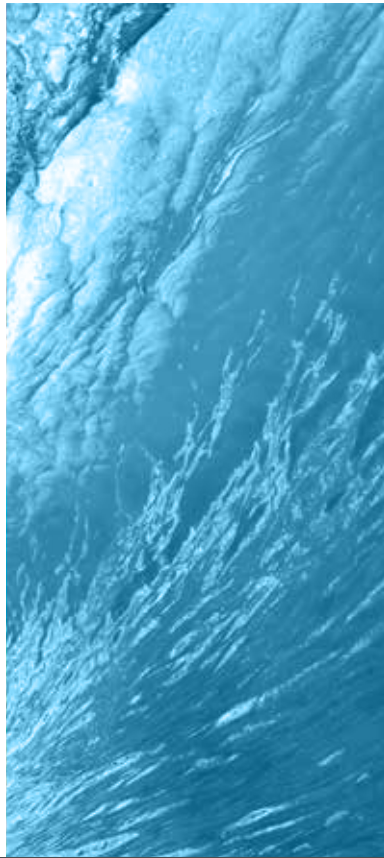




knowing
OUR POTENTIAL

Annual Report 2014



knowing OUR POTENTIAL

We invested years of hard work to reach where we are today. We grew from small to big, and are still growing with staggering numbers. Our powerful vision and strategic decision-making has taken our capabilities far ahead. This year we inspire to realize our potential to acquire limitless opportunities.

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cyan profile

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

The objective of Cyan is to invest in high growth potential companies.

Entrepreneurs are the pioneers and vital cogs behind a country's development and its employment creation. Cyan Limited is the platform where entrepreneurial spirit is nurtured, development opportunities are sustained and passionate organizations are harnessed to succeed.

With our unique position and vast experience, We are able to bring together a high potential organization that has demonstrated its skill to compete and sustain at local and international avenues, with those business visionaries, investors and experts that will enable opportunities and potential for all the stakeholders rather than provide a mere assessment.

We believe that the possibilities are numerous and our systematic approach and endeavors will help in turning an entrepreneurial dream and achievement into a resounding success for all stakeholders.

At Cyan we are committed to convert potential into success.

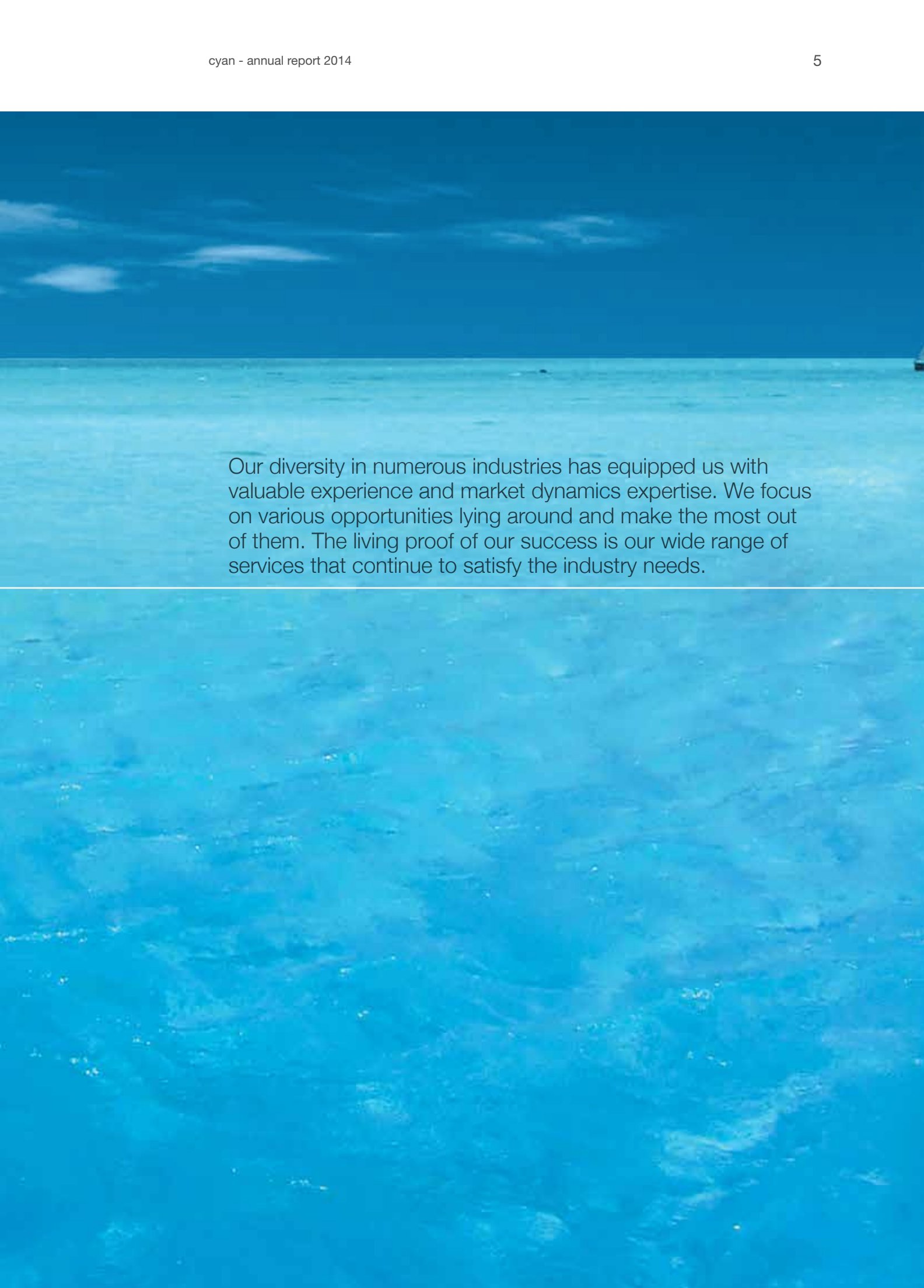
vision & mission



taking
entrepreneurship
to scale



broadening
OUR HORIZONS



Our diversity in numerous industries has equipped us with valuable experience and market dynamics expertise. We focus on various opportunities lying around and make the most out of them. The living proof of our success is our wide range of services that continue to satisfy the industry needs.



company information

Board of Directors

Kulsum Dawood
(Chairperson)
Non-Executive Director

Ghias Uddin Khan
Non-Executive Director

Hasan Reza-ur Rahim
Non-Executive Director

Jonathan Bilal Lenihan
Non-Executive Director

Kamran Nishat
Independent Director

Shafiq Ahmed
Non-Executive Director

Sulaiman S. Mehdi
(Chief Executive)
Executive Director

Board Audit Committee

Kamran Nishat
(Chairman)

Hasan Reza-ur Rahim
Ghias Uddin Khan
Shafiq Ahmed

Board HR & Remuneration Committee

Ghias Uddin Khan
(Chairman)

Kamran Nishat
Hasan Reza-ur Rahim

Board Investment Committee

Hasan Reza-ur Rahim
(Chairman)

