

Imagine Innovate Implement



A N N U A L R E P O R T 2 0 1 2



Cyan Limited is focused on making equity investments in high potential companies. Cyan recognizes that entrepreneurs are the leaders behind innovation and employment creation. We believe that by combining the spirit of entrepreneurship with the sponsor'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 levels.

The Cyan platform brings together high potential entrepreneurs, industry professionals and providers of capital. By facilitating interaction between stakeholders, Cyan aims to cultivate investment opportunities as opposed to simply evaluating them. By understanding an entrepreneur's aspirations, we believe win-win transactions can be cultivated for all stakeholders.



Contents

02	Vision & Mission
05	Company Information
12	Core Values
16	Potential in Selected Sectors
34	Notice of Annual General Meeting
36	Directors' Report
44	Hubco Story
46	Key Financial Highlights
56	Statement of Compliance with the Code of Corporate Governance
58	Review Report to the Members on the Statement of Compliance
59	Auditors' Report to the Members
60	Statement of Financial Position
61	Profit and Loss Account
62	Statement of Comprehensive Income
63	Statement of Changes in Equity
64	Statement of Cash Flows
65	Notes to the Financial Statements
90	Pattern of Shareholding Proxy Form

Vision & Mission

“Taking Entrepreneurship to
Scale”







Company Information

Board of Directors

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

Board Audit Committee

Shahid Hamid Pracha	(Chairman)
Shafiq Ahmed	
Ruhail Yousuf Muhammad	

Board HR & Remuneration Committee

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

Board Investment Committee

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

COO & Company Secretary

Sulaiman S. Mehdi

CFO

Faisal Nadeem Mangroria

Head of Compliance

Ghulam Haider

Executives*

A. Samad Dawood (CEO)
 Sulaiman S. Mehdi (COO & CS)
 Faisal Nadeem Mangroria (CFO)
 Shaharyar Ahmed (Principal / Co HOGE)
 Isfandiyar Shaheen (Principal / Co HOGE)
 Ghulam Haider (Head of Compliance)
 Muhammad Anas Karimi (Manager Finance)

* 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

Directors' Profiles



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.



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.

Shahid Hamid Pracha
(Director)



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 The Hub Power Company Limited, 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 Corporation. Mr. Pracha is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood 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. He is also a founding member of the Pakistan Society for Human Resource Managers and previously served as the first CEO of the Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

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 Corporate Affairs at the Holding Company Level as 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 qualified Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from Karachi University.

Directors' Profiles



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 25 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 The Hub Power Company Limited & Pakistan Institute of Corporate Governance.

A. Samad Dawood
(Director/CEO)



Abdul 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 CEO of Dawood Corporation Private Limited and Patek (Pvt.) Limited. He is a Director on the Board of The Hub Power Company Limited, Engro Corporation Limited, Dawood Hercules Corporation Limited, Sui Northern Gas Pipeline Limited, Dawood Lawrencepur Limited, Engro Fertilizers Limited, Engro Foods Limited, Engro Eximp (Pvt.) Limited, International Industries Limited, DH Fertilizers Limited, Tenaga Generasi Limited, WWF Pakistan, Inbox Business Technologies (Pvt.) Limited and Pebbles (Pvt.) Limited. He is a member of Young President Organization, Pakistan Chapter.

Management Team



Sulaiman S. Mehdi
Chief Operating Officer &
Company Secretary

Experience: Sulaiman has over twelve years of experience in investments, legal & corporate affairs. Before Cyan, Sulaiman served as COO and Co. Secretary of ABL Asset Management Company Limited (\$140 mn AuM). During his tenure at ABL Asset Mgmt. Co. & PICIC Asset Mgmt. Co., he was instrumental in launching various mutual funds with cumulative AuM of \$40 mn & multiple rights issues for ICP-SEMF (now PGF), ICP-Lot-B (now PIF), PICIC Energy Fund, ABL Cash Fund, ABL Stock Fund, ABL Income Fund & ABL Islamic Income Fund. He serves on the Board of Dawood Lawrencepur Ltd.

Education: Sulaiman holds a Masters degree and is a Fellow member of the Institute of Corporate Secretaries of Pakistan (FCISP).

Expertise: Legal Affairs, Corporate Restructuring, Institutionalization and Public Equities.

Select Transactions: PICIC AMC | ABL AMC | Central Insurance Co. | Hub Power Co. | Portfolio Return of 56% + on public equities during CY-2012.



Shaharyar Ahmed
Principal/Co Head of Growth Equity
Investments

Experience: Shaharyar has over eight years of experience in private equity and investment research. Before joining Cyan, Shaharyar was a member of Telecom, Media and Technology (TMT) team at the IFC in Washington DC, where he was involved in over twenty growth equity transactions with a cumulative value in excess of USD 300mn across more than thirty emerging markets globally. Prior to IFC, he worked for two years in the Global Investment Research division of Goldman Sachs in New York.

Education: BSc Finance – Rutgers University, USA & an MBA – INSEAD, France.

Expertise: Deal structuring, Internationalization of businesses.

Select Transactions: Growth Equity investments in Neophotonics (China) | Dialogue Telecom (Sri Lanka) | Esoko (Ghana) | Teraco (South Africa) | Voxiva (USA, Peru, India).



Faisal Nadeem Mangroria
Chief Financial Officer

Experience: Faisal has over twelve years of experience in audit, financial/internal controls & risk management. Before Cyan, he was the CFO & Co. Secretary at ABL Asset Management Company Limited (\$600 mn AuM). Prior to this, he worked in the investment bank, an associate company of National Bank of Pakistan with a focus on debt finance, risk management & internal audit. He also worked at PICIC, a pioneer Development Finance Institution as a credit risk manager for a \$30 mn corporate & SME debt portfolio.

Education: Faisal is a Chartered Accountant (CA) and a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). He has also passed his Chartered Mgmt. Accountancy exams from the Chartered Institute of Mgmt Accountants. (CIMA-UK).

Expertise: Risk Management, Internal Controls, Mgmt. Info. Systems.

Select Transactions: Globe Textile Mills | Kohinoor Textile Mills | Hashwani Hotels Ltd. | Recorder Television Network (AAJ TV) | Byco Pakistan.



Isfandiyar Shaheen
Principal/Co Head of Growth Equity
Investments

Experience: Isfandiyar has over six years of experience in the field of investment banking and consulting. Before Cyan, Isfandiyar served as Head of Investment Banking at Foundation Securities. Prior to this, he was the founding 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 Board of Inbox Technologies.

Education: B.A Economics & Mathematics – Franklin and Marshall College, USA.

Expertise: Corporate strategy, Restructuring, Mergers & acquisitions.

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).

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.

Our core values:

- Openness and Transparency
- Integrity
- Strong Work Ethics
- Teamwork and Partnership
- Commitment to Pakistan

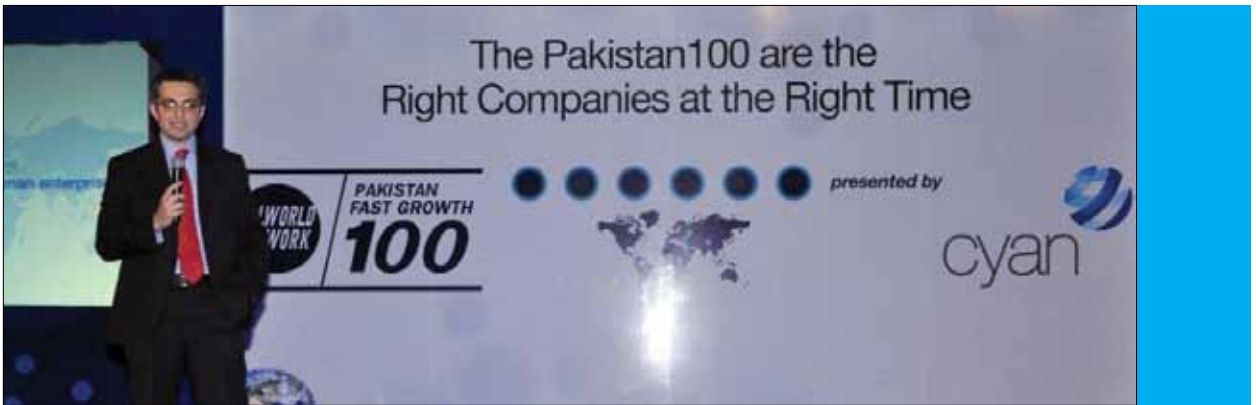


Pakistan Fast Growth 100



Pakistan Fast Growth 100 Sponsored by Cyan (9th & 10th March 2012)





Pharmaceutical



Potential in Selected Sectors

Banquet & Wedding Halls



Health Care Services



Education



Logistics



Retail



Telecom, Media & Technology

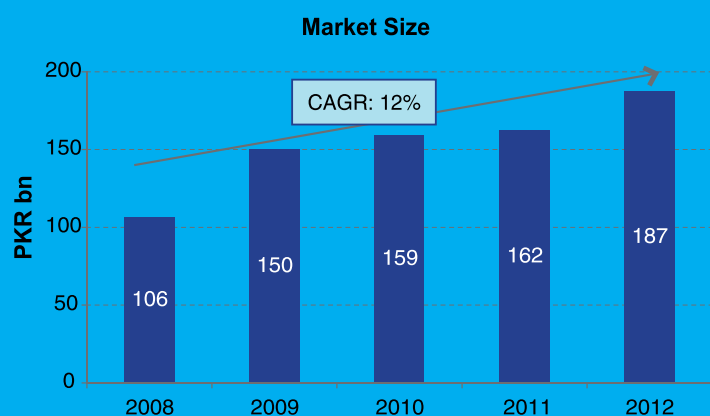


Animal Protein



Potential in Pharma

- **Industry Profile:** 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 and remains highly regulated in terms of pricing and quality controls.
- **Market Size:** Pharmaceutical industry in Pakistan is valued at PKR 187bn. 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.



12% CAGR

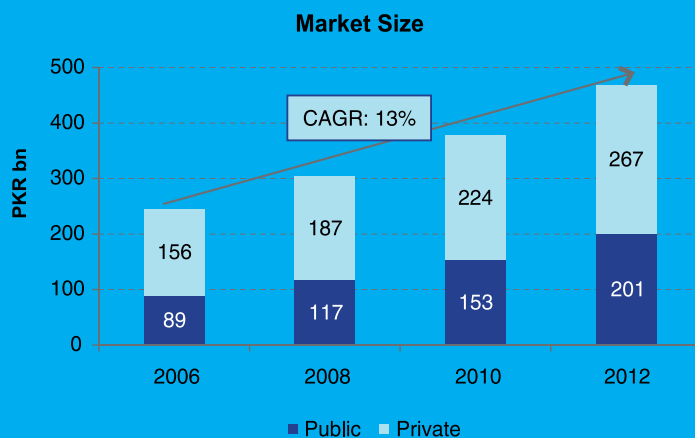


Did you know?

- 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)

Potential in Health Care Services

- **Industry Profile:** The accessibility and quality of healthcare are common metrics used to assess the developmental stage of a country. There are 972 hospitals, 5,438 labs & diagnostic centers, 196,000 clinics and over 7,300 pharmacies. However, the quality of healthcare infrastructure ranks low among peer countries.
- **Market Size:** According to Cyan's estimates, the size of the healthcare service industry is PKR 468bn. The demand for healthcare services in Pakistan has been steadily increasing due to rising income levels, high population growth, aging population and increase in lifestyle diseases such as diabetes.





13%

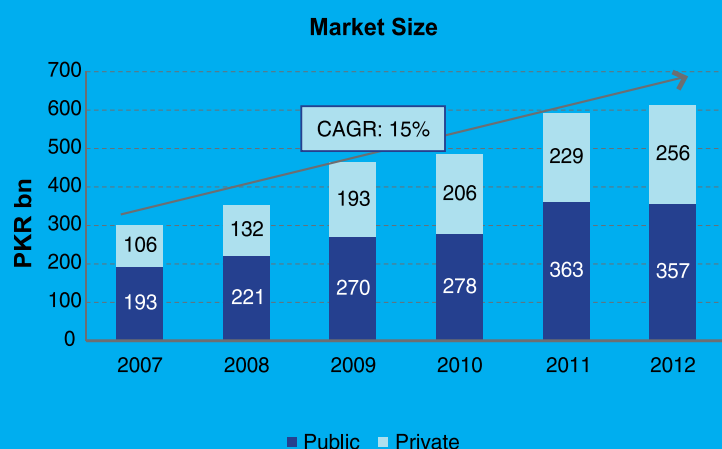
CAGR

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 as many doctors in the country as nurses
- Digestion related infections are the most common disease in Pakistan

Potential in 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 to only a few.
- **Market Size:** The Education industry in Pakistan is valued at PKR 613bn, 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. 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.



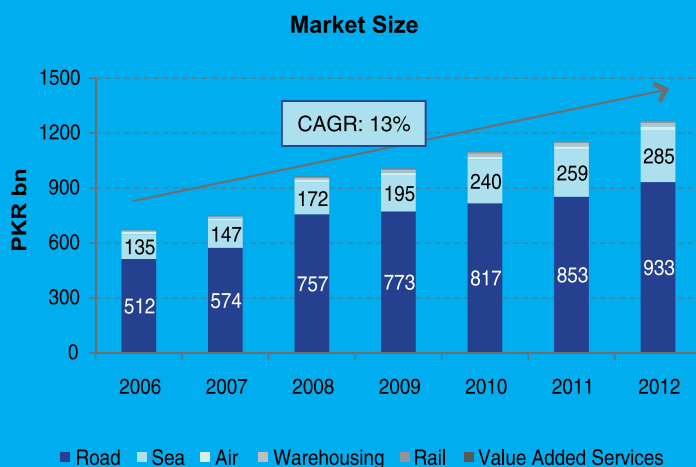
15% CAGR

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

Potential in Logistics

- **Industry Profile:** The logistics sector accounts for 6-7% of Pakistan's GDP. Despite its large market size, and Pakistan's geographical location, the sector remains highly fragmented and underdeveloped.
- **Market Size:** Size of the logistics market is valued at PKR 1.3 trillion in Pakistan. 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 goods are transported via trucks rather than rail; a trend which is unique to Pakistan.



