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:

Significant accounting and reporting issues, including professional and regulatory pronouncements and assess their impact on the company's financial statements;

Legal matters which could significantly impact the financial statements;

Annual financial statements and assess whether the financial statements reflect appropriate accounting principles;

The judgments made in preparing the company's financial statements, including any valuation of assets and liabilities, litigation, and other commitments and contingencies;

Significant or unusual events or transactions or adjustments resulting from the audit;

The going-concern assumption; and

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; and
- 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.

Board HR & Remuneration Committee

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

1.	Mr. Shabbir Hussain Hashmi	Chairman
2.	Mr. A. Samad Dawood	Member
3.	Mr. Shahid Hamid Pracha	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;
- (xi) to engage, through its Chair and in appropriate circumstances, at the expense of the Company, independent counsel and advisors; and to fulfill such other powers and duties as delegated to it by the Board.

Board Investment Committee

The Board Investment Committee is composed of the following Directors:

1.	Mr. Shabbir Hussain Hashmi	Chairman
2.	Mr. Isar Ahmad	Member
3.	Mr. M. Jawaid Iqbal	Member
4.	Mr. Ruhail Yousuf Muhammad	Member

Terms of Reference

The Board Investment Committee shall:

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

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;
- (v) performance vis-a-vis industry performance.

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 incidence reported during the year 2013 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 2013, 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, 2013, 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 CFO 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 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, stopping the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

- The internal control framework has been effectively implemented, the Board has outsourced the Internal Audit function to Anjum Asim Shahid Rehman Chartered Accountants which is independent of the External Audit function.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the function has all necessary access to Management and the right to seek information and explanations.

External Auditors

- The statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their Audit assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended December 31, 2013 and shall retire on the conclusion of the 54th 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 54th Annual General Meeting scheduled for April 30, 2014 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, 2014.

Karachi, February 24, 2014

Shahid Hamid Pracha
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 (“the CCG”) contained in Regulation No.35 (chapter XI) of the Listing Regulations of Karachi and Lahore Stock Exchanges 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 Directors	Shabbir Hussain Hashmi M. Jawaid Iqbal
Executive Directors	A. Samad Dawood
Non-Executive Directors	Shafiq Ahmed Isar Ahmad Shahid Hamid Pracha Ruhail Yousuf Muhammad

The independent directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable.)
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. No casual vacancy occurred on the Board of Director's during the year.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures and also placed it on the company's website.
6. The Board has developed a vision/mission statement and overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, have been taken by the Board.
8. The meetings of the Board were presided over

- by the Chairman 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 atleast one director during the year 2013. The Directors Mr. Shabbir Hussain Hashmi and Mr. Isar Ahmad are deemed to be certified as they being directors in listed companies for more than 15 years are exempt from the certification.
 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 three members, all of whom are non-executive Directors including the Chairman of the Committee. Preferably an Independent Director will be appointed as the Chairman of the committee at the next election of Directors.
 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 including the Chairman of the Committee who is an independent director.
 18. The Board has outsourced the internal audit function to Anjum Asim Shahid Rehman Chartered Accountants who are considered suitably qualified and experienced for the purpose and are 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 exchanges(s).
 23. We confirm that all other material principles enshrined in the CCG have been complied with.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Karachi: February 24, 2014

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, 2013 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi and Lahore Stock Exchanges 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 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's 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 alternative 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, 2013.

Chartered Accountants
Engagement Partner: Rashid A. Jafer
Karachi
Dated: February 25, 2014

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A. F. FERGUSON & CO.

auditors' report to the members

We have audited the annexed statement of financial position of Cyan Limited as at December 31, 2013 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 except for the change as mentioned in note 2.5 to the financial statements with which we concur.
 - (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 statement of cash flows 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, 2013 and of the profit, its comprehensive income, its changes in equity and cash flows 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**
Karachi
Dated: February 25, 2014

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Statement of Financial Position

As at December 31, 2013

	Note	2013	2012 (Restated)	2011 (Restated)
----- (Rupees in '000) -----				
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	20,237	22,393	1,586
Intangible assets	7	2,577	3,801	4
Long term loans	8	5,628	6,376	6,775
Long term investments	10	-	26,783	27,940
Deferred taxation	9	-	-	3,437
Long term deposits		2,500	2,500	-
		30,942	61,853	39,742
CURRENT ASSETS				
Short term investments	10	5,383,322	4,507,082	2,919,085
Short term deposits	11	-	2,000	2,000
Long term loan - current portion	8	1,332	1,116	1,117
Taxation - net		-	-	5,104
Trade and other receivables	12	71,973	51,450	227,188
Advances and short term prepayments	13	2,107	1,825	100
Cash and bank balances	14	17,835	13,494	8,330
		5,476,569	4,576,967	3,162,924
		5,507,511	4,638,820	3,202,666
TOTAL ASSETS				
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital 100,000,000 (2012: 100,000,000) Ordinary shares of Rs. 10 each		1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	15	586,277	586,277	390,851
Unappropriated profit		4,395,503	3,688,477	2,592,494
Reserves	16	133,088	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(1,726)	(610)	(36)
Surplus on revaluation of available-for-sale investments		198,150	56,566	37,670
		5,311,292	4,463,798	3,154,067
NON-CURRENT LIABILITIES				
Deferred liability - gratuity	17	8,858	4,824	1,959
Deferred taxation	9	26,890	20,103	-
		35,748	24,927	1,959
CURRENT LIABILITIES				
Creditors, accrued expenses and other liabilities	18	129,023	134,222	46,640
Taxation - net		31,448	15,873	-
		160,471	150,095	46,640
TOTAL EQUITY AND LIABILITIES				
		5,507,511	4,638,820	3,202,666
CONTINGENCIES AND COMMITMENTS				
	19			

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

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Profit and Loss Account

For the year ended December 31, 2013

CONTINUING OPERATIONS

Return on investments
Gain on sale of investments - net
Other income

Unrealised appreciation on re-measurement of investments classified
as financial assets at fair value through profit or loss - net
Provision for impairment in value of available-for-sale investments

EXPENSES

Operating and administrative expenses
Financial charges

Profit before taxation

Taxation - current year
- for prior year
- deferred

PROFIT FROM CONTINUING OPERATIONS

DISCONTINUED OPERATIONS

Loss from discontinued operations - net of tax

NET PROFIT FOR THE YEAR

BASIC AND DILUTED EARNINGS / LOSS PER SHARE

From continuing operations
From discontinued operations
TOTAL

Note	2013	2012
	(Rupees in '000)	
20	203,154	307,074
	483,494	1,239,085
21	5,595	5,938
	692,243	1,552,097
	764,871	233,975
10.3.3	-	(50,506)
	1,457,114	1,735,566
22.2	(243,836)	(231,316)
	(235)	(209)
	(244,071)	(231,525)
	1,213,043	1,504,041
23.1	(45,823)	(82,584)
	16,985	33,965
	(7,388)	(26,200)
	(36,226)	(74,819)
	1,176,817	1,429,222
5.1	(768)	(1,015)
	1,176,049	1,428,207
30	(Rupees)	
	20.07	24.38
	(0.01)	(0.02)
	20.06	24.36