Kulsum Dawood
Jonathan Bilal Lenihan
Shafiq Ahmed

CFO & Company Secretary

Faisal Mangroria

Head of Internal Audit

Ghulam Haider

Executives*

Sulaiman S. Mehdi (CEO)
Faisal Mangroria
(CFO & CS)
Shahab Farooq
(Head of Research)
Ghulam Haider
(Head of IA)
Muhammad Anas Karimi
(Manager Finance)
Muhammad Ali Hemani
(Senior Investment Analyst)

*As determined by the Board of Directors

Auditors

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

Bankers

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

**Tax Consultants**

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

Internal Auditors

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

Legal Advisors

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

Registered Office

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

**Share Registrar/Transfer
Agent**

Technology Trade (Pvt.) Ltd.
Dagja 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

Rating Agency

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

geographical presence
only in karachi



our values

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

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

OUR CORE VALUES

Openness and Transparency

Integrity

Strong Work Ethics

Teamwork and Partnership

Commitment to Pakistan

strategic objectives

At Cyan, disclosure and transparency are essential to the way we do business. We strive at all times to guarantee that our investors, portfolio companies, employees and all parties with whom we do business can rely on us to work in an ethical and responsible way. Strong work ethics combined with entrepreneurial zeal is reflected in all that we do, from strategic decision making to directing a training session. Our team flourishes with building connections and partnerships.

Most important of all, the investments we make are designed to contribute in Pakistan's growth prospects and laying the necessary foundations for businesses to succeed. We are committed to recognizing potential and help in nurturing it in the most efficient manner.

Generate Attractive Returns on Equity Portfolio

The Company outperformed the KSE-100 index by 405bps.

Maximize shareholder's Worth

The Shareholder return was 50% based on Company's market capitalization and dividend payout during 2014 compared to KSE-100 Index return of 27%.

Private Equity Business

Company is aggressively pursuing private equity transactions.

code of conduct

For Employees:

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

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

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

1. Abidance of Laws / Rules

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

2. Integrity

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

3. Confidentiality

Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing

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

4. Professionalism

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

5. Business/Work Ethics

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

broker or money lender or any employee of Cyan or any firm or person having dealings with Cyan.

- ii. Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrip's for delivery in the case of sale. However, they can make a bona fide investment of their own funds in such stock, shares and securities in line with the employees trading policy.
- iii. Lend money in their private capacity to a constituent of Cyan or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
- iv. Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss.
- v. Act as agent for an insurance company otherwise than as agent for on behalf of Cyan.
- vi. Be connected with the formation or management of a joint stock company.
- vii. Engage in any other commercial business or pursuit either on their own account or as agent for another or others.
- viii. Accept or seek any outside employment or office whether stipendiary or honorary.
- ix. Undertake part time work for a private or public body or private person, or accept fee thereof.

For Directors:

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

1. Conflict of Interest

Directors including the Chairperson must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of

interest with the Company, should be disclosed promptly to the the Board of Directors. A "conflict of interest" can occur when:

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

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

c. Relationship of Company with third-parties.

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

d. Compensation from non-Company sources.

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

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

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

2. Corporate Opportunities

Directors are Prohibited From:

- a. Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or position as a director;
- b. Using the Company's property or information for personal gain; or

- c. Competing with the Company for business opportunities. However, if the Company is disinterested and the directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may then do so.

3. Confidentiality

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

4. Compliance with Laws, Rules and Regulations; Fair Dealing.

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

and officers, with the Company's customers, suppliers, competitors and employees.

5. Encouraging the Reporting of any Illegal or Unethical Behavior.

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


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

6. Compliance Standards

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

An aerial photograph of the ocean showing a large, curling wave. The water is a deep blue, and the wave's crest is white with foam. The perspective is from above, looking down at the water's surface.

riding
THE WAVES



Surrounded by key success factors we have created our sustainability. We are directed and motivated by our goals and objectives. Every day we are closer to the destination we are headed towards.

cyan seven

To gauge ideal investment

<p>Committed Management</p> <p>Company has a strong management team with demonstrated commitment to ethical values and a proven track record</p>	<p>Sizable Market Share</p> <p>Company has a sizeable market share or a clearly defined road-map to achieve one</p>	<p>Scalable Business Model</p> <p>Company has a proven and scalable business model with an operational record of at least three years</p>

<h3>Target Revenue</h3> <p>Company has revenues of at least PKR 500mn or a tangible growth plan to achieve this target in the short term</p>	<h3>Target Margin</h3> <p>Company has an EBITDA of at least PKR 100mn and has remained positive for the past three years</p>	<h3>Minimum Investment Size</h3> <p>The Company is seeking to raise at least PKR 100 mn</p>	<h3>Exit Potential</h3> <p>The ability of an exit for Cyan i.e. to sell its stake in 3-5 years via trade sale, IPO, share buy back/redemption, etc.</p>

cyan has the following expertise:

- 1) Capital market expertise of \$50 mn public equities portfolio managed over the last 3 years and a team that has combined 30 years' experience in public equities.
- 2) Knowledge base of various industries (Agribusiness, power, consumers etc.) and operations (governance, board level involvement) due to the DH group Platform.
- 3) Combining the two, Cyan can provide equity in order to formalize and grow companies and then list them on the KSE to increase representation of certain sectors on the stock exchange.

ANIMAL PROTEIN

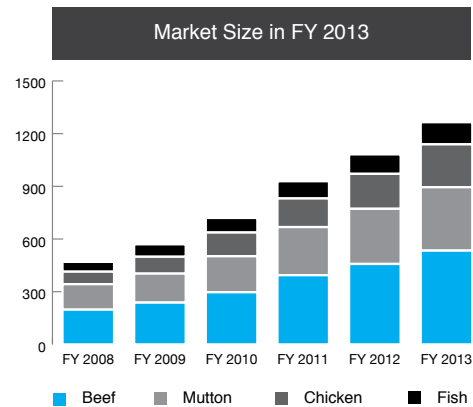
Industry Profile: Livestock constitutes ~12% of Pakistan’s GDP. Livestock is the nation’s source of animal protein in the form of various types of meat. Although some institutionalization has been observed recently, the animal protein industry of Pakistan remains fragmented and dominated by the informal sector.

Market Size: According to Cyan’s estimate, the size of the meat industry in Pakistan is PKR 1.3 trillion thereby constituting ~6% of the Country’s GDP at the end of FY13. Within the industry, beef is the largest segment with a 39% segment share, followed by mutton with 27% share, poultry with 16% share and seafood with 10% share. The rest constitutes egg sales.

22%
CAGR

DID YOU KNOW?

- o Pakistan’s human population is 15% greater than all cows, buffalos and goats combined
- o 35 million is the number of eggs Pakistan consumed each day
- o An average Pakistani consumes less meat than an average Bangladeshi



PHARMACEUTICAL

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

Market Size: The Pharmaceutical industry in Pakistan is valued at PKR 240bn. The bulk of the industry comprises branded generic drugs i.e. ~86% of all drugs sold in Pakistan. The industry is segmented amongst a myriad of therapeutic classes which is reflective of the technical nature of drug production. Approximately, 85% of drugs are produced and consumed domestically. However, key raw materials required for drug formulation are mostly imported from China and India which have developed buoyant API industries over time.

15%
CAGR

DID YOU KNOW?