13%

CAGR

Did you know?

- 35% of crop wastage occurs due to insufficient storage space
- It costs 5x more to transport goods up-country than down-country

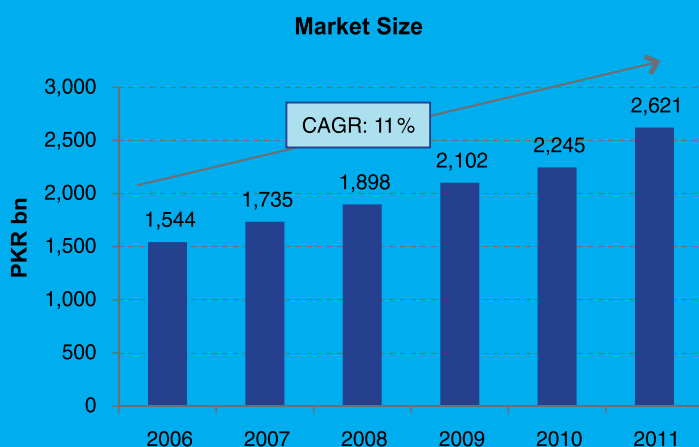


Potential in Retail

- **Industry Profile:** Retailing is defined as sales of new and used goods to the general public for personal or household consumption. Store-based retail constitutes 99% of all retail. The industry employs 6.5 million people.
- **Market Size:** The size of the retail industry in Pakistan is estimated at PKR 2.6 trillion, hence representing 16% of Pakistan's GDP. Broadly, store-based retail is categorized into grocery and non-grocery stores having 58% and 42% market share respectively.

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 wall-mart stores alone, comfortably!
- Dubai mall is 12x the size of the largest mall in Pakistan in terms of area





11%
CAGR

Potential in Banquet and Wedding Halls

- **Industry Profile:** Banquet and wedding halls have been a fundamental avenue of entertainment and socializing based on cultural makeup of the Pakistani society. Anecdotal evidence suggests that the banquet and catering business has been thriving recently in line with growing per capita income levels. 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 in the country.
- **Market Size:** Due to a lack of data availability, anecdotal evidence is used to estimate market size, which falls in the range of PKR 200-300bn.

JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
------	------	-----	------	-----	-----	-----	-----	-----	-----	-----	-----

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, 1mn 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 annual revenue during a four month period

Potential in Telecom, Media & Technology

- Pakistan's mobile penetration is 69.8%
- There are 2.2 million broadband subscribers in Pakistan, which implies that 1 in every 80 Pakistani is a broadband user.
- Telecom sector has attracted \$7.1 billion investment during 2003-11.
- IT industry currently employs 12,000 people. Employment is constantly on the rise.



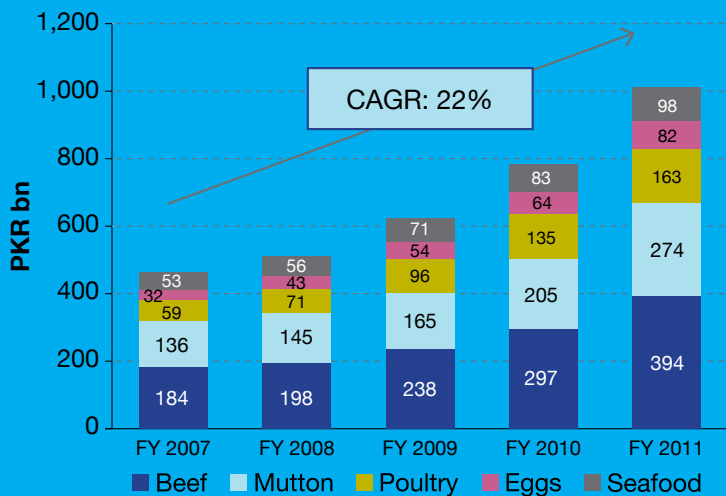
70%
Mobile
Penetration



Potential in Animal Protein

- Industry Profile:** 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 animal protein industry in Pakistan is PKR 1.0 trillion thereby constituting ~5% of Pakistan'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.

Market Size in FY 2011



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



22%
CAGR

Notice of the 53rd Annual General Meeting

Notice is hereby given that the Fifty Third (53rd) Annual General Meeting (AGM) of Cyan Limited will be held at Marriott Hotel, Abdullah Haroon Road, Karachi at 12:00 noon on Tuesday the March 26, 2013 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on January 24, 2013.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2012 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 30% (Rs.3 per share) for the year ended December 31, 2012 as recommended by the Board of Directors. This is in addition to interim cash dividend of 10% (Rs.1 per share) already paid during the year.
4. To appoint Auditors for the year ending December 31, 2013 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board

SULAIMAN S. MEHDI
COO & Company Secretary

Karachi, February 25, 2013

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share transfer books of the Company will remain closed from Tuesday March 19, 2013 to Tuesday March 26, 2013 (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: Shahrāh-e-Quaideen, Karachi by the close of business (6:00 p.m.) on Monday March 18, 2013 will be treated in time for the purpose of above entitlement to the transferees.

PARTICIPATION IN THE ANNUAL GENERAL MEETING

All members of the Company are entitled to attend the Meeting and vote thereat in person or through Proxy. A Proxy, duly appointed, shall have rights as such speaking and voting at the Meeting as are available to a member.

The proxies shall produce their original CNICs or original Passports at the time of the Meeting.

PROXY

A member of the Company may appoint another member as his/her Proxy to attend and vote instead of him/her. A Corporation being a member may appoint any person, whether or not a member of the Company, as its Proxy. In the case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, unless provided earlier, shall be submitted to the Company's Registered Office with the Proxy Form.

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 annual report.

CNIC NUMBER

Securities and Exchange Commission of Pakistan (SECP) has directed vide Notification No. SRO. 831 (1)/2012 of July 5, 2012 in supersession of earlier Notification No. SRO 779(1)/2011 of August 18, 2011 to issue dividend warrants only crossed as "A/c Payee only" and should bear the valid Computerized National Identity Card (CNIC) number of the registered member. Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company Share Registrar.

DIVIDEND MANDATE OPTION

As directed by SECP vide Circular No.18 of 2012 dated June 5, 2012, we give the shareholders the opportunity to authorise the Company to directly credit in their bank account with cash dividend, if any, declared by the Company in future. If they wish that the cash dividend if declared by the Company be directly, credited into their bank account, instead of issuing a dividend warrant, please provide the following details:

Title of Bank Account	Branch Name and address
Bank Account Number	Cell number of Shareholder
Bank's Name	Landline number of Shareholder, if any.

CHANGE OF ADDRESS

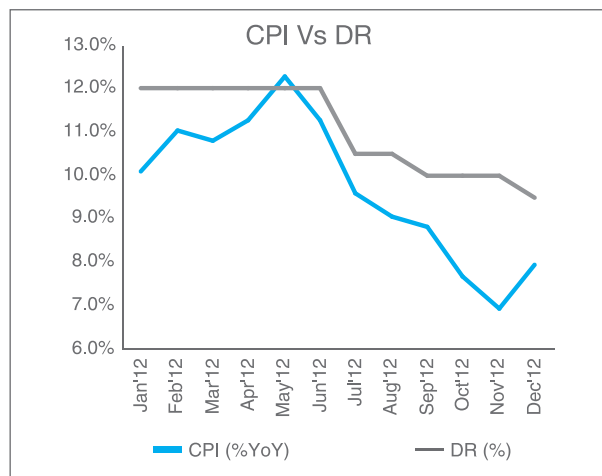
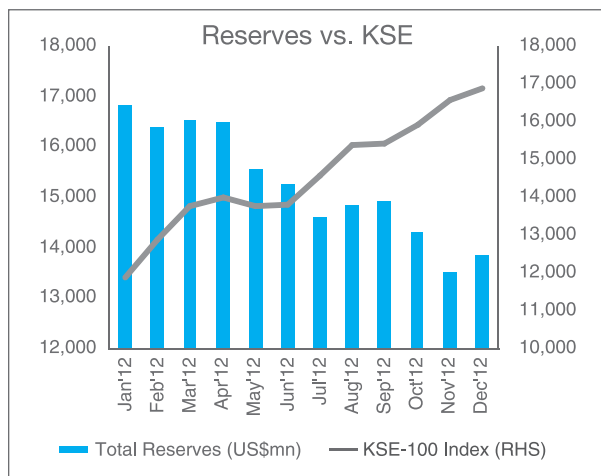
Members are requested to immediately notify the change of address, if any, to the Company's Registrar.

Directors' Report

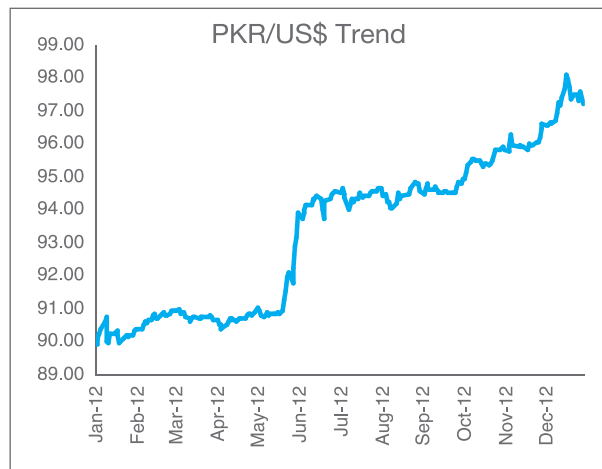
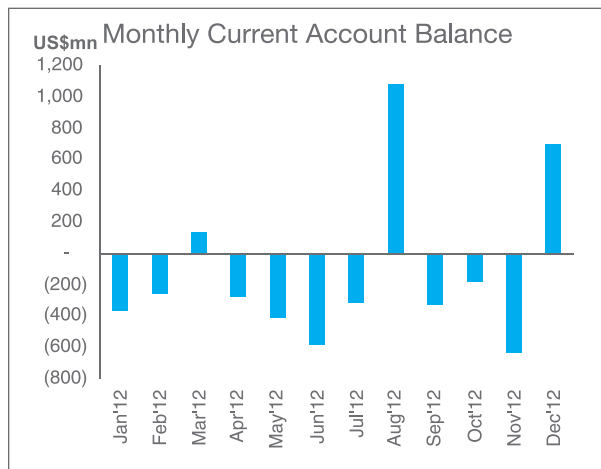
The Board of Directors is pleased to present the 53rd Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2012.

Economy Review

Despite improvement in some key indicators across the year, some deterioration in macroeconomic fundamentals occurred towards the end of CY12, particularly on the external front. Among the positives was inflation trajectory, with headline CPI declining from 12% in CY11 to 9.7% in CY12, the first time in five years that inflation registered in single digits. This led to the SBP adopting a dovish monetary policy stance by cutting the Discount Rate by a cumulative 450bps since Jul'11 to 9.5% at present. Going forward however, inflationary pressures may rear up again with MoM price pressures intensifying in Jan'13. As a result, the SBP kept the Discount Rate unchanged in the Feb'13 monetary policy statement and has set the tone for a potential reversal in its thus far accommodative stance.

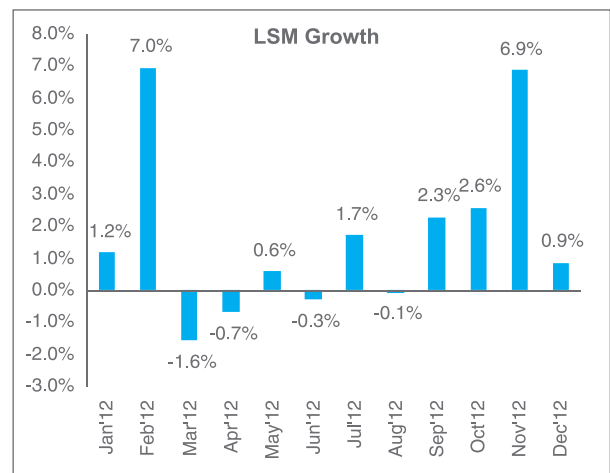
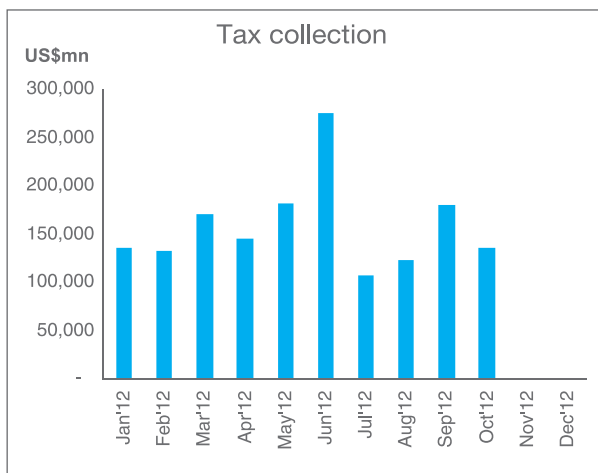


On the external front, while the current account registered a high deficit of US\$4.6bn in FY12, the CY12 Current Account balance was in deficit to the tune of US\$1.9bn. In this regard, the recent improvement came on the back of about US\$1.9bn from release of Coalition Support Funds and healthy growth in remittances (+14%YoY to US\$13.98bn in CY12). The trade deficit expanded by 7%YoY to US\$19.3billion in CY12 vs. US\$17.9bn in CY11 with fall in exports by 2% (on the back of lower cotton prices) and 2% increase in imports. While total foreign exchange reserves remained above US\$17bn in CY2011, with IMF repayments and pressure on the external account, end-Dec'12 reserves fell to US\$13.85bn, down 19%YoY. Underlying pressures on the external account led to a 8%YoY depreciation in the PKR/US\$ parity as compared to 5%YoY depreciation in CY11, and the exchange rate slipped close to PKR97/US\$ by Dec'12 end. This is broadly at par with the 6%-7% average annual currency depreciation since the 1990s. From a forward looking perspective, looming IMF repayments indicate pressure on the external side is likely to intensify, with likely swifter reserves erosion over the next few months. As a result, escalating pressure on the currency cannot be ruled out going forward, particularly if targeted foreign inflows (Etisalat/3G auction proceeds) fail to materialize.