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

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Comprehensive Income

For the year ended December 31, 2013

	2013	2012
	(Rupees in '000)	
	(Restated)	
Profit after taxation	1,176,049	1,428,207
Items that may be reclassified subsequently to profit or loss		
Surplus on revaluation of available-for-sale securities - net of tax	141,584	18,896
Items that will not be reclassified to profit or loss		
Remeasurement of post retirement benefits obligations - net of tax	(1,116)	(574)
Total comprehensive income for the year	<u>1,316,517</u>	<u>1,446,529</u>

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

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Changes in Equity

For the year ended December 31, 2013

	Share capital	Capital reserves			Revenue reserves		Remeasurement on post retirement benefits obligation - net of tax	Surplus / (deficit) on revaluation of available for sale investments	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropriated profit			
(Rupees in '000)									
Balance as at January 1, 2012 - as previously reported	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)
Balance as at January 1, 2012 - restated	390,851	10,535	-	2,553	120,000	2,592,494	(36)	37,670	3,154,067
Total comprehensive income for the year ended December 31, 2012									
Net profit for the year	-	-	-	-	-	1,428,207	-	-	1,428,207
Other comprehensive income	-	-	-	-	-	-	(574)	18,896	18,322
Transactions with owners recorded directly in equity									
Final dividend @ Rs.2.5 per share for the year ended December 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 cash dividend of Rs.1.00 per share for the year ended 31 December 2012	-	-	-	-	-	(39,085)	-	-	(39,085)
	195,426	-	-	-	-	(332,224)	-	-	(136,798)
Balance as at December, 31 2012 - restated	586,277	10,535	-	2,553	120,000	3,688,477	(610)	56,566	4,463,798
Total comprehensive income for the year ended December 31, 2013									
Net profit for the year	-	-	-	-	-	1,176,049	-	-	1,176,049
Other comprehensive income	-	-	-	-	-	-	(1,116)	141,584	140,468
Transactions with owners recorded directly in equity									
Final dividend @ Rs.3.0 per share for the year ended December 31, 2012	-	-	-	-	-	(175,884)	-	-	(175,884)
Interim cash dividend of Rs.5.00 per share for the year ended December 31, 2013	-	-	-	-	-	(293,139)	-	-	(293,139)
	-	-	-	-	-	(469,023)	-	-	(469,023)
Balance as at December 31, 2013	586,277	10,535	-	2,553	120,000	4,395,503	(1,726)	198,150	5,311,292

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

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Cash Flows

For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation (including Discontinued Operations)

Adjustment for non cash charges and other items:

Depreciation
Amortisation
Gain on sale of property and equipment
Provision for impairment in value of investments
Capital gain on sale of investments - net
Amortisation of premium on government securities
Net unrealized gain on revaluation of investments
classified as at fair value through profit or loss

Operating (loss) / profit before working capital changes

(Increase) / Decrease in operating assets

Trade and other receivables
Long term loans
Other deposits
Advances and short term prepayments

Increase in deferred liability
Increase in trade and other payables

Net cash generated from operations

Taxes paid
Dividend paid
Net cash (used in) / generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments
Investment in securities
Capital expenditure incurred
Proceeds from sale of property and equipment
Net cash generated from / (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Net increase in cash and cash equivalents
Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

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

	2013	2012
	(Rupees in '000)	
Profit before taxation (including Discontinued Operations)	1,212,275	1,503,026
Adjustment for non cash charges and other items:		
Depreciation	4,383	1,839
Amortisation	1,524	472
Gain on sale of property and equipment	(9)	(904)
Provision for impairment in value of investments	-	50,506
Capital gain on sale of investments - net	(483,494)	(1,239,085)
Amortisation of premium on government securities	(2,795)	(1,793)
Net unrealized gain on revaluation of investments classified as at fair value through profit or loss	(764,871)	(233,975)
	(1,245,262)	(1,422,940)
Operating (loss) / profit before working capital changes	(32,987)	80,086
(Increase) / Decrease in operating assets		
Trade and other receivables	24,233	6,866
Long term loans	532	400
Other deposits	2,000	(2,500)
Advances and short term prepayments	(282)	(1,725)
	26,483	3,041
Increase in deferred liability	2,317	1,982
Increase in trade and other payables	30,448	85,590
Net cash generated from operations	26,261	170,699
Taxes paid	(46,372)	(27,642)
Dividend paid	(471,561)	(134,806)
Net cash (used in) / generated from operating activities	(491,672)	8,251
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,727,078	12,886,977
Investment in securities	(9,228,547)	(12,864,053)
Capital expenditure incurred	(2,610)	(27,380)
Proceeds from sale of property and equipment	92	1,369
Net cash generated from / (used in) investing activities	496,013	(3,087)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	4,341	5,164
Cash and cash equivalents at the beginning of the year	13,494	8,330
Cash and cash equivalents at the end of the year	17,835	13,494

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive



Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2013

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 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 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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 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.

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 in accordance with Company's policy (note 4.4 and 10).
- (b) Accounting for defined benefit plan (note 4.1 and 17).
- (c) Depreciation / amortisation of operating fixed assets (note 4.9, 6 and 7)
- (d) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (note 4.10, 9 and 23)

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.

2.5 Change in accounting policy and disclosure

IAS 1, 'Financial statement presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to the profit or loss subsequently (reclassification adjustments). The specified change has been made in the statement of comprehensive income for the year.

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, 2013. 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 financial statements are affected only by the 'remeasurements' relating to prior years. The effects have been summarised below:

	December 31, 2013	December 31, 2012	December 31, 2011
	Rupees in '000		
Impact on Statement of Financial Position			
Increase in deferred liability - Gratuity	2,655	938	55
Increase in deferred tax asset	(929)	(328)	(19)
Decrease in unappropriated profit	1,726	610	36
Impact on Statement of Changes in Equity			
Increase / (decrease) in unappropriated profit			
- Cumulative effect from prior years	(1,726)	(610)	(36)



The Company had not recognised any amounts in respect of remeasurements in the profit and loss accounts for the years ended December 31, 2012 and 2011. 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.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT PERIOD

There are other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2013 but are considered not to be relevant or will not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on the financial statements of the Company.

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, 2014, but are considered not to be relevant or 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 preparation of these financial statements are set out below. These policies have been consistently applied except for the change as mentioned in note 2.5.

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 10.00% (2012: 10.00%) 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 minimum qualifying period of service. The contributions to the scheme are made in accordance with the independent actuarial valuation using the Projected Unit Method.

As more fully explained in note 2.5, effective from January 1, 2013 all actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year, were amortised over the average future service of the employees.

4.1.3 Employees' compensated absences

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

4.2 Creditors, accruals and provisions

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

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 can not 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 price 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 (See note 10) are recognised in other comprehensive income and presented in the surplus / (deficit) on revaluation of available-for-sale investments in the statement of changes in equity. When an investment is derecognised, the gain and loss accumulated in equity is reclassified to the profit and loss account.

4.4.3 Held-to-maturity

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

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

4.5 Regular way contracts

Regular purchases and sales 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. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in 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, cash and bank, premiums due but unpaid, amounts due from other insurers / reinsurers, reinsurance recoveries against outstanding claims, accrued investment income, sundry receivables, amounts due to other insurers / reinsurers, 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.