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



HEALTHCARE

Industry Profile: The accessibility and quality of healthcare is a common metric to assess the developmental stage of a country. There are estimated to be 972 hospitals, 5,438 labs & diagnostic centres, 196,000 clinics and over 7,300 pharmacies. However, the quality of healthcare infrastructure ranks low amongst peer countries.

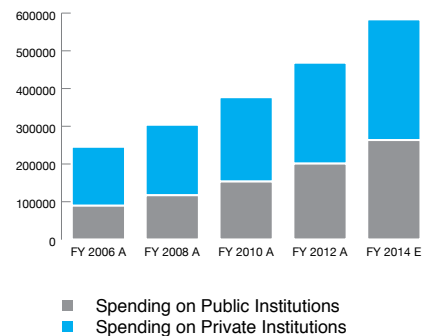
Market Size: According to Cyan’s estimates, the size of the healthcare service industry is cumulatively valued at ~USD 6.0bn as of FY14, constituting 2.9% of Pakistan’s GDP. Spending is split between government institutions (~43%) and private institutions (~57%). Within privately owned institutions, the majority (47%) share is spent in pharmacies, followed by clinics (37%), hospitals (13%) and laboratories & diagnostic centers (3%). The demand for healthcare services in Pakistan has been steadily increasing due to rising income levels, high population growth, aging population, increase in lifestyle diseases such as diabetes and cardiac and increasing accessibility within rural areas.

14%
CAGR

DID YOU KNOW?

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

Healthcare spending is rising at a 14% CAGR



Hospitals and clinic chains are the biggest investable segments

- Hospitals
- Clinics
- Laboratory & Diagnostic Services
- Pharmacies

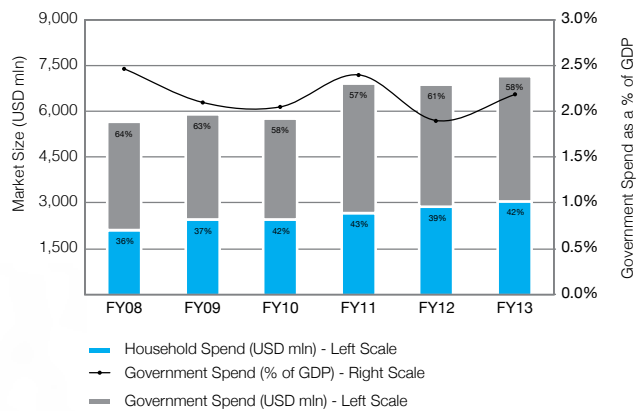


EDUCATION

Industry Profile: For the last few years, Pakistan's adult literacy rate has stagnated at 58%, clearly indicating a lack of penetration of education in the country. Education is a state responsibility as per the constitution; however, quality education remains accessible by only a few.

Market Size: The Education industry in Pakistan is valued at USD 6.3 billion, contributing ~3.15% to Pakistan's GDP and providing employment to ~5% of the labor force. The sector is divided between public and private institutions, along with a number of non-government organizations running charitable education foundations. Public spending accounts for ~58% of total education spend. Over the past few years, the share of government spending has declined as reflected by a decreased budgetary allocation to education spending i.e. less than 2% of GDP.

15%
CAGR



DID YOU KNOW?

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

LOGISTICS

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

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

8
%
CAGR

DID YOU KNOW?

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



notice of the 55th annual general meeting

Notice is hereby given that the Fifty Fifth (55th) Annual General Meeting (AGM) of Cyan Limited will be held at Marriott Hotel, Abdullah Haroon Road, Karachi at 11.00 a.m. on Tuesday the March 31, 2015 to transact the following business:

Ordinary Business

1. To confirm the minutes of the 54th Annual General Meeting of the Company held on April 30, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2014 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 425% (Rs.42.50 per share) for the year ended December 31, 2014 as recommended by the Board of Directors. This is in addition to the interim cash dividend of 250% (Rs.25.00 per share) already paid during the year;
4. To appoint Auditors for the year ending December 31, 2015 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board

Karachi, March 9, 2015

Faisal Mangrora
Company Secretary

NOTES:

Closure of Share Transfer Books

The Share transfer books of the Company will remain closed from Monday March 23, 2015 to Tuesday March 31, 2015 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi by the close of business (5:00 p.m.) on Friday March 20, 2015 will be treated in time for the purpose of attending and voting at the AGM and also for the above entitlement to the transferees.

Participation in the Annual General Meeting

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

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

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

A. For Attending the Meeting

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

B. For Appointing Proxies

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

CNIC Number

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

Dividend Mandate

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

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

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

- | | | |
|-----|--------------------------------------|-----|
| (a) | For filers of income tax returns: | 10% |
| (b) | For non-filer of income tax returns: | 15% |

To enable the company to make tax deduction on the amount of cash dividend @10% instead of 15%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure i.e. March 23, 2015.

For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers and address:

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

Consent for Video Conference Facility

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

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

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


 Signature of members

Change of Address

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



reaching
NEW HEIGHTS



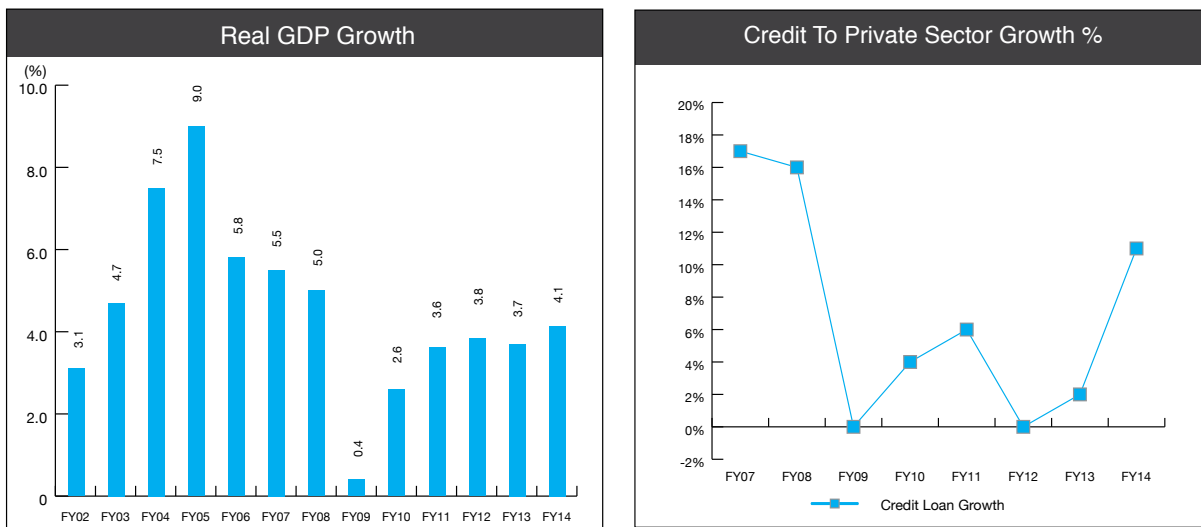
Our ever growing passion has led us to many achievements and unimaginable milestones. We thrive on being able to find better ways of surpassing challenges, and making impossible possible.

directors' report

The Board of Directors is pleased to present the 55th Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2014.