On the domestic front, the fiscal side remained a mixed bag. While tax collection grew by a robust 18%YoY to PKR2.05 trillion in CY12 against PKR1.74 trillion in CY11, continuing high current expenditures due to inefficient subsidies acted as a drag on the fiscal deficit. Although the 1HFY13 fiscal deficit has come in at 2.6% of GDP, chronic shortcomings on the fiscal side entail deterioration going forward, particularly if the GoP resorts to populist decision making (e.g. higher wheat support price) ahead of general elections. As a result, the fiscal deficit may realistically clock in above 7% of GDP in FY13 where onus of financing this gap will likely continue to fall on domestic sources (primarily commercial banks). In this regard, the SBP has also pointed towards the need for extending the average maturing of government debt going forward. Serious structural reforms to raise the Tax-to-GDP ratio into double-digits and curtailment of current expenditure (particularly inefficient subsidies) are necessary to address chronic fiscal side problems.

On the real side, modest improvement was seen in LSM growth which clocked in at 2.13% in 1HFY13. Sectors registering positive growth include food, beverages & tobacco, iron & steel products, coke & petroleum products, paper & board, rubber products & pharmaceuticals. The construction sector also posted strong growth during the year. Positives in private consumption growth include 1) increase in consumption demand with higher production of consumer goods supported by growth in remittances, stable corporate profits and lower taxes and 2) modest revival in construction activities. Despite this visible recovery, industrial performance during FY12 was far from satisfactory due to supply side bottlenecks and energy shortages. These could potentially keep a stranglehold on GDP growth, which has remained subdued over the last few years and could potentially remain entrenched in the 3%-4% range unless the underlying energy deficit is addressed.



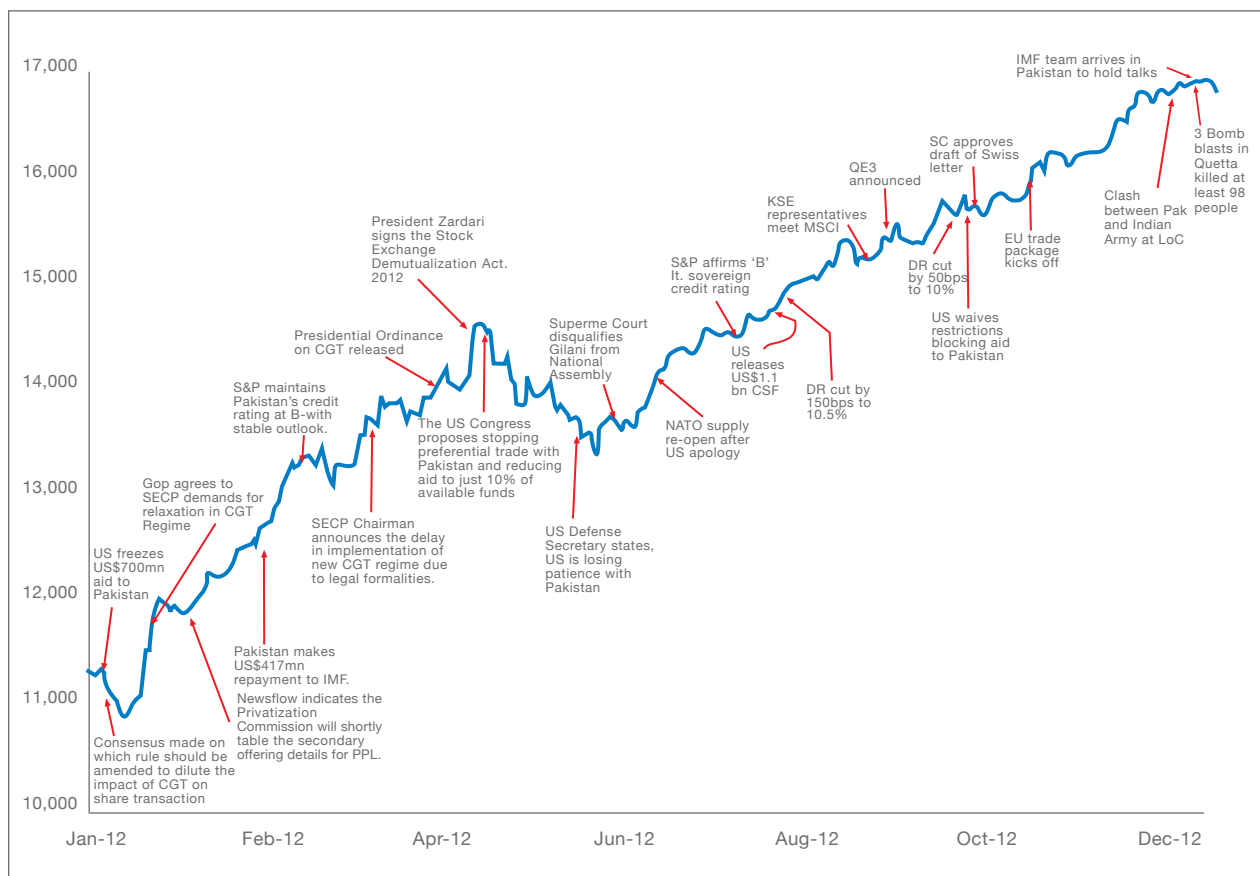
Stock Market Review CY2012 & CY2013 Outlook

CY12 was an excellent year for the market as the KSE-100 Index gained 49%, making Pakistan one of the best performing markets in the world. While the year started off with relations with the US at a trough (closure of NATO supply routes), gradual improvement saw eventual release of pending Coalition Support Funds of US\$1.9bn. On the domestic front, robust share price performance arose on a confluence of positive factors including strong corporate results, monetary easing (DR cut by a cumulative 450bps since Jul'11) and capital gains tax reforms, the latter resulting in the highest average daily volumes (135.6mn shares) and value (US\$49.78mn) in 3yrs. Despite the PKR depreciating by 8.4% vs. the US\$, foreign investors remained key players - net FIPI in CY12 came in at US\$130mn. Going forward, although political noise and a potential return to IMF could temporarily stall the market's rally, underlying valuations remain strong (forward P/E: 7.5x) which in tandem with robust corporate profitability should enable further price discovery once clarity emerges on politics and macros.

Worldwide Indices Performance in CY12

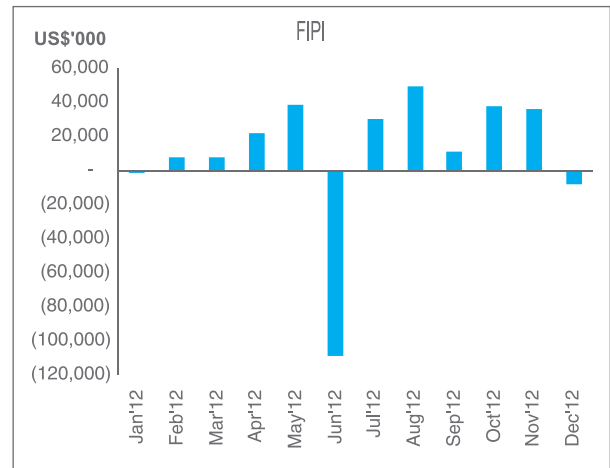
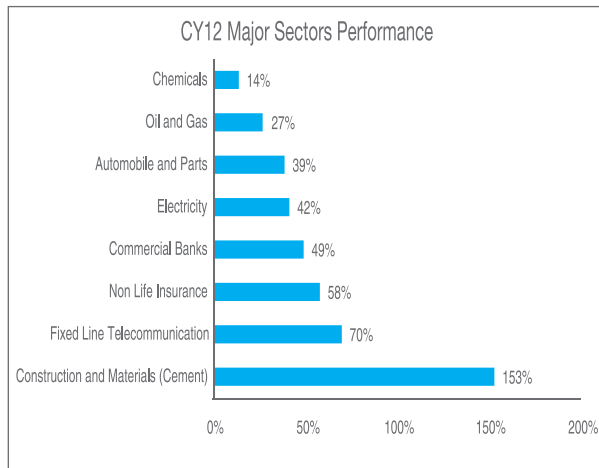
Country	Index	CYTD Index		CYTD	Rel. to MSCI	Change Since	Change Since
	31-Dec-12	High	Low	Changed	World Index	CYTD High	CYTD Low
Pakistan	16,905	16,943	10,909	49.0%	35.8%	-0.2%	55.0%
Srilanka	5,643	6,075	4,738	-7.1%	-20.3%	-7.1%	19.1%
Thailand	1,392	1,397	1,025	35.8%	22.6%	-0.4%	35.8%
Jakarta	4,317	4,375	3,655	12.9%	-0.2%	-1.3%	18.1%
Malaysia	1,689	1,689	1,504	10.3%	-2.8%	0.0%	12.3%
Philippines	5,813	5,833	4,372	33.0%	19.8%	-0.3%	33.0%
Vietnam	414	488	337	17.7%	4.5%	-15.2%	22.9%
Hong Kong	22,657	22,667	18,186	22.9%	9.7%	0.0%	24.6%
Singapore	3,167	3,192	2,646	19.7%	6.5%	-0.8%	19.7%
Brazil	21,982	22,872	19,050	11.6%	-1.6%	-3.9%	15.4%
Russia	10,102	11,188	8,681	5.3%	-7.9%	-9.7%	16.4%
India	19,427	19,487	15,455	25.7%	12.5%	-0.3%	25.7%
China	2,269	2,461	1,960	3.2%	-10.0%	-7.8%	15.8%
S&P	1,426	1,466	1,258	13.4%	0.2%	-2.7%	13.4%
DJIA	13,104	13,610	12,101	7.3%	-5.9%	-3.7%	8.3%
NASDAQ Composite	3,020	3,184	2,605	15.9%	2.7%	-5.2%	15.9%
UK	5,898	5,966	5,260	5.8%	-7.3%	-1.1%	12.1%
German	7,612	7,672	5,898	29.1%	15.9%	-0.8%	29.1%
MS CI EM	1,055	1,080	882	15.1%	2.0%	-2.3%	19.6%
MS CI FM	490	491	438	4.9%	-8.3%	-0.3%	11.8%
MS CI World	1,339	1,348	1,151	13.2%	0.0%	-0.7%	16.3%

KSE behavior on News Flow Time line CY 2012



Sector Reviews

CY12 was undoubtedly the year of Textiles (+101% on lower interest rates/EU's ATP Scheme/strong yarn exports) and Cements (+153% on higher domestic demand and margin expansion on higher cement prices/lower coal prices). Other prominent gainers included Food Producers (+70% on strong topline), Fixed Line Telecom (+70% on ICH implementation), Non Life Insurance (+58% in lockstep with the market) and Banks (+49% on lower provisions). At the same time, underperforming sectors included Oil & Gas (+27% on circular debt) and Chemicals (+14% on gas supply concerns and urea imports).



Company Performance

Insurance - Discontinued Operations

During the year under review, the net loss after tax of the company has been recorded at Rs.1.00 million compared to Rs.13.49 million last year, reflecting decline of 92% mainly due to revocation of insurance license last year in the month of November 2011.

Investment- Continuing Operations

The company has realigned its portfolio to compliment its allocation towards high growth, low yield investments. To this effect, sizable investment in group companies like Engro Corporation and Dawood Hercules were substituted by energy, oil and gas, cement companies and money market mutual funds. The company has made significant efforts in reducing exposure in group related companies. This strategy has also served in mitigating the concentration risk towards the fertilizer sector. These equity investments, by nature, are high yielding defensive positions that not only improve cash flows from our investments but also provide protection from currency devaluations and are positively skewed towards rising oil prices. Investment in mutual funds provides a stable and consistent return on the portfolio and helps curtail volatility of equity investments. As a result, dividends from our portfolio have increased by 72% to Rs.303 million for the year 2012 as opposed to Rs.176 million earned last year. Dividend income from related parties increase by 145% from Rs.65 million to Rs.159 million, however, dividend income from others increased by 30% from Rs.111 million to Rs.144 million. This was mainly achieved due to investment in Hubco, POL, FFC and NBP. This combination of investments in high growth companies along with high yielding defensive plays, positions the company well to provide sustained long term capital growth whilst generating healthy cash flows to fund future investments. The company also earned realized capital gains of Rs.1,239 million (2011: Rs.299 million) and unrealized appreciation of Rs.234 million (2011:Nil) on re-measurement of investments classified as financial assets at fair value through profit and loss – net.

Due to steep decline in the share price of Dawood Hercules due to gas curtailment issues the provision for impairment in value of available for sale investments on December 31, 2012 stood at Rs.51million compared to reversal of impairment of Rs.601 million on December 31, 2011 thus resulting in profit after tax of Rs.1,429 million as compared to loss of Rs.184 million reported last year.