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 included in the profit and loss account in the current year.

4.9.2 Intangible

Intangible assets comprise software license, and are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the useful life of the asset on a systematic basis to profit and loss 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 comprehensive income or below equity, in which case it is recognised in comprehensive income or below equity respectively.

4.10.1 Current

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

4.10.2 Deferred

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

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. 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 income statement 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 balance sheet date. Exchange gains or losses, if any, are taken to the profit and loss account.

4.14 Dividend declaration and reserve appropriations

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

4.15 Discontinued operations

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

5 DISCONTINUED OPERATIONS

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

5.1 The profit and loss attributable to these discontinued operations is as follows:

	Note	2013 (Rupees in '000)	2012
Results from discontinued operations			
Net claims expense		-	(37)
Net expense		(768)	(978)
Results from operating activity		(768)	(1,015)
Taxation - deferred		-	-
Loss from discontinued operations - net of tax		(768)	(1,015)
		(Rupees)	
Loss per share - basic and diluted	30	(0.01)	(0.02)

6 PROPERTY AND EQUIPMENT

	2013							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2013	
	As at January 1, 2013	Additions / (disposals)	As at December 31, 2013	As at January 1, 2013	For the year / (on disposals)	As at December 31, 2013		
	(Rupees in '000)							
Furniture and fixtures	14,525	1,229	15,754	487	1,506	1,993	13,761	10%
Office equipment	7,978	1,081 (49)	9,010	1,408	2,524 (16)	3,916	5,094	15 % & 33%
Vehicles	3,092	- (70)	3,022	1,307	353 (20)	1,640	1,382	20%
	25,595	2,310 (119)	27,786	3,202	4,383 (36)	7,549	20,237	

	2012							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2012	
	As at January 1, 2012	Additions / (disposals)	As at December 31, 2012	As at January 1, 2012	For the year / (on disposals)	As at December 31, 2012		
	(Rupees in '000)							
Furniture and fixtures	860	14,511 (846)	14,525	727	493 (733)	487	14,038	10%
Office equipment	3,737	7,012 (2,771)	7,978	3,033	1,010 (2,635)	1,408	6,570	15 % & 33%
Vehicles	3,393	1,588 (1,889)	3,092	2,644	336 (1,673)	1,307	1,785	20%
	7,990	23,111 (5,506)	25,595	6,404	1,839 (5,041)	3,202	22,393	

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

	2013					
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers / insurers
	(Rupees in '000)					
Motor Cycle	70	20	50	54	Snatched	EFU General Insurance
Ext. Hardrive	10	5	5	4	Stolen	EFU General Insurance
BlackBerry Curve	22	2	20	20	Snatched	EFU General Insurance
BlackBerry Curve	17	9	8	14	Company's practice	Ahyan Mumtaz - Ex employee
	119	36	83	92		

7 INTANGIBLE ASSETS

INTANGIBLE ASSETS

	2013							
	Cost			Accumulated amortisation			Written down value as at December 31, 2013	Rate (%)
	As at January 1, 2013	Additions / (disposals)	As at December 31, 2013	As at January 1, 2013	For the year / (on disposals)	As at December 31, 2013		
	(Rupees in '000)							
Computer software	6,432	300	6,732	2,631	1,524	4,155	2,577	33.33%
	6,432	300	6,732	2,631	1,524	4,155	2,577	
	2012							
	Cost			Accumulated amortisation			Written down value as at December 31, 2012	Rate (%)
	As at January 1, 2012	Additions / (disposals)	As at December 31, 2012	As at January 1, 2012	For the year / (on disposals)	As at December 31, 2012		
	(Rupees in '000)							
Computer software	2,163	4,269	6,432	2,159	472	2,631	3,801	33.33%
	2,163	4,269	6,432	2,159	472	2,631	3,801	

8	LONG TERM LOAN	Note	2013	2012
			(Rupees in '000)	
	Considered good			
	- due from executive	8.1	6,658	7,492
	- due from other employee	8.2	302	-
			<u>6,960</u>	<u>7,492</u>
8.1	House loan given to chief operating officer is repayable in ten years in equal monthly instalments 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 would be 3 months KIBOR + 2%.			
8.3	Following is the movement of loan to executives and employee:			
	Long term			
	Opening balance		6,376	6,775
	Present value of disbursed amount		114	-
	Repayments		(1,152)	(1,116)
	Add: Prepaid Employee Benefits		-	-
	Add: Interest receivable		290	717
	Closing balance		<u>5,628</u>	<u>6,376</u>
8.4	Current Portion			
	Receivable within 12 months		<u>1,332</u>	<u>1,116</u>
8.5	The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs 7.492 million (2012 : Rs 7.892 million)			

9 DEFERRED TAXATION

Deductible temporary differences

	2013	2012 Restated	2011 Restated
Staff gratuity	3,100	1,688	685
Unused tax losses	-	-	4,592
Leave encashment	910	306	707
Others	-	-	(166)
	4,010	1,994	5,818

Taxable temporary differences

Revaluation of investments	(29,247)	(19,858)	(2,330)
Accelerated tax depreciation	(1,653)	(2,239)	(51)
	(30,900)	(22,097)	(2,381)
	(26,890)	(20,103)	3,437

9.1 Reconciliation of deferred tax liability

Opening balance	(20,103)	3,437	(105)
Recognised in profit and loss account	(7,388)	(26,200)	(1,483)
Reversal in equity	601	2,660	5,025
Closing balance	(26,890)	(20,103)	3,437

10 INVESTMENTS

Investments comprise of the following:

Held-to-maturity investments - long term

Pakistan Investment Bonds	10.1.1	-	26,783
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Held-to-maturity investments - short term

Treasury bills	10.1.2	44,748	14,811
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Available-for-sale investments	10.2	325,741	184,159
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Investments carried at fair value through profit or loss	10.3	5,012,833	4,308,112
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	5,383,322	4,507,082
--	-----------	-----------

	5,383,322	4,533,865
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Note 2013 2012
(Rupees in '000)

10.1 Held-to-maturity investments - long term

10.1.1	Face value (Rupees)	Coupon rate (%)	Profit payment	Particulars	Maturity Date	2013 (Rupees in '000)	2012
	20,000,000	8	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	6-Oct-2013	-	19,243
	1,500,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	-	1,473
	6,000,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	-	6,067
						-	26,783

10.1.2 Held-to-maturity investments - short term to years

Face value	Yield %	Particulars	Maturity Date	2013	2012
15,000,000	9.16	Treasury Bills Tenure - 3 Months	21-Feb-2013	-	14,811
45,000,000	9.4	Treasury Bills Tenure - 3 Months	23-Jan-2014	44,748	-
				44,748	14,811

Market value as at December 31, 2013 of Government Securities is Rs.44.723 million (2012: Rs 42.381 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. These will be released once the outstanding claims and balances relating to insurance are settled.