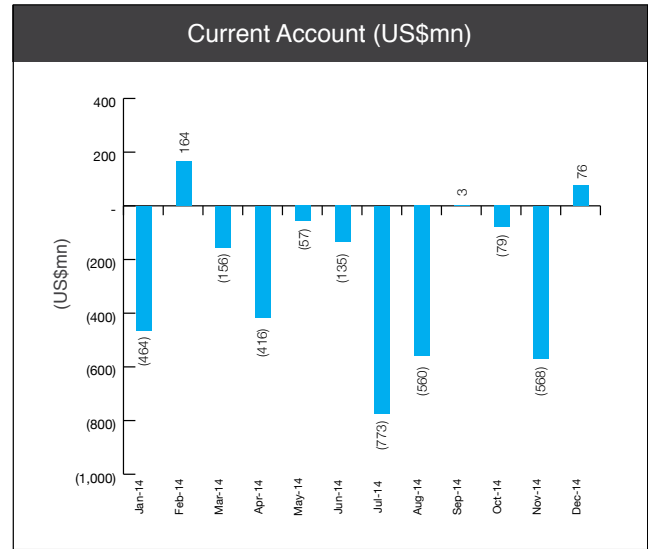
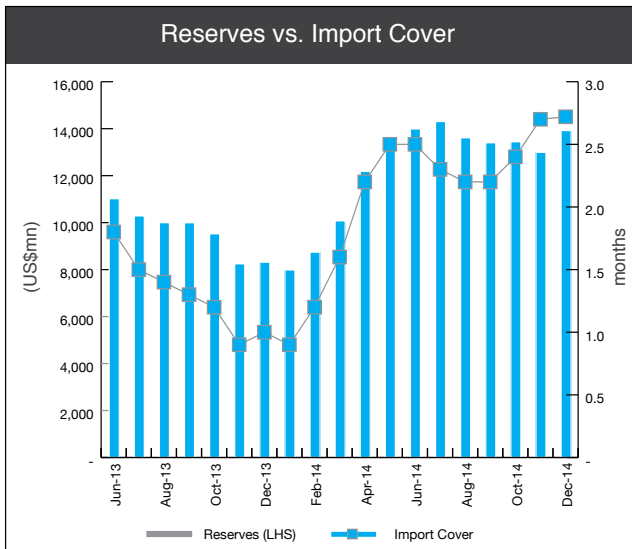
Economy Review

The ongoing IMF Program proved to be the catalyst for an inflection point in Pakistan's Economy with real GDP growth rising to 4.1% in FY14, its highest level since FY08. This arose on the back of higher manufacturing growth (+5.5%YoY) as the GoP remained committed to energy sector reforms. Macro recovery was underpinned by the rise in FX reserves to above US\$15bn by end-CY14, which aided in the PkR appreciating by 4% vs. the US\$ in CY14; in doing so, the PkR joined a select group of currencies to gain vs. the US\$ last year. Comfort on the external a/c together with an easing in price pressures (CPI averaged 7.2% in CY14 vs. 7.7% in CY13), led the SBP to recommence monetary easing. Going forward, provided the macro reforms process remains in place and political noise does not escalate to last year's levels, Pakistan's GDP growth could accelerate to 5%+ over the next few years.

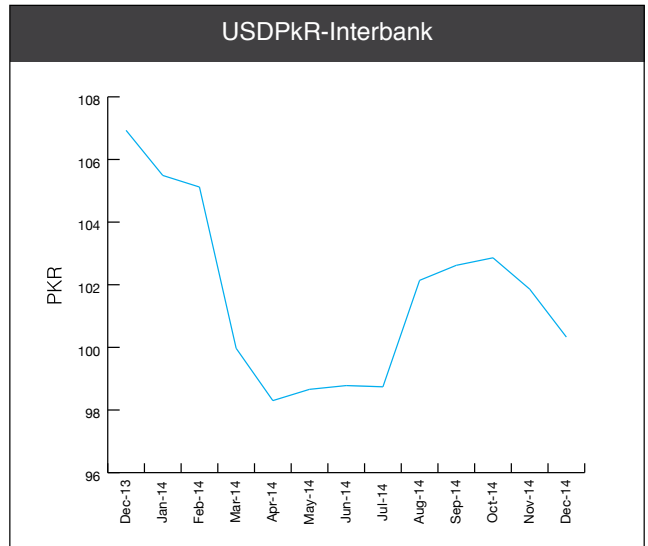
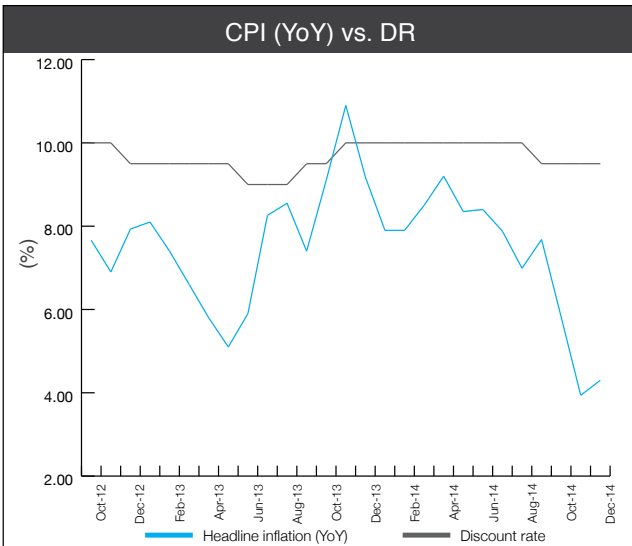


While near-term risks to GDP growth emanate from the Agriculture side (lower crop prices) and some deceleration in manufacturing growth (LSM growth has averaged 2.0%YoY in 4MFY15 vs. 6.1%YoY during the same period last year), ingredients are in place for a sustainable higher growth trajectory over the medium-term. This is underpinned by substantial room for policy maneuverability to push growth – interest rates are expected to continue coming off while a lower fiscal deficit (1QFY15: 1.2% of GDP vs. 5.8% of GDP in FY14) amidst a shift into the GoP's debt maturity profile, should depict a move away from the steep private sector crowding out witnessed over the previous 5yrs. This is already happening with private sector credit growth encroaching on the 10%YoY mark.

One of the hallmarks of CY14 was the improvement in the country's external a/c position. Helped by the revival of the privatization program, international bond proceeds and the much-awaited 3G auction, Pakistan's FX reserves crossed the US\$15bn mark in Dec'14. This implies a total import cover of more than 4 months; importantly, this improvement has arisen before the impact of lower international oil prices makes its mark; while CPI has started to reflect lower oil prices, the external a/c is poised to depict this benefit going forward. Specifically, considering oil imports in FY14 accounted for 6% of Pakistan's GDP, the minor Current Account surplus of US\$76mn in Dec'14 can translate into a trend and help to further shore the PkR.



Lower oil prices have the potential to result in continued soft inflation going forward. CPI averaged 7.2%YoY in full-year CY14 but the 2HCY14 average was much lower at 6.1%YoY. Barring a spike in international oil prices, the latter is more reflective of incoming inflation data across the next 6 months. With the SBP reinitiating monetary easing in Nov'14 (50bps cut in DR to 9.5%), a dovish stance is likely to pick pace going forward. This can cement the Pakistan Economy's transition into an accelerated growth rate over the medium-term.