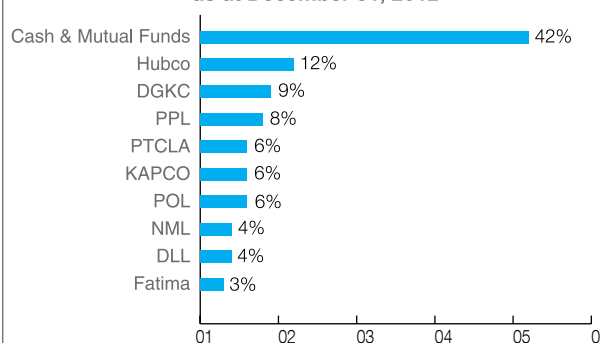
The brief summary of the financial highlights for the year ended December 31, 2011 and 2012 is as under:

	PAT/(LAT) Rs. in Million	2012 (LPS)/EPS Rupees
Continuing Operations	1,429	24.38
Discontinued Operations	(1)	(0.02)
Total	1,428	24.36

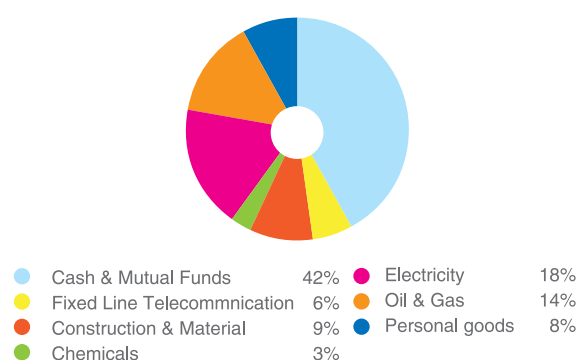
Continuing Operations	2012	2011	Rs. in Million Change
Return on Investments	307	181	70%
Gain on Sale of Investments - Net	1,239	299	314%
Other Income	6	2	200%
	1,552	482	222%
Unrealized appreciation	234	-	NA
Provision for Impairment	(51)	(601)	(92%)
	1,735	(119)	1,559%
Operating & Administrative Expenses	(231)	(40)	(478%)
Financial Charges	0	0	-
	(231)	(40)	(478%)
PBT/(LBT)	1,504	(159)	1046%
Taxation	(75)	(25)	(200%)
PAT/(LAT)	1,429	(184)	877%
EPS/(LPS) – Rupees	24.38	(3.14)	877%

Discontinued Operations	2012	2011	Rs. in Million Change
Net premium revenue/(Loss)	-	(5)	(100%)
Net claims recovery/(expense)	-	10	(100%)
	-	5	(100%)
Net expense	(1)	(18)	(94%)
LBT	(1)	(13)	(92%)
Taxation	-	(1)	(100%)
LAT	(1)	(14)	(93%)
LPS - Rupees	(0.02)	(0.23)	(93%)

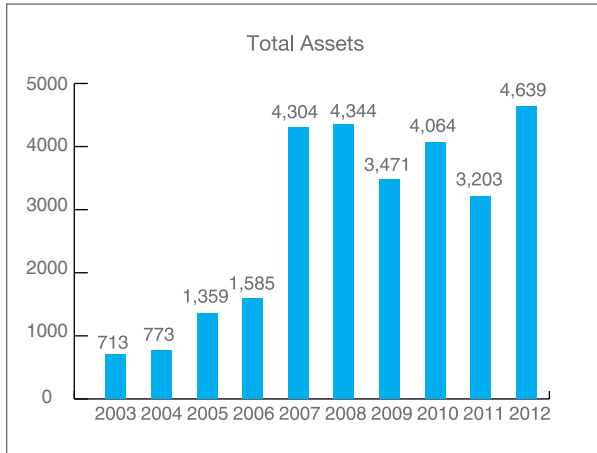
Portfolio Break-up based on Top Ten Holdings* as at December 31, 2012



Sector wise Break-up Based on Top Ten Holdings* as at December 31, 2012



* Top Ten Holdings represent 83% of the total portfolio.



Earnings / Loss per Share

During the year the company posted earnings per share of Rs.24.36 compared to loss per share of Rs.3.37 (restated) in 2011.

Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2012 stood at Rs.1,428 million compared to loss after tax of Rs.198 million.

The Board now recommends a final cash dividend of 30% (Rs.3 per share) for the year ended 2012. This is in addition to interim cash dividend of 10% (Rs.1 per share) and interim bonus issue of 50% already paid to the shareholders.

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

Board of Directors

The Board comprises of Seven Directors

Board Meetings

During the year under review, Seven (7) 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 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)	7	7
A. Samad Dawood (CEO/Director)	7	7
Isar Ahmad (Director)	7	6
Shafiq Ahmed (Director)	7	6
M. Jawaid Iqbal (Director)	7	4
Shahid Hamid Pracha (Director)	7	6
Ruhail Yousuf Muhammad (Director)	7	5

presently Cyan Limited on account of revocation of company's insurance license on November 30, 2011.

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 arms length basis.

Material Information

on June 13, 2012, the company acquired 32,260,000 fully paid ordinary shares of Hub Power Company Limited (Hubco) at a price of PKR 31 per share from National Power International Holdings B.V.. This acquisition has led to substantial gains realized by the company during the year.

Subsequent to year end on January 24, 2013, an Extra-ordinary General Meeting of the Company was held whereat shareholders passed special resolutions to form a Fund Management Company (FMC) 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.

	No. of meetings held	No. of meetings attended
Board Audit Committee Meetings		
Shahid Hamid Pracha (Chairman)	5	4
Shafiq Ahmed (Member)	5	5
Ruhail Yousuf Muhammad (Member)	5	4

Board Investment Committee Meetings

Shabbir Hussain Hashmi (Chairman)	1	1
Isar Ahmad (Member)	1	1
M. Jawaid Iqbal (Member)	1	1
Ruhail Yousuf Muhammad (Member)	1	1

Board HR & Remuneration Committee Meetings

Shabbir Hussain Hashmi (Chairman)	1	1
A Samad Dawood (Member)	1	1
Shahid Hamid Pracha (Member)	1	1

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 on the company's website.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and statement of changes in equity.
- The company has maintained proper books of accounts as required under the Companies Ordinance, 1984.
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. All Changes, wherever made during the year have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgement.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.
- The company has followed the best practices of the Corporate Governance as laid down in the Listing Regulations of the stock exchanges and there has been no material departure there from.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and described in the financial statements.
- The value of investments of provident fund on the basis of audited accounts as on June 30, 2012 is Rs.7.082 million.
- Trading of shares by Directors, Executives and their spouses and minor children during the year were:

Sale of Shares	
A. Samad Dawood-CEO	360,000 Shares
- Mr. A. Samad Dawood is a certified Director as required under Director's Training Program from Pakistan Institute of Corporate Governance.

Ownership

As at December 31, 2012, there were 1027 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2012, along with the necessary information is available at the end of this report.

Auditors

The present auditors M/s. A.F. Ferguson & Co. (Chartered Accountants) being eligible, has provided their consent for appointment at the 53rd 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, 2013. The Board has endorsed this recommendation.

Key Operating and Financial Data

A Statement summarizing the key financial and operating data for the ten years including the current year is included in the report.

Future Outlook

The company is actively undertaking growth equity business, the outlook is positive. The management team under its CEO is fully committed to effectively undertake the growth equity business 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 unwavering commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the management of the Karachi and Lahore Stock Exchanges and the Auditors for their continued support and cooperation.

On behalf of the Board

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Karachi: February 25, 2013

HUBCO Story

The Company executed a Share Purchase Agreement (SPA) dated March 22, 2012 for acquisition of 32,260,000 fully paid ordinary shares of Hub Power Company Limited (Hubco) from National Power International Holdings BV at a price of PKR 31/- per share which was subject to certain regulatory clearance and approvals.

Subsequently on June 13, 2012, the company acquired 32,260,000 fully paid ordinary shares of Hubco at a price of PKR 31 per share from National Power International Holdings BV. This acquisition has led to substantial gains realized by the company during the year.





Key Financial Highlights

Ten Years at a Glance

Particulars	2003	2004	2005
-------------	------	------	------

Rupees in '000

Earnings

Investments Income / (loss)	89,391	127,560	243,127
Profit / (loss) before taxation	102,555	156,116	222,449
Profit / (loss) after taxation	77,369	131,621	200,640

Pay Out Information %

Cash Dividend	40	60	40
Stock Dividend	10	20	10

Balance Sheet

Paid Up Capital	96,305	105,935	127,122
Equity	511,340	579,399	754,615
Investments	1,506,640	1,831,616	3,127,928
Cash & Cash Equivalents	154,156	109,758	87,857
Fixed Assets	2,471	4,633	6,158
Total Assets	712,644	772,550	1,359,547

Operating Performance

Earnings Per Share (Rupees)	7.30	10.35	14.35
Break up Value per Share (Rupees)	53.09	54.69	59.36
Absolute Return on Investments %	24.48	27.99	22.12
Return on Equity	15.73	24.13	30.08

2006	2007	2008	2009	2010 Restated	2011	2012
------	------	------	------	------------------	------	------

Rupees in '000

767,673	2,752,567	142,741	(111,619)	179,500	(118,836)	1,735,566
730,310	2,764,738	133,687	(844,897)	114,268	(172,089)	1,503,026
750,090	2,747,982	116,421	(855,118)	108,312	(197,508)	1,428,207

50	50	20	20	25	25	40
-	20	20	25	50	40	50

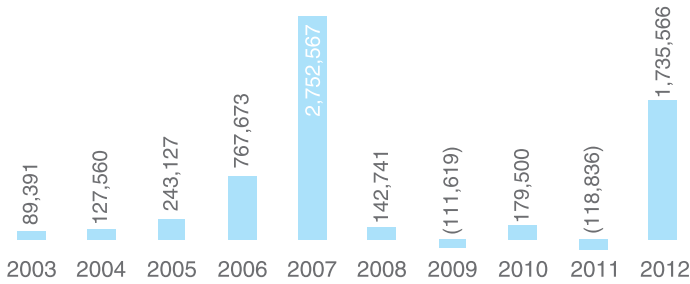
			Restated	Restated		
139,834	139,834	184,581	203,039	279,179	390,851	586,277
1,458,306	4,115,396	4,187,070	3,315,346	3,884,527	3,154,103	4,464,408
2,769,434	4,108,830	1,991,293	3,272,032	3,927,349	2,947,025	4,533,865
307,548	97,520	64,773	65,136	10,296	19,230	13,494
5,624	4,103	3,187	2,558	1,944	1,590	26,194
1,585,050	4,303,732	4,343,680	3,471,077	4,064,279	3,202,647	4,638,820

53.64	148.88	5.73	(30.63)	2.77	(3.37)	24.36
104.29	294.31	227.13	163.29	139.14	53.79	76.14
66.98	68.51	3.11	(3.43)	4.57	(3.00)	58.89
67.79	98.61	2.80	(22.80)	3.01	(5.61)	37.49

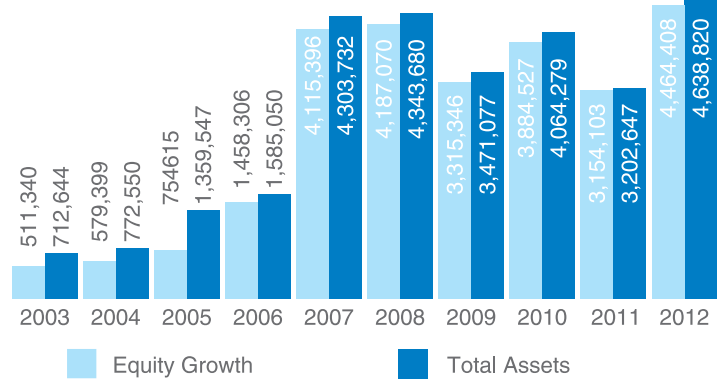
Key Financial Highlights

Ten Years at a Glance

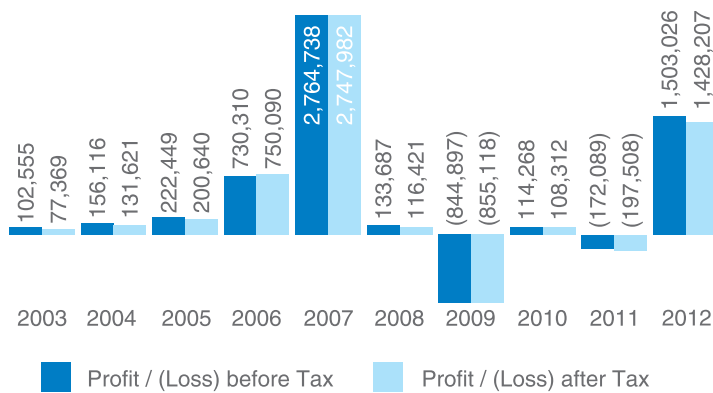
Investment Income/(Loss)
(Rupees in '000)



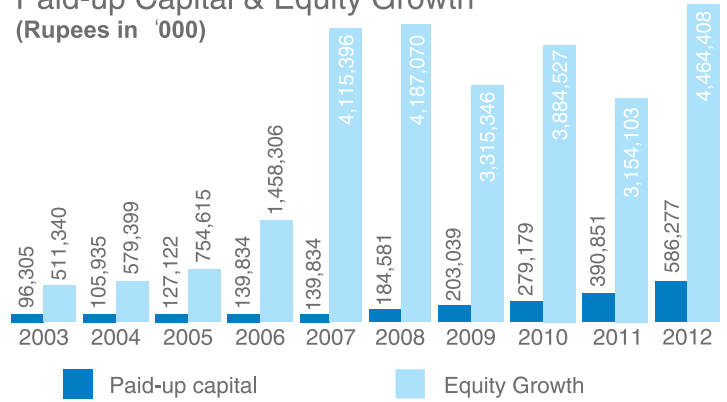
Total Assets & Equity Growth
(Rupees in '000)



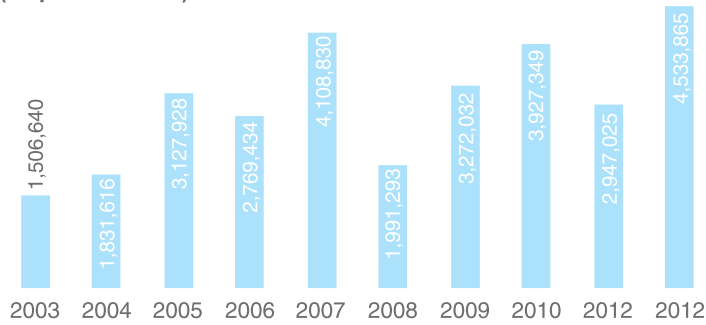
Profit / (Loss) before & after Tax
(Rupees in '000)



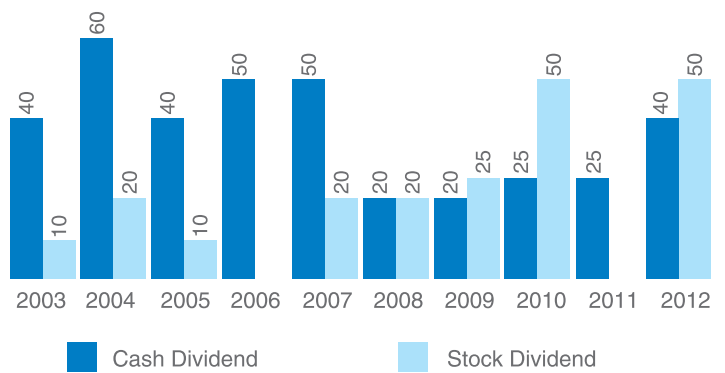
Paid-up Capital & Equity Growth
(Rupees in '000)