10.2 Available-for-sale investments

	Note	Market Value (Rupees in '000)	
		2013	2012
Un-quoted shares	10.2.1	-	-
Mutual funds	10.2.2	32,241	22,656
Un-quoted debentures	10.2.3	-	-
Quoted shares - related parties	10.2.4	293,500	161,503
		325,741	184,159

10.2.1 Un-quoted Shares

Name of investee company	Note	Number of Shares		Cost (Rupees '000)	
		31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Bankers Equity Limited	10.2.1.1	13,465	13,465	117	117
Saifi Development Corporation Limited	10.2.1.1	8,900	8,900	34	34
Cost as on December 31				151	151
Less: Provision for Impairment				(151)	(151)
Carrying Value				-	-

10.2.1.1 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

10.2.2 Mutual Funds

Name of fund	Number of Units		Cost		Market value (Rupees '000)	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
National Investment Unit Trust (NIT)	240,500	240,500	3,131	11,962	7,982	
Golden Arrow Selected Stock Fund	2,405,532	2,405,532	8,798	20,279	14,674	
			11,929	32,241	22,656	
Less: Provision for Impairment			(2,279)			
Carrying Value			9,650			
Market Value as at December 31, 2013			32,241			
Unrealised gain on mutual funds			22,591			

10.2.2.1 NIT units valuing to Rs. 11.962 million (2012: Rs 7.982 million), are under lien against a bank guarantee issued by Habib Bank Limited

10.2.3 Un-quoted debentures

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

10.2.4 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-13	31-Dec-12
				Rupees '000'	
Chemicals					
Dawood Hercules Corporation Limited	794,380	794,380	47,652	44,580	25,850
Equity held: 0.17% (2012: 0.17%)					
Personal Goods					
Dawood Lawrencepur Limited	2,965,095	2,965,095	222,110	248,920	135,653
Equity held: 5.02% (2012: 5.02%)					
			269,762	293,500	161,503
Less: Provision for Impairment			(151,821)		
Carrying Value			117,941		
Market value as at December 31, 2013			293,500		
Unrealised gain on quoted share			175,559		
			Note	Market value	
				2013	2012
				Rupees '000'	

10.3 Investments carried at fair value through Profit or loss

Quoted shares	10.3.1	3,598,329	2,782,812
Mutual funds	10.3.2	1,414,504	1,525,300
		5,012,833	4,308,112

10.3.1 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-13	31-Dec-12	31-Dec-13	31-Dec-13	31-Dec-12	31-Dec-12		
							Rupees '000'	
Oil & Gas								
Oil & Gas Development Company Limited	200,000	450,000	38,522	55,272	86,675	1.03%	-	-
Pakistan Oil Fields Limited	400,000	500,000	175,016	199,084	218,770	3.70%	0.17%	-
Pakistan Petroleum Limited	2,070,000	1,725,000	304,963	442,897	304,963	8.23%	0.10%	-
Pakistan State Oil Limited	400,000	400,000	92,432	132,888	92,884	2.47%	0.16%	-
			610,933	830,141	703,292	15.43%		
Chemicals								
Fatima Fertilizer Company Limited	-	5,000,000	-	-	132,000	-	-	-
Construction & Materials								
D.G Khan Cement Limited	2,000,000	6,000,000	170,118	171,460	327,480	3.19%	0.46%	-
Fauji Cement Company Limited	-	10,043,500	-	-	65,684	-	-	-
Maple Leaf Cement Company Limited	7,475,500	-	214,111	205,053		3.81%	1.42%	-
			384,229	376,513	393,164	7.00%		

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-13	31-Dec-12	31-Dec-13	31-Dec-13	31-Dec-12		
----- Rupees '000'-----							
Personal Goods							
Nishat Mills Limited	2,863,300	2,700,000	230,471	364,327	172,395	6.77%	0.81%
HouseHold Goods							
Tariq Glass Industries Limited	-	1,100,000	-	-	23,199	-	-
Electricity							
The Hub Power Company Limited (related party)	10,000,000	10,000,000	452,400	607,200	452,400	11.27%	0.86%
Equity held: 0.86% (2012: 0.86%)							
Pakgen Power Limited	2,000,000	-	42,291	43,420	-	0.81%	0.54%
Kot Addu Power Company Limited	-	4,440,500	-	-	219,316	-	-
Nishat Power Limited	-	2,504,000	-	-	48,828	-	-
Karachi Electric Supply Corporation	-	1,334,000	-	-	7,684	-	-
			494,691	650,620	728,228	12.08%	
Commercial Banks							
Bank Al Habib Limited	6,525,000	-	221,612	271,114	-	5.03%	0.65%
Habib Bank Limited	750,000	-	128,250	124,973	-	2.32%	0.06%
Habib Metropolitan Bank Limited	11,669,500	-	272,108	292,554	-	5.43%	1.11%
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	-	-
United Bank Limited	5,166,939	1,033,239	515,112	684,878	86,451	12.72%	0.42%
			1,137,082	1,373,519	255,035	25.50%	
Non Life Insurance							
Adamjee Insurance Company Limited	-	880,501	-	-	59,997	-	-
Technology Hardware and Equipment							
TPL Trakker Limited	431,847	431,847	3,904	3,209	3,904	0.06%	0.20%
Financial Services							
Jahangir Siddiqui and Company Limited	-	2,500,000	-	-	40,350	-	-
Fixed line telecommunication							
Wateen Telecom Limited	-	5,005,000	-	-	14,915	-	-
Pakistan Telecommunication Company Limited	-	13,915,500	-	-	241,434	-	-
			-	-	256,349	-	-
Equity Investment Instruments							
PICIC Growth Fund	-	908,500	-	-	14,899	-	-
Carrying Cost as at December 31, 2013			2,861,310	3,598,329	2,782,812	67%	
Market Value as at December 31, 2013			3,598,329				
Unrealised gain on quoted shares			737,019				

10.3.1.1 5,000,000 shares (2012: 5,000,000 shares) of The Hub Power Company Limited having market value of Rs. 303.60 million (2012: Rs. 226.20 million) as at December 31, 2013 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

10.3.1.2 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 4.5 million (market value: Rs. 273.24 million), 2.5 million (market value: Rs.331.37 million), 1 million (market value: Rs.213.96 million), 0.3 million (market value: Rs.99.666 million), 0.2 million (market value: Rs.99.542 million) Rs., 0.1 million (market value: Rs.27.636 million) and 10 million (market value: Rs.250.7 million) ordinary shares of HUBCO, UBL, PPL, PSO, POL, OGDC and HMB respectively.