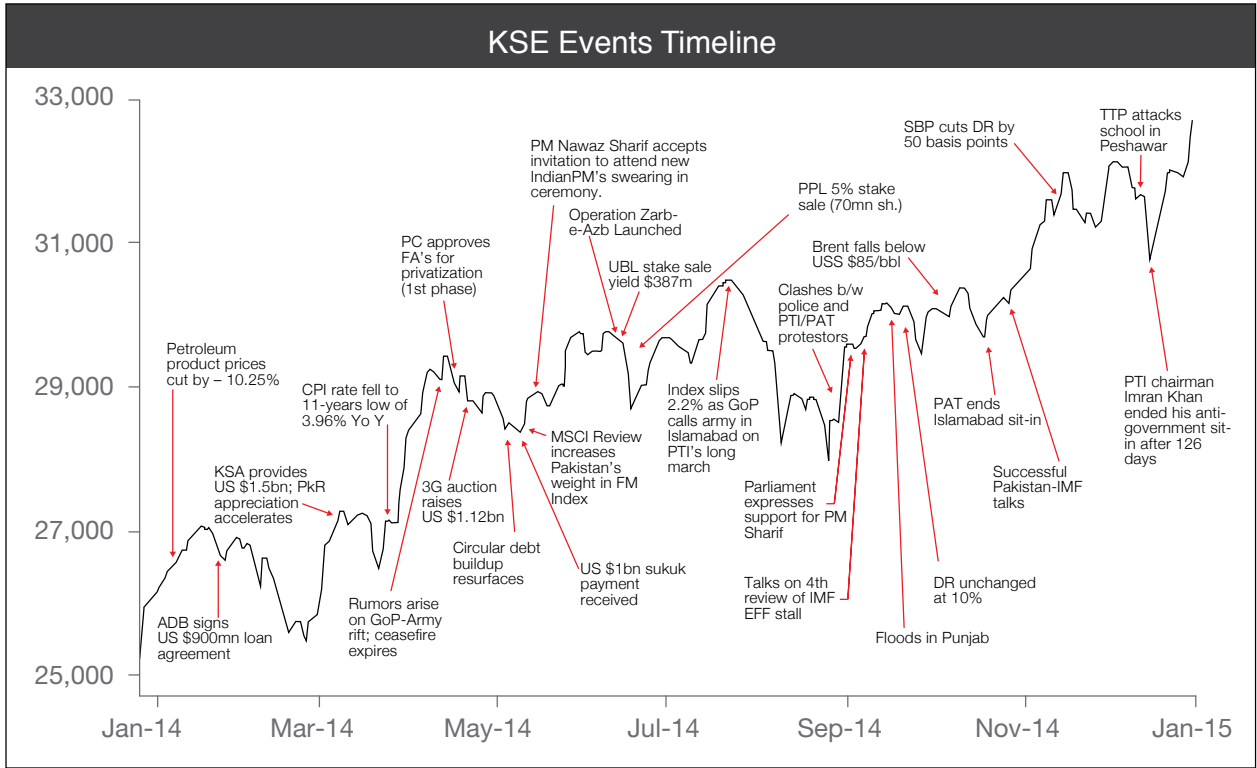


Stock Market Review CY2014 & CY2015 Outlook

The KSE-100 Index gained 27% in CY14 (31% in US\$ terms), despite considerable political noise during the year under review, enabling the Pakistan Market to once again emerge as one of the best performing in the world. Robust price performance was largely a function of valuation rerating where the KSE-100 Index's forward P/E has crossed 9x from less than 7x in 2013, in a reflection of the ongoing macro recovery. Foreign investors once again remained key market drivers; injecting a net US\$383mn in CY14 (~US\$700mn inclusive of privatization proceeds). The bull run has continued into 2015, with the KSE-100 Index gaining 4.5% in the first two weeks of the new year as politics and law & order takes a backseat to the economy. Considering the Pakistan Market has traded in 10x+ P/E multiples during times of single-digit interest rates, the market's rally can potentially extend through 2015 particularly if corporate earnings growth surprises on the upside.

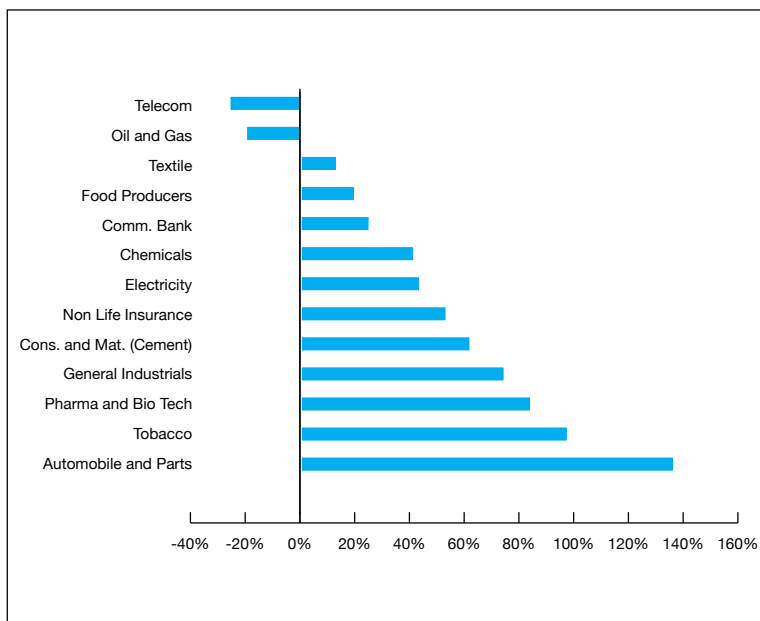
worldwide indices performance in CY14

Country	Index	CYTD Index		CYTD	Rel. to MSCI	Change Since	
	31-Dec-14	High	Low	Change	World Index	CYTD High	CYTD Low
China	3,235	3,374	3,222	52.9%	4.9%	-4.1%	0.4%
India	27,499	27,888	26,909	29.9%	27.0%	-1.4%	2.2%
Pakistan	32,131	33,586	32,131	27.2%	24.3%	-4.3%	0.0%
Srilanka	7,299	7,606	7,299	23.4%	20.5%	-4.0%	0.0%
Philippines	7,231	7,491	7,231	22.8%	19.8%	-3.5%	0.0%
Jakarta	5,227	5,243	5,160	22.3%	19.4%	-0.3%	1.3%
Qatar	12,286	12,306	11,812	18.4%	15.4%	-0.2%	4.0%
Thailand	1,498	1,535	1,478	15.3%	12.4%	-2.4%	1.4%
NASDAQ Composite	4,736	4,736	4,593	13.4%	10.5%	0.0%	3.1%
Dubai	3,774	3,815	3,450	12.0%	9.1%	-1.1%	9.4%
S&P	2,059	2,062	2,003	11.4%	8.5%	-0.2%	2.8%
Vietnam	546	581	544	8.1%	5.2%	-6.0%	0.2%
DJIA	17,823	17,908	17,372	7.5%	4.6%	-0.5%	2.6%
Singapore	3,365	3,371	3,282	6.2%	3.3%	-0.2%	2.5%
Abu Dhabi	4,529	4,529	4,312	5.6%	2.6%	0.0%	5.0%
MSCI World	1,710	1,710	1,654	2.9%	0.0%	0.0%	3.3%
MSCI FM	612	613	588	2.9%	0.0%	-0.1%	4.1%
German	9,806	9,941	9,470	2.7%	-0.3%	-1.4%	3.5%
Hong Kong	23,605	24,216	23,485	1.3%	-1.6%	-2.5%	0.5%
Saudia Arabia	8,333	8,565	8,057	-2.4%	-5.3%	-2.7%	3.4%
UK	6,566	6,570	6,367	-2.7%	-5.6%	-0.1%	3.1%
Brazil	20,703	20,703	19,712	-2.8%	-5.7%	0.0%	5.0%
MSCI EM	956	961	935	-4.6%	-7.6%	-0.5%	2.3%
Malaysia	1,761	1,761	1,709	-5.7%	-8.6%	0.0%	3.0%
Oman	6,343	6,439	6,204	-7.2%	-10.1%	-1.5%	2.2%
Russia	9,299	10,407	9,299	-8.6%	-11.6%	-10.6%	0.0%
Kuwait	6,536	6,588	6,398	-13.4%	-16.4%	-0.8%	2.2%