Investments
(Rupees in '000)



Cash & Stock Dividend (%)



Horizontal Analysis (Balance Sheet)

Particulars	2008	2009 Restated
	Rupees in '000	
Cash and bank deposits	64,773	65,136
Loan to Employee	-	-
Investments	4,124,141	3,272,032
Deferred tax	850	828
Premiums due but unpaid	6,528	3,983
Amounts due from other insurers / reinsurers	10,730	4,304
Accrued investment income	1,229	386
Reinsurance recoveries against outstanding claims	32,528	69,396
Prepaid reinsurance premium ceded	60,413	32,415
Deferred Commission	269	110
Taxation - payments less provision	37,737	19,688
Sundry receivables	1,295	241
Fixed assets	3,187	2,558
Total Assets	4,343,680	3,471,077
Issued, subscribed and paid-up share capital	184,581	203,039
Unappropriated profits	3,869,401	2,957,063
Reserves	133,088	133,088
Surplus on Revaluation - AFS Investments	-	22,156
Provision for outstanding claims [including IBNR]	52,768	93,719
Provision for unearned premium	59,914	34,633
Commission income unearned	3,351	2,833
Deferred liabilities	845	923
Deferred tax	-	-
Premiums received in advance	-	-
Amounts due to other insurers / reinsurers	21,862	10,164
Accrued expenses	2,833	2,468
Other creditor and accruals	5,430	2,776
Short term running finance	-	-
Taxation - net	-	-
Unclaimed dividend	9,607	8,215
Total Shareholders' Equity and Liabilities	4,343,680	3,471,077

2010 Restated	2011	2012	09 Over 08	10 Over 09	11 Over 10	12 Over 11
Rupees in '000			Percentage Change			
10,296	8,330	13,494	0.56%	-84.19%	-19.09%	61.99%
6,930	7,892	7,492	0.00%	100.00%	13.88%	-5.07%
3,927,349	2,947,025	4,533,865	-20.66%	20.03%	-24.96%	53.85%
(105)	3,418	-	-2.59%	-112.68%	-3355.24%	-
1,440	24	13	-38.99%	-63.85%	-98.33%	-45.83%
13,692	17,638	28,780	-59.89%	218.12%	28.82%	63.17%
657	691	1,471	-68.59%	70.21%	5.18%	112.88%
48,337	25,352	5,406	113.34%	-30.35%	-47.55%	-78.68%
29,495	-	-	-46.34%	-9.01%		-
253	-	-	-59.11%	130.00%		-
21,477	5,104	-	-47.83%	9.09%	-76.24%	-
2,409	185,583	22,105	-81.39%	899.59%	7603.74%	-88.09%
1,944	1,590	26,194	-19.74%	-24.00%	-18.21%	1547.42%
4,064,174	3,202,647	4,638,820	-20.09%	17.09%	-21.20%	44.84%
279,179	390,851	586,277	10.00%	37.50%	40.00%	50.00%
2,943,551	2,592,494	3,688,477	-23.58%	-0.46%	-11.93%	42.29%
133,088	133,088	133,088	0.00%	0.00%	0.00%	-
528,709	37,670	56,566	-	2286.30%	-92.88%	50.16%
71,416	29,002	9,025	77.61%	-23.80%	-59.39%	-68.88%
31,062	-	-	-42.20%	-10.31%	-100%	-
1,974	-	-	-15.46%	-30.32%	-100%	-
1,136	1,904	3,886	9.23%	23.08%	67.61%	104.10%
-	-	20,431	0.00%	0.00%	0.00%	100.00%
-	-	-	0.00%	0.00%	0.00%	-
5,782	3,038	1,725	-53.51%	-43.11%	-47.46%	-43.22%
8,438	4,870	75,543	-12.88%	241.90%	-42.28%	1451.17%
17,179	383	36,590	-48.88%	518.84%	-97.77%	9453.52%
33,852	-	-	0.00%	100.00%	100.00%	-
-	-	15,873	0.00%	0.00%	0.00%	100.00%
8,808	9,347	11,339	-14.49%	7.22%	6.12%	21.31%
4,064,174	3,202,647	4,638,820	-20.09%	17.09%	-21.20%	44.84%

Vertical Analysis (Balance Sheet)

Particulars	2008	2009 Restated	2010 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 - unsecured	6,528	3,983	1,440
Amounts due from other insurers / reinsurers - unsecured	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
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 profits	3,869,401	2,957,063	2,943,551
Reserves	133,088	133,088	133,088
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	-	-	-
Premiums received in advance	-	-	-
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	2008	2009	2010	2011	2012
Rupees in '000		Percentage Change				
8,330	13,494	1.49%	1.88%	0.25%	0.26%	0.29%
7,892	7,492	0.00%	0.00%	0.17%	0.25%	0.16%
2,947,025	4,533,865	94.95%	94.27%	96.63%	92.02%	97.74%
3,418	-	0.02%	0.02%	-0.00%	0.11%	0.00%
24	13	0.15%	0.11%	0.04%	0.00%	0.00%
17,638	28,780	0.25%	0.12%	0.34%	0.55%	0.62%
691	1,471	0.03%	0.01%	0.02%	0.02%	0.03%
25,352	5,406	0.75%	2.00%	1.19%	0.79%	0.12%
-	-	1.39%	0.93%	0.73%	0.00%	0.00%
-	-	0.01%	0.00%	0.01%	0.00%	0.00%
5,104	-	0.87%	0.57%	0.53%	0.16%	0.00%
185,583	22,105	0.03%	0.01%	0.06%	5.79%	0.48%
1,590	26,194	0.07%	0.07%	0.05%	0.05%	0.56%
3,202,647	4,638,820	100%	100%	100%	100%	100%
390,851	586,277	4.25%	5.85%	6.87%	12.20%	12.64%
2,592,494	3,688,477	89.08%	85.19%	72.43%	80.95%	79.52%
133,088	133,088	3.06%	3.83%	3.27%	4.16%	2.87%
37,670	56,566	-	0.64%	13.01%	1.18%	1.22%
29,002	9,025	1.21%	2.70%	1.76%	0.91%	0.19%
-	-	1.38%	1.00%	0.76%	0.00%	0.00%
-	-	0.08%	0.08%	0.05%	0.00%	0.00%
1,904	3,886	0.02%	0.03%	0.03%	0.06%	0.08%
-	20,431	0.00%	0.00%	0.00%	0.00%	0.45%
-	-	0.00%	0.00%	0.00%	0.00%	0.00%
3,038	1,725	0.50%	0.29%	0.14%	0.09%	0.04%
4,870	75,543	0.07%	0.07%	0.21%	0.15%	1.63%
383	36,590	0.13%	0.08%	0.42%	0.01%	0.78%
-	-	0.00%	0.00%	0.83%	0.00%	0.00%
-	15,873	0.00%	0.00%	0.00%	0.00%	0.34%
9,347	11,339	0.22%	0.24%	0.22%	0.29%	0.24%
3,202,647	4,638,820	100%	100%	100%	100%	100%

Horizontal Analysis (Profit and Loss Account)

Particulars	2008	2009
	Rupees in '000	
Net premium revenue	14,758	13,397
Net claims	(6,562)	(7,695)
Expenses	(6,263)	(10,075)
Net commission	13,060	15,147
Investment income	142,734	(111,619)
Provision for Impairment	(14,322)	(737,444)
Other income	3,399	6,136
Financial charges	(141)	(402)
General and administration expenses	(12,976)	(12,342)
Taxation	(17,266)	(10,221)
Profit / (loss) after tax	116,421	(855,118)
Earnings / (loss) per share - Rupees	5.73	(42.12)

Vertical 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

2010	2011	2012	09 Over 08	10 Over 09	11 Over 10	12 Over 11
Rupees in '000			Percentage Change			
10,509	(4,503)	-	-9.22%	-21.56%	-142.85%	
(4,701)	9,588	(37)	17.27%	-38.91%	-303.96%	-100.39%
(15,315)	(19,647)	(978)	60.87%	52.01%	28.29%	-95.02%
13,503	1,727	-	15.98%	-10.85%	-87.21%	
179,500	479,664	1,780,134	-178.20%	-260.81%	167.22%	271.12%
(43,474)	(601,097)	(50,506)	5049.03%	-94.10%	1282.66%	-91.60%
3,433	2,597	5,938	80.52%	-44.05%	-24.35%	128.65%
(5,103)	(225)	(209)	185.11%	1169.40%	-95.59%	-7.11%
(24,084)	(40,193)	(231,316)	-4.89%	95.14%	66.89%	475.51%
(5,956)	(25,419)	(74,819)	-40.80%	-41.73%	326.78%	194.34%
108,312	(197,508)	1,428,207	-834.50%	-112.67%	-282.35%	-823.24%
2.77	(3.37)	24.36	-835.07%	-106.58%	-282.67%	-823.24%

2011	2012	2008	2009	2010	2011	2012
Rupees in '000		Percentage Change				
(4,503)	-	12.68%	-1.57%	9.70%	2.28%	0.00%
9,588	(37)	-5.64%	0.90%	-4.34%	-4.85%	-0.00%
(19,647)	(978)	-5.38%	1.18%	-14.14%	9.95%	-0.07%
1,727	-	11.22%	-1.77%	12.47%	-0.87%	0.00%
479,664	1,780,134	122.60%	13.05%	165.72%	-242.86%	124.64%
(601,097)	(50,506)	-12.30%	86.24%	-40.14%	304.34%	-3.53%
2,597	5,938	2.92%	-0.72%	3.17%	-1.31%	0.42%
(225)	(209)	-0.12%	0.05%	-4.71%	0.11%	-0.01%
(40,193)	(231,316)	-11.15%	1.44%	-22.24%	20.35%	-16.20%
(25,419)	(74,819)	-14.83%	1.20%	-5.50%	12.87%	-5.24%
(197,508)	1,428,207	100.00%	100.00%	100.00%	100.00%	100.00%

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	Isar Ahmad Shafiq Ahmed 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 ten 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 of the Company. The significant policies of the company have been developed, however a few are to be placed before the Board of Directors for approval in due course.
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 2012. The Directors Mr. Shabbir Hussain Hashmi and Mr. Isar Ahmed 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 including his remuneration and terms and conditions of employment. However, there was no new appointment of the Company Secretary during the year ended December 31, 2012.
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. 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 except for the appointment of a full-time employee as Head of Internal Audit to act as a coordinator between firm providing internal audit services and the Board of Directors which is in the process of being complied with subject to relaxation from SECP for Internal Audit Head's eligibility criteria as given in the CCG.

Shabbir Hussain Hashmi
Chairman
Karachi: February 25, 2013

A. Samad Dawood
CEO



A. F. FERGUSON & CO.

Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Cyan Limited to comply with Regulation No. 35 (Chapter XI) of the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Regulation 35 (x) of the Listing Regulation notified by the Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval 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 prices recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices 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 of Corporate Governance as applicable to the Company for the year ended December 31, 2012.

We draw attention to paragraph 23 of the annexed statement which highlights that the requirement of clause (xxxii) of the Code of Corporate Governance with respect to the appointment of a full-time employee as Head of Internal Audit who shall act as a coordinator between the firm providing internal audit services and the Board of Directors is in the process of being complied with.

Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: February 27, 2013
Karachi



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, 2012 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 balance sheet 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;
 - (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, 2012 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.

The financial statements of the company for the year ended December 31, 2011 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated March 27, 2012.

Chartered Accountants
 Engagement Partner: **Rashid A. Jafer**
 Dated: February 27, 2013
 Karachi

Statement of Financial Position

As at December 31, 2012

	Note	2012 (Rupees in '000)	2011
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	22,393	1,586
Intangible assets	7	3,801	4
Long term loan	8	6,376	6,775
Deferred taxation	9	-	3,418
Long term investments	10	26,783	27,940
Long term deposits		2,500	-
		61,853	39,723
CURRENT ASSETS			
Short term investments	10	4,507,082	2,919,085
Short term deposits	11	2,000	2,000
Long term loan - current portion	8	1,116	1,117
Taxation - net		-	5,104
Trade and other receivables	12	51,450	227,188
Advances and short term prepayments	13	1,825	100
Cash and bank balances	14	13,494	8,330
		4,576,967	3,162,924
		4,638,820	3,202,647
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 100,000,000 (2011: 100,000,000) Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital	15	586,277	390,851
Unappropriated profit		3,688,477	2,592,494
Reserves	16	133,088	133,088
Surplus on revaluation of available-for-sale investments		56,566	37,670
		4,464,408	3,154,103
NON-CURRENT LIABILITIES			
Deferred liability	17	3,886	1,904
Deferred taxation	9	20,431	-
		24,317	1,904
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities	18	134,222	46,640
Taxation - net		15,873	-
		150,095	46,640
		4,638,820	3,202,647
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes 1 to 32 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, 2012

	Note	2012 (Rupees in '000)	2011
CONTINUING OPERATIONS			
Return on investments	20	307,074	181,027
Gain on sale of investments - net		1,239,085	298,637
Other income	21	5,938	2,597
		<u>1,552,097</u>	<u>482,261</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit and loss - net		233,975	-
Provision for impairment in value of available-for-sale investments	10.3.3	(50,506)	(601,097)
		<u>1,735,566</u>	<u>(118,836)</u>
EXPENSES			
Operating and administrative expenses	22	(231,316)	(40,193)
Financial charges	23	(209)	(225)
		<u>(231,525)</u>	<u>(40,418)</u>
		1,504,041	(159,254)
PROFIT / (LOSS) BEFORE TAXATION			
Taxation - current for the year	24.1	(82,584)	(23,500)
- for prior years		33,965	(437)
- deferred		(26,200)	(831)
		<u>(74,819)</u>	<u>(24,768)</u>
		1,429,222	(184,022)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS			
DISCONTINUED OPERATIONS			
(Loss) from discontinued operations - net of tax	5.1	(1,015)	(13,486)
NET PROFIT / (LOSS) FOR THE YEAR		<u>1,428,207</u>	<u>(197,508)</u>
BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE			
	30		
		(Rupees)	Re-stated
From continuing operations		24.38	(3.14)
From discontinued operations		(0.02)	(0.23)
TOTAL		<u>24.36</u>	<u>(3.37)</u>