10.3.2 Mutual Funds

Name of fund

Name of fund	Note	Number of Units		Carrying Value	Market value	
		31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-13	31-Dec-12
ABL Cash Fund (related party)		19,594,908	7,041,903	192,402	196,045	70,491
AKD Cash Fund		1,254,406	102,092	60,105	62,765	5,104
Atlas Money Market Fund		204,492	-	100,000	102,809	-
Pakistan Cash Management Fund		2,017,931	-	99,105	100,947	-
PICIC Cash Fund		4,699,347	2,802,537	469,589	473,053	281,447
IGI Money Market Fund		-	2,532,559	-	-	255,045
HBL Money Market Fund		-	497,482	-	-	50,390
MCB Cash Management Optimizer Fund		-	2,017,667	-	-	202,312
Alfalah GHP Cash Fund		306,368	-	151,152	153,343	-
Primus Daily Reserve Fund		2,219,454	-	215,125	222,191	-
NAFA Government Securities Liquid Fund	10.3.2.1	215,055	199,452	2,005	2,160	2,005
NAFA Money Market Fund		10,107,227	30,558,881	97,169	101,191	306,622
Faysal Money Market Fund		-	1,948,178	-	-	200,507
UBL Liquidity Plus Fund (related party)		-	1,509,577	-	-	151,377
Carrying Cost as at December 31, 2013				1,386,652	1,414,504	1,525,300
Market Value as at December 31, 2013				1,414,504		
Unrealised gain on mutual funds				27,852		

10.3.2.1 215,055 units (December 31, 2012: Nil) of NAFA Government Securities Liquid Fund having a market value of Rs. 2.16 million (December 31, 2012: Nil) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

10.3.3 Provision for impairment - net of provision

	Note	2013	2012
		(Rupees in '000)	
Opening provision		(154,311)	(1,055,672)
Charge for the year			
- Quoted shares		-	(1,574)
- Government bonds		-	(54)
- Quoted shares - related parties		-	(48,878)
		-	(50,506)
Adjusted / released on disposals		-	951,867
Closing provision		(154,311)	(154,311)

11 SHORT TERM DEPOSITS

Deposits maturing within 12 months	11.1	-	2,000
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11.1 During the year, deposit under lien with National Bank of Pakistan in respect of Fire claims lodged by safdar Cotton Ginner, settlement of which is pending in the High Court was swapped with the NAFA Government Securities Fund-Note 10.3.2.1.

	Note	2013	2012
		(Rupees in '000)	
12	TRADE AND OTHER RECEIVABLES		
Premium due but unpaid - Discontinued Operations	12.1	-	13
Amounts due from other insurers / reinsurers - Discontinued Operations	12.2	18,144	28,780
Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
Accrued investment income		400	1,471
Sundry receivables	12.3	48,023	15,780
		<u>71,973</u>	<u>51,450</u>
12.1	Premium due but unpaid, unsecured, considered good		
Related parties			
Dawood Corporation (Private) Limited		-	13
12.2	Amounts due from other insurers / reinsurers - unsecured		
Considered good - foreign		1,008	5,305
- local		17,136	23,475
Considered doubtful		74	74
		<u>18,218</u>	<u>28,854</u>
Provision against amounts due from other insurers / reinsurers		(74)	(74)
		<u>18,144</u>	<u>28,780</u>
12.3	Sundry receivable		
Profit on bank deposits			
- Saving accounts		33	32
- Term deposits		-	146
Receivable against sale & purchase of investments - net		-	149
Receivable from State Bank of Pakistan - statutory deposit	12.3.1	44,905	12,468
Others		3,085	2,985
		<u>48,023</u>	<u>15,780</u>

- 12.3.1** This represents cash held with the State Bank of Pakistan (SBP) against the maturity of treasury bills on December 27, 2013 kept with SBP in accordance with the requirements of clause (a) of sub-section 2 of section 29 of the Insurance ordinance, 2000. The same was recovered subsequent to the period end.

13 ADVANCES AND SHORT TERM PREPAYMENTS

	2013	2012
	(Rupees in '000)	
Advances and deposits	300	517
Prepayments	968	1,020
Club Membership - employees (related party)	839	288
	<u>2,107</u>	<u>1,825</u>

14 CASH AND BANK BALANCES

Cash and cash equivalents		
Cash in hand	16	41
Stamps in hand	28	63
	<u>44</u>	<u>104</u>
Current and other accounts		
Current accounts	-	14
Saving accounts	17,791	13,376
	<u>17,791</u>	<u>13,390</u>
	<u>17,835</u>	<u>13,494</u>

14.1 These accounts carry effective mark-up rate, ranging between 6.5% to 8% (2012: 6% to 8.5%) per annum.

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2013	2012			
	(Number of shares)				
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>	

15.1 Movement in share capital during the year

58,627,722	39,085,148	At 1 January	586,277	390,851
-	19,542,574	Ordinary shares of Rs. 10 each issued during the year as bonus shares	-	195,426
<u>58,627,722</u>	<u>58,627,722</u>		<u>586,277</u>	<u>586,277</u>

15.2 As at December 31, 2013, related parties hold 41,391,006 (2012: 41,391,006) ordinary shares of Rs. 10 each.

	Note	2013	2012
		(Rupees in '000)	
16 RESERVES			
Capital reserves			
- Reserve for exceptional losses	16.1	10,535	10,535
- Capital gain reserve		2,553	2,553
		13,088	13,088
Revenue reserve			
- General reserve		120,000	120,000
		133,088	133,088

16.1 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.

17 DEFERRED LIABILITY

17.1 Staff retirement benefits

The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2013. The principal actuarial assumptions used for the purpose of the valuation were as follows:

- Valuation discount rate is 12.5 % (2012: 11.5%) per annum.
- Expected rate of increase in salaries is 12.5% (2012: 11.5%) per annum.
- Average expected service length of employees 14 years (2012: 12 years).

	2013	2012	2011
		Restated	Restated
17.2 Reconciliation of payable to defined benefit plan	----- (Rupees in '000) -----		
Present value of Defined Benefit Obligation	8,858	4,824	1,959
Net actuarial gains / (losses) not recognised	-	-	-
Balance at the end of the year	8,858	4,824	1,959
17.3 Movement in net liability recognised in the balance sheet			
Balance at the beginning of the year	4,824	1,959	1,136
Charge for the year	2,333	2,024	1,104
Other Comprehensive Income	1,717	883	55
Payments during the year	(16)	(42)	(336)
Balance at the end of the year	8,858	4,824	1,959

	2013	2012
17.4 Amount recognised in the profit and loss account	(Rupees in '000)	
Current service cost	1,779	1,681
Interest cost	554	242
Past service cost	-	101
Amount charged to the profit and loss account	2,333	2,024

17.5 Historical information

	2013	2012 Restated	2011 Restated
	----- (Rupees in '000) -----		
Present value of defined benefit obligation	8,858	4,824	1,959
Unrecognised actuarial (losses) / gains	-	-	-
Net liability in balance sheet	8,858	4,824	1,959

17.6 The expected charge for the gratuity scheme for the year 2014 amounts to Rs. 3.902 million.

	Note	2013	2012	
		(Rupees in '000)		
18	CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES			
	Amounts due to other insurers / reinsurers - Discontinued Operations	18.1	587	1,725
	Accrued expenses		85,037	75,543
	Provision for outstanding claims - Discontinued Operations		9,025	9,025
	Other creditors and accruals	18.2	25,573	36,590
	Unclaimed dividend		8,801	11,339
			129,023	134,222
18.1	Amounts due to other insurers / reinsurers			
	Foreign companies		-	-
	Local companies		587	1,725
			587	1,725
18.2	Other creditors and accruals			
	Workers' Welfare Fund		24,727	33,983
	Premium refundable to policy holders - Discontinued Operations		171	187
	Sundry creditors		675	2,420
			25,573	36,590
19	CONTINGENCIES AND COMMITMENTS			
19.1	Guarantees issued on behalf of the Company by commercial banks		5,205	5,205

Note	2013	2012
	(Rupees in '000)	