Sector Reviews

Among the mainboard sectors, outperformers in CY14 were Autos (+137%YoY, on higher margins as JPY weakened), Pharmaceuticals (+84%YoY on expectations of drug price increases), Cements (+65%YoY on strong domestic demand), Chemicals (+34%YoY on better gas supply), Electricity (+32%YoY on an attractive D/Y) and Banks (+29%YoY on a significant PIB shift bumping up growth). That said, the major losers were Oil & Gas (-19%YoY on sharply lower global oil prices) and Telecoms (-21%YoY on ICH withdrawal).



Company Performance

Investment-continuing operations

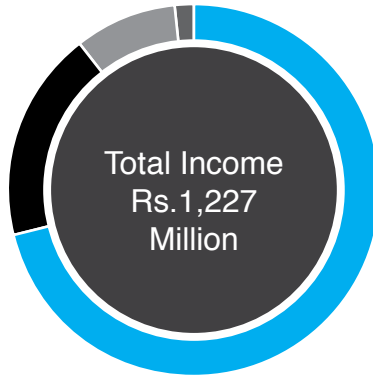
During the year the company adopted an aggressive stance on the public equities and maintained its exposure at 75% (average), whereas 25% was vested towards mutual funds and Government Securities. The increase in equity exposure was based on overall improvement in the key macroeconomic metrics, particularly FX reserves, inflation in single digits and continuous flows from foreign investors. The equity portfolio was realigned to have a balance between high growth and high yield investments. To this effect, sizable investments were made in banks, energy, oil and gas, cements, personal goods and money market mutual funds. With a sizeable exposure towards the public equities, dividends from our equity portfolio increased by 12% to Rs.223 million for the year 2014 as opposed to Rs.198 million earned last year. Dividend income from related parties decreased by 33% from Rs.99 million to Rs.66 million due to lower dividend from HUBCO and no dividend from DLL. Dividend income from others increased by 57% from Rs.99 million to Rs.157 million due to overall increase in equity exposure. The company also earned realized capital gains of Rs.628 million (2013: Rs.483 million) and unrealized gains of Rs.355 million (2013: Rs.765 million) on re-measurement of investments classified as financial assets at fair value through profit and loss – net.

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

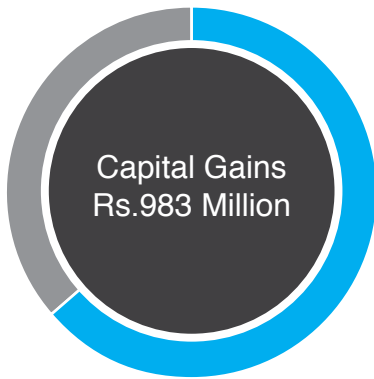
During 2014 profit after tax stood at Rs.899 million as compared to Rs.1,177 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2013 and 2014 is as under:

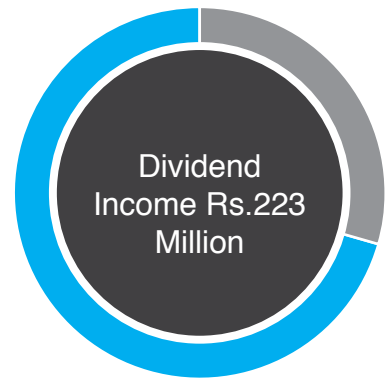
	Rs. in Million		
	2014	2013	Change
Return on Investments	226	203	12%
Gain on Sale of Investments - Net	628	483	30%
Other Income	18	6	220%
	872	692	26%
Unrealized appreciation	355	765	(54%)
	1,227	1,457	(16%)
Operating & Administrative Expenses	(200)	(244)	(18%)
PBT	1,027	1,213	(15%)
Taxation	(128)	(36)	255%
PAT	899	1,177	(24%)
Loss from discontinued Operation –net of tax	-	(1)	100%
EPS – Rupees	15.33	20.06	(24%)



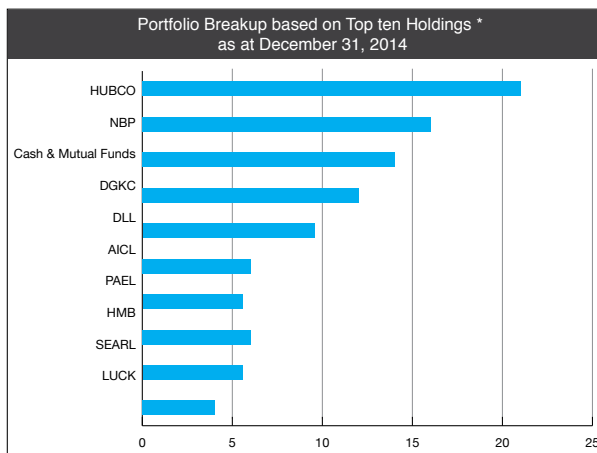
- 875 Capital Gain on Equity
- 223 Dividend Income
- 109 Capital Gain on Mutual Fund
- 20 Other Income