The annexed notes 1 to 32 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, 2012

	2012 (Rupees in '000)	2011
Profit / (loss) after taxation	1,428,207	(197,508)
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax	18,896	(491,039)
Total comprehensive income / (loss)	<u>1,447,103</u>	<u>(688,547)</u>

The annexed notes 1 to 32 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, 2012

	Share capital	Capital reserves			Revenue reserves		Surplus / (deficit) on revaluation of AFS	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 1 January 2011	279,179	10,535	-	2,553	120,000	2,943,551	528,709	3,884,527
Total comprehensive income for the year ended December 31, 2011								
Net loss for the year	-	-	-	-	-	(197,508)	-	(197,508)
Other comprehensive loss	-	-	-	-	-	-	(491,039)	(491,039)
Transactions with owners recorded directly in equity								
Transfer to reserve for issue of bonus shares	-	-	111,672	-	-	(111,672)	-	-
Issue of bonus shares @ 40%	111,672	-	(111,672)	-	-	-	-	-
Final dividend of Rs.1.50 per share for the year ended 31 December 2010	-	-	-	-	-	(41,877)	-	(41,877)
	111,672	-	-	-	-	(153,549)	-	(41,877)
Balance as at 31 December 2011	390,851	10,535	-	2,553	120,000	2,592,494	37,670	3,154,103
Total comprehensive income for the year ended December 31, 2012								
Net profit for the year	-	-	-	-	-	1,428,207	-	1,428,207
Other comprehensive income	-	-	-	-	-	-	18,896	18,896
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 31 December 2012	586,277	10,535	-	2,553	120,000	3,688,477	56,566	4,464,408

The annexed notes 1 to 32 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, 2012

	2012	2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation (including Discontinued Operations)	1,503,026	(172,089)
Adjustment for non cash charges and other items:		
Depreciation	1,839	521
Amortisation	472	9
Gain on sale of property and equipment	(904)	(103)
Provision for impairment in value of investments	50,506	601,097
Capital gain on sale of investments - net	(1,239,085)	(298,637)
Amortisation of premium on government securities	(1,793)	(1,512)
Net unrealized gain on revaluation of investments classified as at fair value through profit or loss	(233,975)	-
	(1,422,940)	301,375
Operating profit before working capital changes	80,086	129,286
(Increase) / Decrease in operating assets		
Trade and other receivables	6,866	6,811
Long term loan	400	1,116
Deferred liability	1,982	768
Other deposits	(2,500)	-
Advances, short term prepayments	(1,725)	29,495
	5,023	38,190
Increase / (Decrease) in trade and other payables	85,590	(98,558)
Net cash generated from operations	170,699	68,918
Taxes paid	(27,642)	(17,391)
Dividend paid	(134,806)	(41,338)
Net cash generated from operating activities	8,251	10,189
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	12,886,977	3,130,304
Investment in securities	(12,864,053)	(3,106,166)
Capital expenditure incurred	(27,380)	(385)
Proceeds from sale of property and equipment	1,369	312
Net cash (used in) / generated from investing activities	(3,087)	24,065
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in cash and cash equivalents	5,164	34,254
Cash and cash equivalents at the beginning of the year	8,330	(25,924)
Cash and cash equivalents at the end of the year	13,494	8,330

The annexed notes 1 to 32 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2012

1. STATUS AND NATURE OF BUSINESS

Cyan Limited, a Dawood 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.

Last year, the Board of Directors and shareholders of the Company in their respective meetings held on 27 January 2011 and 10 March 2011 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 30 November 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 the insurance licence to carry on insurance business on 8 December 2011, the SECP issued certificate of change of name of the Company from Central Insurance Company Limited to Cyan Limited. Accordingly, necessary amendments have also been made in the Memorandum and Articles of Association of the Company. The details of discontinued operations are disclosed in note 5.

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, 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 approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The significant judgments made by the management in applying the company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended December 31, 2011.

2.5 Corresponding figures

Due to discontinuation of the Insurance business, certain corresponding figures have been reclassified to comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, details of which are as follows:

Reclassification from	Reclassification to	2011	2010
Statement of Financial Position		(Rupees in '000)	
Cash and bank balances	Trade and other receivables		
Receivable from State Bank of Pakistan - statutory deposit	Receivable from State Bank of Pakistan - statutory deposit	10,900	368
Trade and other receivables	Long term loan		
Prepaid employee benefits	Prepaid employee benefits	2,078	2,078

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

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2013:

Amendments to IAS 1, 'Presentation of financial statements' (effective July 1, 2012). 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 profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Management is currently in the process of assessing the impact of this amendment on the Company's financial statements.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments will have no impact on the financial statements of the Company.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment may impact the future financial statements of the Company and the extent of the impact has not been determined.

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 will have no impact on the financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or are subject to master netting agreement or similar arrangements. The amendments will have no impact on the financial statements of the Company.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments may impact the financial statements of the Company but its effects have not yet been quantified.

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

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 unless otherwise stated.

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% (2011 : 8.33%) 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.

Actuarial gains or losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the higher of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

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 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 other comprehensive income or below equity, in which case it is recognised in other 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 Investment

- i) Dividend income and entitlement of bonus shares is recognised when the right to receive the dividend and bonus shares 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 held to maturity investments is recognised on time proportion basis using the effective yield method.
- v) Income on government securities, 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

Last year, the Board of Directors and shareholders of the Company in their respective meetings held on 27 January 2011 and 10 March 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 30 November 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:

Results from discontinued operations

Net premium revenue / (loss)

Net claims recovery / (expense)

Net expense

Results from operating activity

Taxation - deferred

Loss from discontinued operations - net of tax

2012
2011
(Rupees in '000)

-	(4,503)
(37)	9,588
(978)	(17,920)
(1,015)	(12,835)
-	(651)
(1,015)	(13,486)

(Amount in Rupees)
Restated

Loss per share - basic and diluted

(0.02)	(0.23)
--------	--------

6. PROPERTY AND EQUIPMENT

	Cost		2012 Accumulated depreciation			Written down value as at 31 December 2012	Rate (%)	
	As at 1 January 2012	Additions / (disposals)	As at 31 December 2012	As at 1 January 2012	For the year / (on disposals)			As at 31 December 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	

	2011						Written down value as at 31 December 2011	Rate (%)
	Cost			Accumulated depreciation				
	As at 1 January 2011	Additions / (disposals)	As at 31 December 2011	As at 1 January 2011	For the year / (on disposals)	As at 31 December 2011		
----- (Rupees in '000) -----								
Furniture and fixtures	860	-	860	712	15	727	133	10%
Office equipment	3,418	385 (66)	3,737	2,775	300 (42)	3,033	704	15 % & 33%
Vehicles	4,362	- (969)	3,393	3,222	206 (784)	2,644	749	20%
	<u>8,640</u>	<u>385</u> <u>(1,035)</u>	<u>7,990</u>	<u>6,709</u>	<u>521</u> <u>(826)</u>	<u>6,404</u>	<u>1,586</u>	

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

Model	2012						Particulars of buyers / others
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal		
	----- (Rupees in '000) -----						
Honda City	2005	896	695	201	530	Company's practice	Mr. Arif Khan
Honda Civic	1997	933	918	15	470	Company's practice	Mr. Tariq Khokar
Datsun	1982	60	60	-	-	Company's practice	Mr. Muhammad Siddiqu Gung
Office Equipment		2,771	2,635	136	64	Company's practice	Mr. Rehan
Furniture & Fixture		846	733	113	305	Company's practice	Dawood Lawrancepur Limited (Related Party)
		<u>5,506</u>	<u>5,041</u>	<u>465</u>	<u>1,369</u>		

7. INTANGIBLE ASSETS

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

	2011						Written down value as at 31 December 2011	Rate (%)
	Cost			Accumulated amortisation				
	As at 1 January 2011	Additions / (disposals)	As at 31 December 2011	As at 1 January 2011	For the year / (on disposals)	As at 31 December 2011		
----- (Rupees in '000) -----								
Computer software	<u>2,163</u>	<u>-</u>	<u>2,163</u>	<u>2,150</u>	<u>9</u>	<u>2,159</u>	<u>4</u>	33.33%
	<u>2,163</u>	<u>-</u>	<u>2,163</u>	<u>2,150</u>	<u>9</u>	<u>2,159</u>	<u>4</u>	

Note 2012 2011
(Rupees in '000)

8. LONG TERM LOAN

Loan to employee - considered good (Related party)	8.1	<u>7,492</u>	<u>7,892</u>
--	-----	--------------	--------------

8.1 This represents present value of loan given to the Chief Operating Officer of the Company at a mark-up rate of 6% per annum. The loan is repayable in 107 monthly installments.

	Note	2012 (Rupees in '000)	2011
8.2 Following is the movement of loan to employee - long term:			
Opening balance		6,775	5,814
Present value of disbursed amount		-	-
Repayments		(1,116)	(1,117)
Add: Prepaid Employee Benefits		-	2,078
Add: House Loan Interest receivable		717	-
Closing balance		6,376	6,775
8.3 Current Portion			
Receivable within 12 months		1,116	1,117
8.4			
The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs.7.892 million (2011 : Rs 9.008 million)			
9. DEFERRED TAXATION			
Deductible temporary differences			
Staff gratuity		1,360	666
Unused tax losses		-	4,592
Leave encashment		306	707
Others		-	(166)
		1,666	5,799
Taxable temporary differences			
Revaluation of investments		(19,858)	(2,330)
Accelerated tax depreciation		(2,239)	(51)
		(20,431)	3,418
9.1 Reconciliation of deferred tax (liability) / asset			
Opening balance		3,418	(105)
(Reversal)/ recognised in profit and loss account		(26,200)	(1,483)
Recognised in equity		2,351	5,006
Closing balance		(20,431)	3,418
10. INVESTMENTS			
Investments comprise of the following:			
Held-to-maturity investments - long term			
Defence Savings Certificates		-	41
Pakistan Investment Bonds	10.1.1	26,783	27,899
		26,783	27,940
Held-to-maturity investments - short term			
Treasury Bills	10.1.2	14,811	-
Available-for-sale investments	10.2	184,159	2,919,085
Investments carried at fair value through profit or loss	10.3	4,308,112	-
		4,507,082	2,919,085
		4,533,865	2,947,025

10.1 Held-to-maturity investments - long term

10.1.1	Face value (Rupees)	Coupon rate (%)	Profit payment	Particulars	Maturity Date	2012 (Rupees in '000)	2011 (Rupees in '000)
	20,000,000	8	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	6-Oct-2013	19,243	18,348
	2,000,000	11	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	18-Jun-2012	-	2,006
	1,500,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	1,473	1,470
	6,000,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	6,067	6,075
						26,783	27,899

10.1.2 Held-to-maturity investments - short term

Face value	Yield %	Particulars	Maturity Date	2012 (Rupees in '000)	2011 (Rupees in '000)
15,000,000	9.16	Treasury Bills Tenure - 3 Months	21-Feb-2013	14,811	-
				14,811	-

Market value as at 31 December 2012 of Pakistan Investment Bonds (PIB) and Treasury Bills is Rs.42.381 million (2011: Rs 30.563 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.

10.2 Available-for-sale investments

	Note	Market Value	
		December 31, 2012	December 31, 2011
Quoted shares	10.2.1	-	842,279
Un-quoted shares	10.2.2	-	-
Mutual funds	10.2.3	22,656	692,506
Un-quoted debentures	10.2.4	-	-
Government bonds	10.2.5	-	54
Quoted shares - related parties	10.2.6	161,503	1,384,246
		184,159	2,919,085

10.2.1 Quoted shares

Name of investee company	Number of Shares		Cost		Market value	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	----- Rupees '000' -----					
Chemicals						
Fauji Fertilizer Company Limited	-	1,000,000	-	-	-	149,540
Pakistan PVC Limited	-	1,000	-	-	-	4
Oil & Gas						
Pakistan Oilfields Limited	-	427,000	-	-	-	147,934
Pakistan Petroleum Limited	-	209,263	-	-	-	35,223
Pakistan Refinery Limited	-	43	-	-	-	3
Insurance						
PICIC Insurance Limited *	-	12	-	-	-	-
Construction and Materials (Cement)						
Lucky Cement Limited	-	550,000	-	-	-	41,272
Electricity						
Nishat Chunian Power Limited	-	1,500,000	-	-	-	19,125
The Hub Power Company Limited	-	10,000,000	-	-	-	342,000

Name of investee company	Number of Shares		Cost	Market value	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-12	31-Dec-11
----- Rupees '000'-----					
Automobiles Assemblers					
Ghandhara Industries Limited	-	1,700	-	-	12
Commercial Banks					
NIB Bank Limited	-	1,135	-	-	2
Personal Goods (Textile)					
Nishat Mills Limited	-	1,700,000	-	-	68,765
Nishat (Chunian) Limited	-	2,150,000	-	-	38,399
Crescent Jute Product Limited *	-	9	-	-	-
					842,279
Less: Provision for Impairment			-		
Carrying Value			-		
Market Value as at 31 December 2012			-		
Unrealised Gain on Quoted Share			-		

* As at December 31, 2011, the company was listed on default counter of Karachi Stock Exchange and the cost is below thousand.

10.2.2 Un-quoted Shares

Name of investee company	Note	Number of Shares		Cost	
		31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
(Rupees in '000)					
Aslo Electrical Industries Limited	10.2.2.1	-	28,600	-	162
Adamjee Paper and Boards Limited	10.2.2.1	-	1,800	-	7
Adamjee Floorings Limited	10.2.2.1	-	1,700	-	13
Bankers Equity Limited	10.2.2.2	13,465	13,465	117	117
Electric Lamp Manufacturers	10.2.2.1	-	45,900	-	305
Punjab Lamp Works Limited	10.2.2.1	-	500	-	2
Saifi Development Corporation Limited	10.2.2.2	8,900	8,900	34	34
				151	640
Less: Cost as on 31 December 2012				(151)	(640)
Provision for Impairment				-	-
Carrying Value				-	-

10.2.2.1 These companies have been dissolved. The Company did not receive any settlement amount, at the end of liquidation process, hence these shares have been written-off during the year.