20 RETURN ON INVESTMENTS

Held-to-maturity

Return on Pakistan Investment Bonds

2,075	2,602
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Amortisation on

- Pakistan Investment Bonds

598	883
-----	-----

- Treasury bills

2,197	910
-------	-----

2,795	1,793
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Available-for-sale and held for trading

Dividend income:

- Related parties

98,585	158,512
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- Others

99,699	144,167
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198,284	302,679
---------	---------

203,154	307,074
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21 OTHER INCOME

Income from financial assets

Profit on bank deposits

4,788	2,540
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Income from non-financial assets

Gain on sale of property and equipment

9	904
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Income from employee loan

290	717
-----	-----

Others

508	1,777
-----	-------

5,595	5,938
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22 OPERATING AND ADMINISTRATIVE EXPENSES

		2013	2012
		(Rupees in '000)	
Salaries, wages and other benefits	22.1	133,535	125,042
Levy, cess and insurance		913	392
Rent, rates and taxes		5,491	5,552
Depreciation		4,383	1,839
Amortisation		1,524	472
Legal and professional charges		10,725	4,322
Printing and stationery		1,347	1,426
Utilities		1,462	1,423
Vehicle running expenses		274	241
Advertisement and event expenses		2,192	13,687
Security guards expenses		802	716
Auditors' remuneration	22.3	572	508
Entertainment		2,790	1,689
Travelling and communication expenses		6,273	2,298
Fees and subscription		3,082	2,778
Postage and telegram		290	381
Books and periodicals		87	209
Repairs, renewal and decoration		914	423
Workers' welfare fund		23,854	33,787
Brokerage, commission and advisory expense		11,084	30,998
Bank and settlement charges		1,278	1,318
Employee training fee		1,758	135
Due diligence charges		24,711	-
Research expense		4,519	1,235
Other expenses		744	1,460
		244,604	232,331

22.1 This includes Rs. 3.494 million (2012: Rs. 2.459 million) in respect of employees' provident fund.

	Note	2013	2012
		(Rupees in '000)	
22.2 Expenses are allocated as under			
Allocated to discontinued operations (Insurance business)	5.1	768	1,015
Allocated to continuing operations		243,836	231,316
		244,604	232,331
22.3 Auditors' remuneration			
Annual audit fee		325	325
Review and certifications		247	183
		572	508

Tax returns have been filed up to the Tax year 2013 (Accounting year 2012) 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 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. Subsequent to year end, a civil petition was filed in the Supreme Court of Pakistan by the Commissioner Inland Revenue against the order of High Court.

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 increasing of tax liability 0.805 million. The company has filed an appeal against the said order for Rs 0.805 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 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 learned Appellate Tribunal Inland Revenue on deletion of addition on account of proration of expenses allocated under Section 67 of Income Tax Ordinance, 2001, which was adjudicated in the favour of the Company. The Commissioner Inland Revenue filed a civil petition in the Supreme Court of Pakistan against the judgement of High Court of Sindh after the end of the year.

The Commissioner Inland Revenue (Zone-III) has selected Tax year 2010 for Audit under section 214C of the Income Tax Ordinance, 2001.

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

23.1 Provision for taxation

Current year
Prior years
Deferred

2013
2012
(Rupees in '000)

23.2 Tax expense on continuing operations

23.3 Relationship between tax expense and accounting profit

Profit for the year before taxation (including discontinued operations)

Tax at the applicable rate of 34% (2012: 35%)
Tax effect of capital loss / (gain) exempt from tax
Tax effect of capital loss / (gain) taxed at a lower rate
Tax effect of dividend income taxed at a lower rate
Tax effect of unrealised gain taxed at lower rate
Tax effect of unrealised gain exempt from tax
Reversal of prior year charge
Tax effect of (income) / expenses that are not considered in determining taxable income
Reversal of unused defer tax loss
Others

(45,823)	(82,584)
16,985	33,965
(7,388)	(26,200)
(36,226)	(74,819)
(36,226)	(74,819)
1,212,275	1,503,026
412,174	526,059
(26,357)	(380,485)
(71,408)	-
(49,588)	(80,165)
9,869	(62,013)
(188,875)	-
(16,985)	(33,965)
(32,310)	100,813
-	4,592
(294)	(17)
36,226	74,819

24 REMUNERATION OF DIRECTORS AND EXECUTIVES

Aggregate amounts charges 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000)							
Fees	-	-	1,150	1,450	-	-	1,150	1,450
Managerial remuneration including bonus	24,644	7,800	-	-	75,943	17,341	100,587	25,141
House rent, conveyance, and other allowances	5,744	7,937	-	-	18,161	16,549	23,905	24,486
Contribution to provident fund	858	719	-	-	2,567	1,609	3,425	2,328
	31,246	16,456	1,150	1,450	96,671	35,499	129,067	53,405
Number of persons	1	1	4	4	10	6	15	11

25. 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 financial statements are as follows:

	2013	2012
	(Rupees in '000)	
Premium refunded	16	-
Premium collected	13	11
Claims paid	-	47,917
Rent paid	5,491	5,552
Dividend received	98,585	158,512
Dividend paid	321,055	94,596
Bonus units received (face value)	19,752	48,752
Bonus shares issued (face value)	-	133,773
Brokerage	1,000	3,018
Purchase of units	1,653,124	1,408,635
Sale of units	1,700,730	1,418,684
Service charges	1,410	-
Other Income	-	735
Prepaid club membership amortized during the year.	58	96
Disposal of furniture and fixtures	-	305
Contribution to provident fund	3,494	2,459
Charge for staff retirement gratuity scheme	2,333	2,024
Key management personnel and close family members		
Dividend paid	10,073	3,838
Bonus shares issued	-	4,197
Remuneration including bonus	127,917	51,955
Director fee	1,150	1,450
Club membership issued	610	-
Employee loan issued	330	-
Employee loan recovery	1,152	1,116

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

26. FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2013, 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 financial position are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

Financial assets

Loan to employees	6,960
Long term deposits	2,500
Trade and other receivables	71,973
Advances	196
Cash and bank balances	17,807
Investments	-
	99,436

----- As at December 31, 2013 -----				
Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
----- Rupees in '000 -----				
	-	-	-	6,960
	-	-	-	2,500
	-	-	-	71,973
	-	-	-	196
	-	-	-	17,807
	44,748	325,741	5,012,833	5,383,322
	44,748	325,741	5,012,833	5,482,758

Financial liabilities

Deferred liability	-
Creditors, accrued expenses and other liabilities	-
	113,154

----- As at December 31, 2013 -----		
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
----- Rupees in '000 -----		
	8,858	8,858
	104,296	104,296
	113,154	113,154

Financial assets

Loan to employees	7,492
Short term deposits	2,000
Long term deposits	2,500
Trade and other receivables	51,450
Advances	198
Cash and bank balances	13,431
Investments	-
	77,071

----- As at December 31, 2012 -----				
Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
----- Rupees in '000 -----				
	-	-	-	7,492
	-	-	-	2,000
	-	-	-	2,500
	-	-	-	51,450
	-	-	-	198
	-	-	-	13,431
	41,594	184,159	4,308,112	4,533,865
	41,594	184,159	4,308,112	4,610,936

Financial liabilities

Deferred liability	-
Creditors, accrued expenses and other liabilities	-
	105,063

----- As at December 31, 2012 -----		
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
(Restated)		
----- Rupees in '000 -----		
	4,824	4,824
	100,239	100,239
	105,063	105,063

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, 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.