- 628 Realized gain
- 355 Unrealized gain

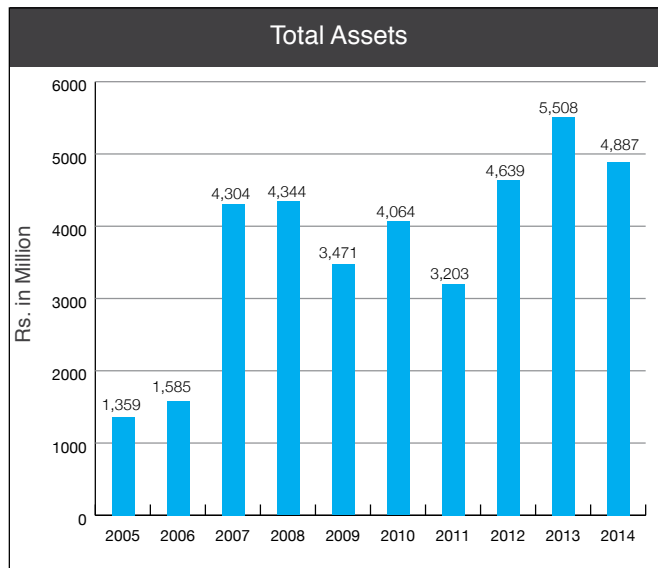
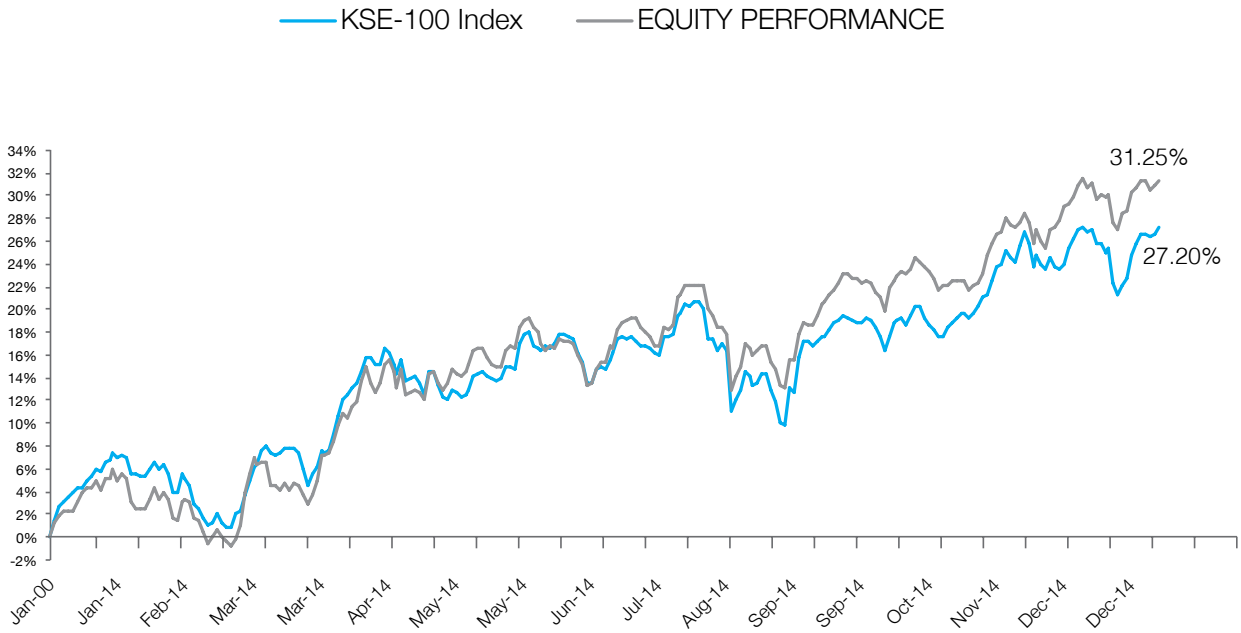


- 157 Others
- 66 Related Party



- 22% Banks
- 21% Electricity
- 16% Construction and Material
- 14% Cash & Mutual Funds
- 10% Personal Goods
- 6% Household Goods
- 6% Non Life Insurance
- 5% Pharma and Bio Tech

*Top Ten Holdings represent 77% of the total portfolio



Earnings Per Share

During the year the company posted earnings per share of Rs.15.33 compared to earnings per share of Rs.20.06 in 2013.

Private Equity Update

Cyan is currently evaluating one opportunity in the logistics sector and expects it to be consummated by June 30, 2015. In addition, the company is at various stages of transaction evaluation with opportunities in Auto, Steel, Education and Health-care sectors. Majority of the transactions are growth capital or partial cash outs. All investment opportunities being evaluated have significant room for follow on investments.

Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2014 stood at Rs.899 million compared to profit after tax of Rs.1,176 million last year.

The Board now recommends a final cash dividend of 425% (Rs.42.50 per share) for the year ended December 31, 2014. This is in addition to interim cash dividend of 250% (Rs.25 per share).

Objectives and Corporate Strategy

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

Liquidity, Cash Flows and Financing Arrangement

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

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

Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs.586.28 million. Shareholders' fund at the year-end totalled Rs.4,591 million. The liquidity position of the Company remains strong with a year-end current ratio of 18.

Risk management & Strategy for Mitigating Risks

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

Credit Risk

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

Further, risk of investment in mutual funds is also minimal as company is substantially exposed to high rated money market funds.

Market Risk

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

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

Interest Rate Risk

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

Equity Price Risk

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

Foreign currency risk

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

Relationships with Stakeholders

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

Information Technology

We strongly believe that role of Information Technology is very important for progress of any business. In order to achieve better market infrastructure and implementations of sound techniques for controls of risks, the role of IT is very important. Besides, significant progress has been made towards the implementation of certain other key applications, i.e. human resource management, risk management, enterprise general ledger and fixed assets module. We are hopeful that by the above developments, the operational capabilities of relevant department of the Company will be improved and this will support for improvement of internal controls and effective management information system. During the year, the company has established its BCP site and also performed BCP drill to ensure the smooth functioning of the company's operations in case of any disaster.

Human Resources Development, Training & Succession Planning

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

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

The Company not only attracts the best talent in the company but also grooms and develops their abilities for

future leadership roles. The Company believes in empowering employees by providing them with challenging opportunities to enhance their potential and develop their abilities. Clear roles and job descriptions are defined, based on which, succession plan is prepared for sensitive and critical positions in the Company.

Internal Control

The internal control framework has been effectively implemented through an independent outsourced Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company. The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

Corporate Social Responsibility (CSR)

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

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

Energy Conservation

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

Occupational Health, Safety & Environment Protection

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

Community Investment & Welfare Schemes

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

Corporate Relations

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

Business Ethics and Anti-corruption Measures

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

The Company has communicated the Code of Conduct to all its directors and employees and has also placed it on its website.

Contribution to National Exchequer

Cyan made a sizeable contribution of Rs.50.15 million to the National Exchequer by way of taxes, during the year 2014.

Corporate Award

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

Credit Rating

On May 16, 2014 JCR-VIS Credit Rating Company Limited has assigned initial entity ratings of 'A+/A-1' (A Plus/A-One) to Cyan Limited (CL). The assigned ratings take into account adequate capitalization and strong liquidity profile of the company. Outlook on ratings is 'Stable'.

Related Party Transactions

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

Board of Directors

The Board comprises of Seven Directors

Changes in the Board

During the year, Mr. Shabbir Hussain Hashmi, Mr. Shahid Hamid Pracha, Mr. M. Jawaid Iqbal and Mr. Ruhail Yousuf Muhammad retired from the directorship of the Company. The Board would like to place on record its appreciation for the dedication, commitment and valuable contribution made by them as members of the Board.

The Board also welcomes Mrs. Kulsum Dawood, Mr. Ghias Uddin Khan, Mr. Hasan Reza-ur Rahim, Mr. Jonathan Bilal Lenihan, Mr. Kamran Nishat and Mr. Sulaiman S. Mehdi who joined as members in place of the outgoing Directors.

During the year, Mr. A Samad Dawood resigned as CEO and Mr. Sulaiman S. Mehdi was appointed as CEO effective August 26, 2014. The Board would like to place on record its appreciation for Mr. Samads' great contribution over the past three years and for making Cyan today the most preferred choice for investors at the stock exchanges. Further, the Board also acknowledged the vision of the former CEO of the Company that led to Cyan becoming such a vibrant and profitable company.