10.2.2.2 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

10.2.3 Mutual Funds

Name of fund	Number of Units		Cost	Market value	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-12	31-Dec-11
----- Rupees '000'-----					
National Investment Unit Trust (NIT)	240,500	240,500	3,131	7,982	6,239
ABL Cash Fund - related party	-	21,413,134	-	-	214,534
Golden Arrow Selected Stock Fund	2,405,532	2,405,532	8,798	14,674	6,519
UBL Liquidity Plus Fund - related party	-	740	-	-	74
PICIC Cash Fund	-	2,393,491	-	-	240,153
HBL Money Market Fund	-	1,569,738	-	-	161,968
Askari Sovereign Cash Fund	-	627,083	-	-	63,019
			11,929	22,656	692,506
Less: Provision for Impairment			(2,279)		
Carrying Value			9,650		
Market Value as at 31 December 2012			22,656		
Unrealised Gain on Mutual Fund			13,006		

10.2.3.1 NIT units amounting to Rs. 7.982 million (2011: Rs 6.239 million), are under lien against a bank guarantee issued by Habib Bank Limited

10.2.4 Un-quoted debentures

Name of investee company	Number of Bonds		Cost	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	(Rupees in '000)			
Hyson Sugar Mills Limited	240,500	240,500	60	60
			60	60
Less: Provision for Impairment			(60)	(60)
Carrying Value			-	-

10.2.5 Government Bonds

	Number of Shares		Cost	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	(Rupees in '000)			
Government Bonds	-	5	-	52
Government Bonds	-	17	-	2
			-	54

10.2.6 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost	Market value	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-12	31-Dec-11
	----- Rupees '000' -----				
Chemicals					
Dawood Hercules Corporation Limited Equity held: 0.17% (2011: 1.51%)	794,380	7,281,245	47,652	25,850	308,652
Engro Corporation Limited Equity held: 0% (2011: 2.67%)	-	10,510,586	-	-	974,331
Personal Goods					
Dawood Lawrencepur Limited Equity held: 5.02% (2011: 5.44%)	2,965,095	3,215,095	222,110	135,653	101,147
Oil and gas					
Sui Northern Gas Pipelines Limited Equity held: 0.00% (2011: 0.00%)	-	7,409	-	-	116
			269,762	161,503	1,384,246
Less: Provision for Impairment			(151,821)		
Carrying Value			117,941		
Market Value as at 31 December 2012			161,503		
			43,562		

Note	Market Value
	December 31, 2012 December 31, 2011
	(Rupees in '000)

10.3 Investments carried at fair value through Profit or loss

Quoted shares	10.3.1	2,782,812	-
Mutual funds	10.3.2	1,525,300	-
		4,308,112	-

10.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value	Market value	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-12	31-Dec-11
				----- Rupees '000' -----	
Oil & Gas					
Oil & Gas Development Company Limited	450,000	-	80,239	86,675	-
Pakistan Oil Fields Limited	500,000	-	192,724	218,770	-
Pakistan Petroleum Limited	1,725,000	-	296,202	304,963	-
Pakistan State Oil Limited	400,000	-	86,464	92,884	-
Chemicals					
Fatima Fertilizer Company Limited	5,000,000	-	130,613	132,000	-
Construction & Materials					
D.G Khan Cement Limited	6,000,000	-	309,217	327,480	-
Fauji Cement Company Limited	10,043,500	-	68,917	65,684	-
Personal Goods					
Nishat Mills Limited	2,700,000	-	161,630	172,395	-
HouseHold Goods					
Tariq Glass Industries Limited	1,100,000	-	22,868	23,199	-
Electricity					
The Hub Power Company Limited (related party) Equity held: 0.86% (2011: 0.00%)	10,000,000	-	310,235	452,400	-
Kot Addu Power Company Limited	4,440,500	-	213,144	219,316	-
Nishat Power Limited	2,504,000	-	37,560	48,828	-
Karachi Electric Supply Corporation	1,334,000	-	8,738	7,684	-
Commercial Banks					
National Bank of Pakistan	2,170,000	-	107,814	107,176	-
Askari Bank Limited	2,525,000	-	41,119	43,481	-
JS Bank Limited	3,054,000	-	19,735	17,927	-
United Bank Limited	1,033,239	-	83,175	86,451	-
Non Life Insurance					
Adamjee Insurance Company Limited	880,501	-	61,541	59,997	-
Technology Hardware and Equipment					
TPL Trakker Limited	431,847	-	4,318	3,904	-
Financial Services					
Jahangir Siddiqui and Company Limited	2,500,000	-	40,310	40,350	-
Fixed line telecommunication					
Wateen Telecom Limited	5,005,000	-	15,035	14,915	-
Pakistan Telecommunication Company Limited	13,915,500	-	263,169	241,434	-
Equity Investment Instruments					
PICIC Growth Fund	908,500	-	13,275	14,899	-
			2,568,042	2,782,812	-
Carrying Cost as at 31 December 2012					
			2,782,812		
Market Value as at 31 December 2012					
			214,770		
Unrealised Gain on Quoted Shares					

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

10.3.2 Mutual Funds

Name of fund	Number of Units		Carrying Value 31-Dec-12	Market value	
	31-Dec-12	31-Dec-11		31-Dec-12	31-Dec-11
ABL Cash Fund (related party)	7,041,903	-	69,794	70,491	-
AKD Cash Fund	102,092	-	5,000	5,104	-
PICIC Cash Fund	2,802,537	-	279,600	281,447	-
IGI Money Market Fund	2,532,559	-	249,996	255,045	-
HBL Money Market Fund	497,482	-	50,000	50,390	-
MCB Cash Management Optimizer Fund	2,017,667	-	199,904	202,312	-
NAFA Government Securities Liquid Fund	199,452	-	2,000	2,005	-
NAFA Money Market Fund	30,558,881	-	299,800	306,622	-
Faysal Money Market Fund	1,948,178	-	200,000	200,507	-
UBL Liquidity Plus Fund (related party)	1,509,577	-	150,000	151,377	-
Carrying Cost as at 31 December 2012			1,506,094	1,525,300	-
Market Value as at 31 December 2012			1,525,300		
Unrealised Gain on Mutual Funds			19,206		

10.3.3 Reversal / (provision) for impairment - net of provision

	Note	31 December 2012	31 December 2011
(Rupees in '000)			
Opening provision		(1,055,672)	(654,481)
Charge for the year			
- Quoted shares		(1,574)	(93,429)
- Mutual funds		-	(2,279)
- Government bonds		(54)	-
- Quoted shares - related parties		(48,878)	(505,389)
		(50,506)	(601,097)
Adjusted / released on disposals		951,867	199,906
Closing provision		(154,311)	(1,055,672)
11. SHORT TERM DEPOSITS			
Deposits maturing within 12 months	11.1	2,000	2,000

11.1 This represents 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. This deposit carries profit rate of 5.8% (2011: 5.8%) per annum.

12 TRADE AND OTHER RECEIVABLES

		Re-stated	
Premium due but unpaid - discontinued operations	12.1	13	24
Amounts due from other insurers / reinsurers - discontinued operations	12.2	28,780	17,638
Reinsurance recoveries against outstanding claims - discontinued operations		5,406	25,352
Accrued investment income		1,471	691
Sundry receivable	12.3	15,780	183,483
		51,450	227,188

	Note	2012 (Rupees in '000)	2011
12.1 Premium due but unpaid, unsecured, considered good			
Related parties			
Dawood Corporation (Private) Limited		13	13
Inbox Business Technologies (Private) Limited		-	11
		13	24
12.2 Amounts due from other insurers / reinsurers - unsecured			
Considered good - foreign		5,305	5,363
- local		23,475	12,275
Considered doubtful		74	74
		28,854	17,712
Provision against amounts due from other insurers / reinsurers		(74)	(74)
		28,780	17,638
12.3 Sundry receivable			
Profit on bank deposits			
- Saving accounts		32	90
- Term deposits		146	105
Receivable against sale & purchase of investments - net		149	169,021
Receivable from State Bank of Pakistan - statutory deposit	12.3.1	12,468	10,900
Others		2,985	3,367
		15,780	183,483
12.3.1			
This represents statutory deposit kept with the State Bank of Pakistan (SBP), previously kept in the form of treasury bills in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. This will be released once the outstanding claims and balances relating to insurance are settled.			
13. ADVANCES AND SHORT TERM PREPAYMENTS			
Advances and deposits		517	100
Prepayments		1,020	-
Club Membership - Employee (Related party)		288	-
		1,825	100
14. CASH AND BANK BALANCES			
Cash and cash equivalents			
Cash in hand		41	27
Stamps in hand		63	63
		104	90
Current and other accounts			
Current accounts		14	553
Saving accounts	14.1	13,376	7,687
		13,390	8,240
		13,494	8,330
14.1			
These accounts carry effective mark-up rate, ranging between 6% to 8.50% (2011: 5% to 8.50%) per annum.			

15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2012 (Number of shares)	2011 (Number of shares)	Note	2012 (Rupees in '000)	2011 (Rupees in '000)
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
58,377,722	38,835,148	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	583,777	388,351
<u>58,627,722</u>	<u>39,085,148</u>		<u>586,277</u>	<u>390,851</u>

15.1 Movement in share capital during the year

2012 (Number of shares)	2011 (Number of shares)		2012	2011
39,085,148	27,917,963	At 1 January	390,851	279,179
19,542,574	11,167,185	Ordinary shares of Rs. 10 each issued during the year as bonus shares	195,426	111,672
<u>58,627,722</u>	<u>39,085,148</u>		<u>586,277</u>	<u>390,851</u>

15.2 As at 31 December 2012, related parties hold 41,391,006 (2011: 28,336,031) ordinary shares of Rs. 10 each.

16. RESERVES

Capital reserves				
- Reserve for exceptional losses		16.1	10,535	10,535
- Capital gain reserve			2,553	2,553
			<u>13,088</u>	<u>13,088</u>
Revenue reserve				
- General reserve			120,000	120,000
			<u>133,088</u>	<u>133,088</u>

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 31 December 2012. The principal actuarial assumptions used for the purpose of the valuation were as follows:

- Valuation discount rate is 11.5 % (2011: 12.5%) per annum .
- Expected rate of increase in salaries is 11.5% (2011: 11.5%) per annum.
- Average expected service length of employees 12 years (2011: 14 years).

17.2 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligation	4,824	1,958
Net actuarial gains / (losses) not recognised	(938)	(54)
Balance at the end of the year	<u>3,886</u>	<u>1,904</u>

17.3 Movement in net liability recognised in the balance sheet

Balance at the beginning of the year	1,904	1,136
Charge for the year	2,024	1,104
Payments during the year	(42)	(336)
Balance at the end of the year	<u>3,886</u>	<u>1,904</u>

17.4 Amount recognised in the profit and loss account		2012 (Rupees in '000)	2011 (Rupees in '000)			
Current service cost		1,681	960			
Interest cost		242	144			
Past service cost		101	-			
Amount charged to the profit and loss account		2,024	1,104			
17.5 Historical information		2012	2011	2010	2009	2008
------(Rupees in '000)-----						
Present value of defined benefit obligation		4,824	1,958	1,110	845	707
Unrecognised actuarial (losses) / gains		(938)	(54)	26	78	138
Net liability in balance sheet		3,886	1,904	1,136	923	845
17.6 The expected charge for the gratuity scheme for the year 2013 amounts to Rs. 2.292 million.						
18. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		Note	2012 (Rupees in '000)	2011 (Rupees in '000)		
Amounts due to other insurers / reinsurers - discontinued operations	18.1	1,725	3,038			
Accrued expenses		75,543	4,870			
Provision for outstanding claims - discontinued operations		9,025	29,002			
Other creditors and accruals	18.2	36,590	383			
Unclaimed dividend		11,339	9,347			
		134,222	46,640			
18.1 Amounts due to other insurers / reinsurers						
Foreign companies		-	347			
Local companies		1,725	2,691			
		1,725	3,038			
18.2 Other creditors and accruals						
Workers' welfare fund		33,983	196			
Premium refundable to policy holders - discontinued operations		187	187			
Sundry creditors		2,420	-			
		36,590	383			
19. CONTINGENCIES AND COMMITMENTS						
19.1 Guarantees issued on behalf of the Company by commercial banks		5,205	5,205			
20. RETURN ON INVESTMENTS						
Held-to-maturity						
Return on Pakistan investment bonds		2,602	2,720			
Amortisation on						
- Pakistan investment bonds		883	766			
- Treasury bills		910	746			
		1,793	1,512			
Available-for-sale and Held for trading						
Dividend income:						
- Related parties		158,512	65,385			
- Others		144,167	111,410			
		302,679	176,795			
		307,074	181,027			

	Note	2012 (Rupees in '000)	2011
21. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		2,540	772
Income from non-financial assets			
Gain on sale of property and equipment		904	103
Income from employee loan		717	-
Others		1,777	1,722
		5,938	2,597
22. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	22.1	125,042	32,650
Levy, cess and insurance		392	310
Rent, rates and taxes		5,552	3,976
Depreciation		1,839	521
Amortisation		472	9
Legal and professional charges		4,322	2,932
Printing and stationery		1,426	1,064
Utilities		1,423	602
Vehicle running expenses		241	277
Advertisement and event expenses		13,687	2,832
Security guards expenses		716	424
Auditors' remuneration	22.3	508	500
Entertainment		1,689	460
Medical expenses		-	55
Travelling expenses		2,298	1,336
Fees and subscription		2,778	3,730
Postage and telegram		381	102
Books and periodicals		209	9
Repairs, renewal and decoration		423	1,019
Workers' welfare fund		33,787	-
Brokerage, commission and advisory expense		30,998	4,436
Bank and settlement charges		1,318	-
Employee training fee		135	-
Business restructuring expense		-	1,821
Research expense		1,235	-
Other expenses		1,460	775
		232,331	59,840
22.1	This includes Rs. 2.459 million (2011: Rs. 1.389 million) in respect of employees' provident fund.		
22.2	Expenses are allocated as under		
Allocated to discontinued operations (Insurance business)	5.1	1,015	19,647
Allocated to continuing operations		231,316	40,193
		232,331	59,840
22.3	Auditors' remuneration		
Annual audit fee		325	250
Review and certifications		183	250
		508	500
23. FINANCIAL CHARGES			
Bank charges		209	67
Mark-up on short term running finance		-	158
		209	225
24. TAXATION			

Tax returns have been filed up to the Tax year 2012 (Accounting year 2011) 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 has filed an application in the High Court of Sindh subsequent to the year end against the order of Income Tax Appellate Tribunal.