27.1 Risk management framework

The Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management framework. The executives 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.

27.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held there against are stated in note 10.2.1 and 10.2.3 to these financial statements. Investments amounting to Rs: 44.748 million (2012: Rs: 41.594 million) relate to Government Securities and is not considered as credit risk due to government guarantee.

27.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Note	2013	2012
Financial assets		(Rupees in '000)	
Long term loan	27.2.1.4	6,960	7,492
Long term deposits		2,500	2,500
Short term deposits		-	2,000
Trade and other receivables	27.2.1.1	71,973	51,450
Advances		196	198
Cash and bank balances	27.2.1.3	17,807	13,431
Investments		4,420,301	4,243,324
		<u>4,519,737</u>	<u>4,320,395</u>

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

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	(Rupees in '000)					
Not past due	48,423	-	48,423	17,264	-	17,264
Past due but not impaired	23,550	-	23,550	34,186	-	34,186
Past due and impaired More than one year	74	(74)	-	74	(74)	-
	<u>72,047</u>	<u>(74)</u>	<u>71,973</u>	<u>51,524</u>	<u>(74)</u>	<u>51,450</u>

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

	2013	2012
	(Rupees in '000)	
Foreign	1,008	5,305
Domestic	17,136	23,488
	<u>18,144</u>	<u>28,793</u>

27.2.1.3 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:

2013	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Barclays Bank PLC	A-1	A	Standard & Poor's	1,486
Bank AL Habib Limited	A1+	AA+	PACRA	11,502
Summit Bank Limited	A-3	A-	JCR-VIS	4,659
Bank Al Falah Limited	A1+	AA	PACRA	22
Allied Bank Limited	A1+	AA+	PACRA	122
				<u>17,791</u>
2012	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Barclays Bank PLC	A-1	A+(Negative)	Standard & Poor's	1,228
Bank AL Habib Limited	A1+	AA+	PACRA	7,787
Summit Bank Limited	A-2	A-	JCR-VIS	4,337
Bank Al Falah Limited	A1+	AA	PACRA	22
Allied Bank Limited	A1+	AA+	PACRA	16
				<u>13,390</u>

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

27.3 Liquidity risk

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

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

On balance sheet financial liabilities and others
Deferred liability
Creditors, accrued expenses and other liabilities

2013					
Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
(Rupees in '000)					
8,858	8,858	-	-	-	(8,858)
104,296	104,296	(104,296)	-	-	-
113,154	113,154	(104,296)	-	-	(8,858)

On balance sheet financial liabilities and others
Deferred liability
Creditors, accrued expenses and other liabilities

2012					
Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
(Rupees in '000) (Re-stated)					
4,824	4,824	-	-	-	(4,824)
100,239	100,239	(100,239)	-	-	-
105,063	105,063	(100,239)	-	-	(4,824)

27.4 Market risk

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

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

27.4.1 Interest rate risk

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

	2013	2012	2013	2012
	Carrying amounts (Rupees in '000)		Effective interest rate in %	
Financial Assets				
Fixed rate instruments				
- Government Securities	44,748	41,594	9.4%	8% to 14.25%
Variable rate instruments				
- Saving accounts	17,791	13,376	6.5% to 8%	6% to 8.5%
- Short term deposits	-	2,000	-	5.80%

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 negligible effect on net assets (2012: Rs. 0.01 million). The analysis assumes that all other variables remain constant.

27.4.1.1 Maturity profile of financial assets and liabilities.

2013					
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%	333	999	-	6,960
Long term deposits		-	-	2,500	2,500
Advances		-	-	196	196
Investments	9.4%	44,748	-	5,338,574	5,383,322
Trade and other receivables		-	-	71,973	71,973
Cash and bank balances	6.5% to 8%	17,791	-	16	17,807
		62,872	999	5,413,259	5,482,758
Financial liabilities					
Deferred liability		-	-	8,858	8,858
Creditors, accrued expenses and other liabilities		-	-	104,296	104,296
		-	-	113,154	113,154
On-balance sheet gap (a)		62,872	999	5,300,105	5,369,604
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a) + (b)		62,872	999	5,300,105	5,369,604
Cumulative interest rate sensitivity gap		62,872	63,871	69,499	

2012					
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%	279	837	-	7,492
Short term deposits	5.8%	2,000	-	-	2,000
Long term deposits		-	-	2,500	2,500
Advances		-	-	198	198
Investments	8% to 14.25%	14,811	26,783	4,492,271	4,533,865
Trade and other receivables		-	-	51,450	51,450
Cash and bank balances	6% to 8.50%	13,376	-	55	13,431
		30,466	27,620	4,546,474	4,610,936
Financial liabilities					
Deferred liability		-	-	4,824	4,824
Creditors, accrued expenses and other liabilities		-	-	100,239	100,239
		-	-	105,063	105,063
On-balance sheet gap (a)		30,466	27,620	4,441,411	4,505,873
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a) + (b)		30,466	27,620	4,441,411	4,505,873
Cumulative interest rate sensitivity gap		30,466	58,086	64,462	

27.4.2 Equity price risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as 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, 2013, net profit for the year would increase / decrease by Rs 47.704 million (2012: Rs. 277.18 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, 2013 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

27.4.3 Foreign currency risk

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

28 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.

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 7, 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, 2013			
	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	3,598,329	-	-	3,598,329
- Mutual fund units	-	1,414,504	-	1,414,504

Investment in securities - financial assets available for sale				
- Quoted shares	293,500	-	-	293,500
- Mutual fund units	-	32,241	-	32,241

	As at December 31, 2012			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Equity securities	2,782,812	-	-	2,782,812
- Mutual fund units	-	1,525,300	-	1,525,300

Investment in securities - financial assets available for sale				
- Equity securities	161,503	-	-	161,503
- Mutual fund units	-	22,656	-	22,656

29 CAPITAL RISK MANAGEMENT

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

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

30 EARNINGS / (LOSS) PER SHARE – basic and diluted

	Continuing Operations		Discontinued Operations		Total Operations	
	2013	2012	2013	2012	2013	2012
(Rupees in '000)						
Net profit / (loss) for the year attributable to ordinary shareholders	1,176,817	1,429,222	(768)	(1,015)	1,176,049	1,428,207
(Number of shares)						
Weighted average number of ordinary shares outstanding during the year	58,627,722	58,627,722	58,627,722	58,627,722	58,627,722	58,627,722
(Rupees)						
Basic earnings / (loss) per share	20.07	24.38	(0.01)	(0.02)	20.06	24.36

31 SUBSEQUENT EVENTS

- 31.1 The Board of Directors in its meeting held on February 24, 2014 has announced a final cash dividend of Rs. 5 per share (2012: Rs. 3.00 per share) in respect of the year ended December 31, 2013 amounting to Rs. 293.139 million (2012: Rs. 175.883 million). These financial statements for the year ended December 31, 2013 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

32 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest unaudited financial statements of the Fund for the half year ended December 31, 2013:

	2013	2012
	(Rupees in '000)	
	----- (Unaudited) -----	
Size of the fund - Total assets	18,575	11,178
Cost of investments made	17,667	9,670
Percentage of investments made	95%	87%
Fair value of investments	18,263	10,021

32.1 The break-up of fair value of investments is

	2013		2012	
	(Rupees in '000)	----% ----	(Rupees in '000)	----% ----
Mutual Fund	18,263	100%	10,021	100%

- 32.2 The management is in process of regulating the investments of the Fund in accordance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33 No of employees

The total average number of employees during the year and as at December 31, 2013 and 2012 respectively are as follows:

	2013	2012
No of employees		
Average number of employees during the year	17	14
Number of employees as at December 31,	17	15

34 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. There were no significant reclassifications / restatements except as disclosed in note 2.5 to these financial statements during the year.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 24, 2014 by the Board of Directors of the Company.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Pattern of Shareholding

As at December 31, 2013

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) Mr. A. Samad Dawood - CEO	1,259,101 1,259,101	2.15
2.	Associated Companies, undertakings and related parties. Dawood Corporation (Pvt) Limited Dawood Industries (Pvt) Limited Sach International (Pvt) Limited Asian Co-operative Society Limited Patek (Pvt) Limited Trustee-Hajiani Hanifa Bai Memorial Society	40,131,905 29,020,647 3,433 3,476,384 513,330 6,301,111 817,000	68.45
3.	NIT & ICP Investment Corporation of Pakistan IDBL (ICP Unit)	704 40 664	-
4.	Banks Development Financial Institutions, Non Banking Financial Institutions. United Bank Limited Union Bank Limited United Bank Limited - Badla Portfolio Habib Bank Limited	23,281 2,233 18,388 1,239 1,421	0.04
5.	Insurance Companies Reliance Insurance Company Limited EFU Life Assurance Limited	31,658 11,658 20,000	0.05
6.	Modarabas and Mutual Funds Growth Mutual Funds Limited	1,194 1,194	-
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
8.	Others	275,445	0.47
9.	General Public a. Local b. Foreign	16,865,629 16,839,220 26,409	28.77
	TOTAL	58,627,722	100.00
	Shareholders holding 5% or more voting rights Dawood Corporation (Pvt) Limited Patek (Pvt) Limited Sach International (Pvt) Limited Hussain Dawood	29,020,647 6,301,111 3,476,384 4,716,078	49.50 10.75 5.93 8.04

Pattern of Shareholding

As at December 31, 2013

Number of Shareholders	Shareholding Range		Total Share Held
	From	To	
208	1	100	4,702
195	101	500	71,596
146	501	1,000	129,806
227	1,001	5,000	580,734
79	5,001	10,000	599,036
27	10,001	15,000	335,471
24	15,001	20,000	434,914
17	20,001	25,000	384,688
17	25,001	30,000	466,575
5	30,001	35,000	162,701
4	35,001	40,000	156,083
4	40,001	45,000	171,336
4	45,001	50,000	190,708
4	50,001	55,000	207,963
2	55,001	60,000	117,116
3	65,001	70,000	200,849
2	70,001	75,000	143,085
2	80,001	85,000	166,268
1	85,001	90,000	86,188
2	90,001	95,000	184,744
1	95,001	100,000	100,000
1	110,001	115,000	112,486
1	120,001	125,000	122,615
1	170,001	175,000	172,071
1	355,001	360,000	358,500
1	415,001	420,000	420,000
1	455,001	460,000	460,000
1	510,001	515,000	513,330
1	585,001	590,000	586,537
1	815,001	820,000	817,000
1	1,255,001	1,260,000	1,259,101
3	1,795,001	1,800,000	5,397,299
1	3,475,001	3,480,000	3,476,384
1	4,715,001	4,720,000	4,716,078
1	6,300,001	6,305,000	6,301,111
1	29,020,001	29,025,000	29,020,647
991			58,627,722

S. No.	Categories of Shareholders	Number of shareholders	Total Shares Held	Percentage
1	Banks Development Financial Institutions, Non Banking Financial Institutions	4	23,281	0.04
2	Insurance Companies	2	31,658	0.05
3	Directors, Chief Executive Officer and their spouse and minor children	1	1,259,101	2.15
4	Associated Companies, undertaking and related parties	6	40,131,905	68.45
5	NIT & ICP	2	704	-
6	Modarbas and Mutual Funds	1	1,194	-
7	Public Sector Companies and Corporation	3	38,805	0.07
8	Foreign Investors	1	26,409	0.05
9	Others	22	275,445	0.47
10	Individual	949	16,839,220	28.72
		991	58,627,722	100.00

Calendar of Major Events

January 2013	Extraordinary General Meeting of the shareholders of the Company was held to approve fund management company.
February 2013	Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2012 and recommend 30% final cash dividend to the shareholders.
March 2013	53 rd Annual General Meeting of the shareholders of the Company was held to approve financial statements for the year ended December 31, 2012 and 30% final cash dividend.
April 2013	Cyan Board of Directors meeting was held to approve the first quarter accounts for the period ended March 31, 2013.
August 2013	Cyan Board of Directors meeting was held to approve the accounts for the half year ended June 30, 2013 and to approve 50% interim cash dividend to the shareholders.
October 2013	Cyan Board of Directors meeting was held to approve the third quarter accounts for the nine months period ended September 30, 2013.

Glossary

Abbreviation	Description
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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
HOGE	Head of Growth Equity
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 13	Calendar Year 2013
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 Finance 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 13	Fiscal Year 2013
FX Reserves	Foreign Exchange Reserves
FPI	Foreign portfolio investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource

Abbreviation	Description
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1HFY14	First Half Year 2014
2HCY 13	Second Half Calendar Year 2013
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 Pakhtun Khwa
Labs	Laboratories
LSM	Living Standards Measure
LBT	Loss before tax
MIC	Management Investment Committee
Mgmt.	Management
NTN	National Tax Number
NBFI	Non-Bank Financial Institution
NIT	National Investment Trust
PGF	PICIC Growth Fund
PIF	PICIC Investment Fund
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



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Proxy Form

cyan Limited

I/We _____ of _____
being a member of CYAN LIMITED and holder of _____ Ordinary Shares as
per Share Register Folio No. _____ and/or CDC participant ID No. _____
and Account / Sub Account No. _____ hereby appoint _____
_____ of _____
or failing him/her _____ of _____ as my proxy to vote for
me and on my/our behalf at the Annual General Meeting of the company to be held at
Marriott Hotel, Karachi on April 30, 2014 at 11:30 am and at any adjournment thereof.

Signed this _____ day of _____ 2014

Witness 1

Signature _____
Name _____
CNIC No. or _____
Passport No. _____
Address _____

Signature on Revenue
Stamps of Rupees Five

Signature should agree with specimen
signature with the Company.

Witness 2

Signature _____
Name _____
CNIC No. or _____
Passport No. _____
Address _____

Notes:

- A member entitled to attend and vote at the meeting may appoint any 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.



cyan_{Limited}

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

Please
affix correct
postage



4th Floor, Dawood Centre, M.T. Khan Road,
Karachi-75530
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Fax: (92-21) 35680218
Website: www.cyanlimited.com