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 has been filed before the Commissioner Inland Revenue, (Appeal-1) Karachi.

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 has been filed with the Appellate Tribunal Inland Revenue for disallowance of amortisation of computer software and non-deduction of withholding tax from commission. Commissioner Inland Revenue has filed appeal in the High Court of Sindh subsequent to the year end 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.

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

	2012	2011
	(Rupees in '000)	
24.1 Provision for taxation		
Current year	(82,584)	(23,500)
Prior years	33,965	(437)
Deferred	(26,200)	(1,482)
	(74,819)	(25,419)
24.2 Tax expense on continuing operations	(74,819)	(24,768)
Tax expense on discontinued operations	-	(651)
	(74,819)	(25,419)
24.3 Relationship between tax expense and accounting profit		
Profit / (loss) for the year before taxation (including discontinued operations)	1,503,026	(172,089)
Tax at the applicable rate of 35% (2011: 35%)	526,059	(60,231)
Tax effect of capital loss / (gain) exempt from tax	(380,485)	(98,088)
Tax effect of dividend income taxed at a lower rate	(80,165)	(45,204)
Tax effect of unrealised gain taxed at lower rate	(62,013)	-
Reversal of prior year charge	(33,965)	(437)
Tax effect of (income) / expenses that are not considered in determining taxable income	100,813	229,271
Reversal of unused defer tax loss	4,592	-
Others	(17)	108
	74,819	25,419

25. REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	----- (Rupees in '000) -----							
Fees	-	-	1,450	550	-	-	1,450	550
Managerial remuneration	7,800	7,290	-	-	17,173	8,730	24,973	16,020
House rent, conveyance, gratuity etc.	7,937	5,183	-	-	16,549	6,360	24,486	11,543
Medical expenses	-	729	-	-	-	873	-	1,602
Bonus for the year	-	-	-	-	168	-	168	-
Contribution to provident fund	719	607	-	-	1,609	674	2,328	1,281
	16,456	13,809	1,450	550	35,499	16,637	53,405	30,996
Number of persons	1	1	4	3	6	5	11	9

26. 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:

	2012	2011
	(Rupees in '000)	
Premium (refunded) / under-written	-	(14,045)
Premium collected	11	5,767
Claims paid	47,917	17,718
Rent paid	5,552	3,976
Dividend received	158,512	65,385
Dividend paid	94,596	29,290
Bonus shares received (face value)	48,752	135,498
Bonus shares issued (face value)	133,773	78,105
Brokerage	3,018	5,276
Purchase of units	1,408,635	144,277
Sale of units	1,418,684	443,500
Other Income	735	1,277
Club membership	96	-
Disposal of furniture and fixtures	305	-
Contribution to provident fund	2,459	1,389
Charge for staff retirement gratuity scheme	2,024	1,104
Key management personnel and close family members		
Dividend paid	3,838	1,475
Bonus shares issued	4,197	3,937
Remuneration	51,955	30,446
Director fee	1,450	550
Premium (refunded) / under-written	-	(11)
Employee loan recovery	1,116	1,117

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

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

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

27.2 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

27.2.1 Exposure to credit risk

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

	Note	2012 (Rupees in '000)	2011
Financial assets			
Long term loan		7,492	7,892
Short term deposits		2,000	2,000
Trade and other receivables		51,450	227,188
Cash and bank balances		13,494	8,330
Investments	27.2.1.1	4,533,865	2,947,025
		4,608,301	3,192,435

27.2.1.1 Investments amounting to Rs: 41.594 million (2011: Rs: 27.899 million) relate to PIB's and Treasury Bills and are not considered as credit risk due to government guarantee.

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

	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
	------(Rupees in '000)-----					
Not past due	51,450	-	51,450	227,188	-	227,188
Past due but not impaired	-	-	-	-	-	-
Past due and impaired	-	-	-	-	-	-
More than one year	74	74	-	74	74	-
	51,524	74	51,450	227,262	74	227,188

27.2.2 The maximum exposure to credit risk for trade receivables as at 31 December by geographic region was:

	2012	2011
	(Rupees in '000)	
Foreign	5,305	5,363
Domestic	23,488	12,299
	28,793	17,662

27.2.3 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:

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
				13,390

2011	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Barclays Bank PLC	A-1+	AA-	Standard & Poor's	81
Bank AL Habib Limited	A1+	AA+	PACRA	3,359
Summit Bank Limited	A-2	A	JCR-VIS	4,163
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	278
MCB Bank Limited	A1+	AA+	PACRA	263
Meezan Bank Limited	A-1+	AA-	JCR-VIS	96
				8,240

27.2.4 Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have similar types of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in a similar manner. A sector-wise analysis of trade receivables and other receivables at the reporting date was:

Industry / sector	2012		2011	
	(Rupees in '000)	%	(Rupees in '000)	%
Insurance (Re / co-insurance)	34,186	66.45%	42,990	18.92%
Receivable against sale of securities	149	0.29%	169,021	74.40%
Miscellaneous	17,115	33.26%	15,177	6.68%
	51,450	100.00%	227,188	100.00%

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.

	Carrying amount	Contractual cash flows	2012			
			Less than one year	1-2 years	2-5 years	
------(Rupees in '000)-----						
On balance sheet financial liabilities and others						
Deferred liability	3,886	3,886	-	-	-	(3,886)
Creditors, accrued expenses and other liabilities	100,239	100,239	(100,239)	-	-	-
	<u>104,125</u>	<u>104,125</u>	<u>(100,239)</u>	<u>-</u>	<u>-</u>	<u>(3,886)</u>

	Carrying amount	Contractual cash flows	2011			
			Less than one year	1-2 years	2-5 years	
------(Rupees in '000)-----						
Re-stated						
On balance sheet financial liabilities and others						
Deferred liability	1,904	1,904	-	-	-	(1,904)
Creditors, accrued expenses and other liabilities	46,640	46,640	(46,640)	-	-	-
	<u>48,544</u>	<u>48,544</u>	<u>(46,640)</u>	<u>-</u>	<u>-</u>	<u>(1,904)</u>

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:

	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2012	2011	2012	2011
Financial Assets				
Fixed rate instruments				
- Government Securities	41,594	27,899	8% to 14.25%	11% to 14.31%
Variable rate instruments				
- Saving accounts	13,376	7,687	6% to 8.5%	5% to 8.50%
- Short term deposits	2,000	2,000	5.80%	5.80%
Financial Liabilities				
- Short term running finance	-	-	-	-

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

If KIBOR had been 1 % higher / lower with all other variables held constant, the impact on the profit after tax for the year would have been Rs. 0.01 million (2011: Rs. 0.01 million).

27.4.1.1 Maturity profile of financial assets and liabilities

		2012				
Profit rate % per annum	Interest / mark-up bearing			Non-interest / non-mark- up bearing	Total	
	Maturity up to 1 year	Maturity after 1 year	Sub total			
----- (Rupees in '000) -----						
Financial assets						
Long term loan	6%	1,116	6,376	7,492	7,492	
Investments	8% to 14.25%	14,811	26,783	41,594	4,492,325	
Short term deposits	5.80%	2,000	-	2,000	-	
Trade & other receivables		-	-	-	51,450	
Cash and bank balances	5% to 8.50%	13,376	-	13,376	7,865	
		31,303	33,159	64,462	4,551,640	
Financial liabilities						
Deferred liability		-	-	-	3,886	
Creditors, accrued expenses and other liabilities		-	-	-	96,586	
		-	-	-	100,472	
31 December 2012		31,303	33,159	64,462	4,451,168	
					4,515,630	
		2011				
Profit rate % per annum	Interest / mark-up bearing			Non-interest / non-mark- up bearing	Total	
	Maturity up to 1 year	Maturity after 1 year	Sub total			
----- (Rupees in '000) -----						
Re-stated						
Financial assets						
Long term loan	6%	1,117	6,775	7,892	7,892	
Investments	11% to 14.31%	-	27,940	27,940	2,919,085	
Short term deposits	5.80%	2,000	-	2,000	-	
Trade & other receivables		-	-	-	227,188	
Cash and bank balances	5% to 9.75%	7,687	-	7,687	643	
		10,804	34,715	45,519	3,146,916	
Financial liabilities						
Deferred liability		-	-	-	1,904	
Creditors, accrued expenses and other liabilities		-	-	-	46,640	
		-	-	-	48,544	
31 December 2011		10,804	34,715	45,519	3,098,372	
					3,143,891	

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, 2012, net profit for the year would increase / decrease by Rs 277.18 million (2011: Rs. 126.621 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, 2012 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.

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except for quoted investments, fair value of which have been stated in note 10.

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		RESTATED Discontinued Operations		Total Operations	
	2012	2011	2012	2011	2012	2011
	----- (Rupees in '000) -----					
Net profit / (loss) for the year attributable to ordinary shareholders	1,429,222	(184,022)	(1,015)	(13,486)	1,428,207	(197,508)
	----- (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	24.38	(3.14)	(0.02)	(0.23)	24.36	(3.37)

31. SUBSEQUENT EVENTS

31.1 In an Extra-ordinary General Meeting of the members of Cyan Limited held on January 24, 2013 the shareholders, by passing a special resolution, decided that a Fund Management Company to be known as 'Cyan Equity Partners Limited" or such other name ,as may be available at the Company Registration Office, be constituted as a Non-Banking Finance Company for launching Private Equity and Venture Capital Fund(s) and for providing Fund Management Services under the Private Equity and Venture Capital Fund Regulations, 2008 and it will be a wholly owned subsidiary of the Company.

31.2 The Board of Directors in its meeting held on February 25, 2013 has announced a final cash dividend of Rs.3.00 per share (2011: Rs.2.50 per share) in respect of the year ended December 31, 2012 amounting to Rs.175.883 million (2011:Rs.97.71 million). These financial statements for the year ended December 31, 2012 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 25, 2013 by the Board of Directors of the Company.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Pattern of Shareholding

As at December 31, 2012

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.	40,131,905 29,020,647 3,433 5,268,994 513,330 5,325,501	68.45% 49.50% 0.01% 8.99% 0.88% 9.08%
3. NIT & ICP Investment Corporation of Pakistan IDPB (ICP Unit)	760 40 720	0.00%
4. Banks Development Financial Institutions, Non Banking Financial Institutions. Union Bank Limited United Bank Limited Habib Bank Limited United Bank Limited - Badla Portfolio	23,991 18,388 2,233 2,131 1,239	0.04%
5. Insurance Companies Reliance Insurance Company Limited	11,658	0.02%
6. Modarabas and Mutual Funds Pak Asian Fund Limited Growth Mutual Funds Limited	1,694 500 1,194	0.00%
7. Public Sector Companies and Corporation Ghee Corporation of Pakistan Limited Pakistan Industrial Development Corporation	31,065 2,820 28,245	0.05%
8. Others	425,385	0.73%
9. General Public a. Local b. Foreign	16,742,163 16,715,754 26,409	28.56% 28.51% 0.05%
TOTAL	58,627,722	
Shareholders holding 5% or more voting rights Dawood Corporation (Pvt) Limited Patek (Pvt) Limited Sach International (Pvt) Limited Hussain Dawood	29,020,647 5,325,501 5,268,994 4,716,078	49.50% 9.08% 8.99% 8.04%

Pattern of Shareholding

As at December 31, 2012

Number of Shareholders	Shareholding Range		Total Shares Held
	From	To	
181	1	100	4,661
188	101	500	66,659
155	501	1,000	132,729
272	1,001	5,000	684,088
82	5,001	10,000	606,818
45	10,001	15,000	557,061
23	15,001	20,000	396,797
16	20,001	25,000	359,981
14	25,001	30,000	384,500
6	30,001	35,000	193,201
4	35,001	40,000	154,018
3	40,001	45,000	126,641
6	45,001	50,000	282,418
4	50,001	55,000	207,000
2	55,001	60,000	117,116
1	60,001	65,000	63,311
1	65,001	70,000	66,349
1	70,001	75,000	70,153
1	75,001	80,000	77,944
3	80,001	85,000	248,700
4	90,001	95,000	368,033
1	110,001	115,000	112,486
1	170,001	175,000	172,071
1	305,001	310,000	309,000
1	355,001	360,000	358,500
1	415,001	420,000	420,000
1	510,001	515,000	513,330
1	585,001	590,000	586,537
1	1,255,001	1,260,000	1,259,101
3	1,795,001	1,800,000	5,397,299
1	4,715,001	4,720,000	4,716,078
1	5,265,001	5,270,000	5,268,994
1	5,325,001	5,330,000	5,325,501
1	29,020,001	29,025,000	29,020,647
1027			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	23,991	0.04%
2	Insurance Companies	1	11,658	0.02%
3	Directors, Chief Executive Officer and their spouse and minor children	1	1,259,101	2.15%
4	Associated Companies, undertaking and related parties	5	40,131,905	68.45%
5	NIT & ICP	2	760	-
6	Modarabas and Mututal Funds	2	1,694	-
7	Public Sector Companies and Corporation	2	31,065	0.05%
8	Foreign Investors	1	26,409	0.05%
9	Others	25	425,385	0.73%
10	Individual	984	16,715,754	28.51%
		1027	58,627,722	100.00%

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 March 26, 2013 at 12:00 noon and at any adjournment
thereof.

Signed this _____ day of _____ 2013

Witness 1

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

Signature on Revenue
Stamps of Rupees Five

Witness 2

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

Signature should agree with specimen
signature with the Company.

Notes:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- 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 / her original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Directors resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.



Please
affix correct
postage

cyan Limited

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



cyan Limited

Dawood Centre, M.T. Khan Road,
Karachi-75530
Ph: (92-21) 35684019, 35681491
Fax: (92-21) 35680218
Website: www.cyanlimited.com