Since the last Board of Directors election held on April 30, 2014, one casual vacancy occurred on the Board due to resignation of Mr. A. Samad Dawood as director effective October 27, 2014 that was filled up through appointment of Mr. Shafiq Ahmed on December 30, 2014.

Conflict of Interest among BOD Members

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

CEO Performance Review

Appointment of the Chief Executive Officer (CEO) is made by the Board of Directors for a tenure of three years. During the year Mr. A. Samad Dawood has resigned and in his place Mr. Sulaiman S. Mehdi has been appointed as CEO of the Company.

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

Directors Training Programme

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

Safeguarding of Company Records

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

Board Meetings

During the year under review, six (6) meetings of the Board of Directors were held, which were all presided over by the Chairman/Chairperson. The Chief Financial Officer and Company Secretary also attended the meetings as were required by the Code of Corporate Governance. Attendance by each director was as follows:

		No. of meetings held	No. of meetings attended
Kulsum Dawood	(Chairperson)*	4	3
Sulaiman S. Mehdi	(CEO/Director)*	4	4
Ghias Uddin Khan	(Director)*	4	3
Hassan Reza-ur Rahim	(Director)*	4	4
Jonathan Bilal Lenihan	(Director)*	4	–
Kamran Nishat	(Director)*	4	3
Shabbir Hussain Hashmi	(Director)**	2	2
Shafiq Ahmed	(Director)*****	2	1
M. Jawaid Iqbal	(Director)**	2	–
Shahid Hamid Pracha	(Director)**	2	2
Ruhail Yousuf Muhammad	(Director)**	2	1
Faisal Nadeem Mangroria	(Director)**	1	1
A. Samad Dawood	(Director)***	5	5
Isar Ahmad	(Director)****	1	–

* New Board elected on 30th April, 2014

** Retired on 30th April, 2014

*** Resigned on 27th October, 2014

**** Retired on 24th February, 2014

***** Retired on 30th April 2014 and reappointed on December 30, 2014 to fill the casual vacancy.

Board Audit Committee Meetings

		No. of meetings held	No. of meetings attended
Kamran Nishat	(Chairman)*	2	2
Ghias Uddin Khan	(Member)*	2	1
Hasan Reza-ur Rahim	(Member)*	2	1
Shahid Hamid Pracha	(Member)**	2	2
Shafiq Ahmed	(Member)***	2	2
Ruhail Yousuf Muhammad	(Member)**	2	–

* New Board elected on 30th April, 2014

** Retired on 30th April, 2014

*** Retired on 30th April, 2014 and reappointed as member Board Audited Committee on February 23, 2015.

There was no Board Investment and Board HR & Remuneration Committees meeting held during the year.

Code of Conduct

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

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and statement of changes in equity.
- b) The company has maintained proper books of accounts as required under the Companies Ordinance, 1984.
- c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. All Changes, wherever made during the year have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.
- g) The company has followed the best practices of the Corporate Governance as laid down in the Listing Regulations of the stock exchanges and there has been no material departure there from.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and as described in the financial statements.
- i) The value of investments of provident fund on the basis of audited accounts as on June 30, 2014 is Rs.20.68 million.
- j) Trading of shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year were:

Name	Date	Sold
Mr. Hussain Dawood (Spouse of Mrs. Kulsum Dawood)	18-09-2014	123,000
-do-	22-09-2014	110,000
-do-	23-09-2014	217,000
-do-	24-09-2014	273,000

- k) Messrs. Sulaiman S. Mehdi, Shafiq Ahmed and Ghias Uddin Khan are certified Directors under Directors training program from The Pakistan Institute of Corporate Governance.

Ownership

As at December 31, 2014, there were 1,713 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2014, along with the necessary information is available at the end of this report.

Auditors

The present auditors M/s. A.F. Fergusons & Co. (Chartered Accountants) being eligible, has provided their consent for appointment at the 55th 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, 2015. The Board has endorsed this recommendation.

Key operating and financial data

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

Forward Looking Information

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

Acknowledgement

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their 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

Hasan Reza-ur Rahim
Director

Sulaiman S. Mehdi
CEO

Karachi: February 23, 2015

CEO's Message

Despite all the economic and political challenges, the Pakistani stock markets were robust in 2014 and hence your Company earned Rs.899 million in net income on revenue of Rs.1,227 million. During the year, Cyan's equity portfolio outperformed the KSE-100 index by 405 bps (31.25% Vs 27.20%) mainly due to better performance of banking sector stocks. During the year the Company adopted an aggressive stance on the public equities and maintained its exposure at 75% (average), whereas 25% was vested towards mutual funds and Government Securities. The equity portfolio was re-aligned to have a balance between high growth and high yield investments and to this effect sizeable investments were made in banks, energy, oil and gas, cements and personal goods.

Achieving Milestones

The Company has announced a final cash dividend of 425% or Rs.42.5/share for its shareholders in addition to an already paid interim cash dividend of 250% or Rs.25/share, thus making the total cash payout to 675% or Rs.67.50 per share for the year ended December 31, 2014.

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

Three years ago, the market capitalization of the Company was PKR1.95 billion which elevated to PKR5.04 billion on December 31, 2014 depicting a massive return of 158% for a period of three years. This is not all, during the last three years; CYAN Limited managed to pay a total dividend of PKR2.3 billion (excluding the recently announced final cash dividend of PKR2.5 billion). This makes the total cumulative shareholders' return of 275%, whereas the benchmark that is, KSE-100 Index managed a return of 183% during the same period reflecting Cyan's above average performance of 92%. This translates into a 3-year Compounded Annual Growth Rate (CAGR) of 55%, making the pay-back period of 1.3 years for an investor who invested in the stock three years ago. If the recent dividend is also to be added, the total return will be an exemplary 342%.

Engaging New Opportunities

We are also aggressively looking to explore private equity transactions for further delivering sustainable long term returns to the shareholders versus delivering short term returns from public equities.

Since public equities are very volatile, the shareholder returns and dividends are affected by this volatility, To counter, we are transiting from public equities and focusing to invest in private equities which are longer gestation transactions but returns in private equities are very high, much higher than normal public equity returns making it a more viable and sustainable model in the long run. We have matured enough as an entity to move to investing in private equities as this will be a long term sustainable business as we further explore growth potential target companies to invest in.

Economic Outlook

The economic future looks bright and keen. As the government remains focused and committed to energy and manufacturing sectors, and revival of the privatization program, all ingredients are there in place for a probable, sustainable high growth trajectory.

Acknowledgements

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

Sulaiman S. Mehdi

Chief Executive Officer

Karachi:

February 23, 2015



corporate
social
responsibility

Cyan perceives that we must incorporate our business qualities and operations to meet the expectations of our stakeholders. They include customers, employees, suppliers, the community and environment.

- We perceive that our social, economic environment responsibility to these stakeholders is vital to business. We mean to show these responsibilities through our actions and our corporate policies.
- We consider solemnly all feedback, complaints and compliments that we receive from our stakeholders and, where conceivable, maintain open dialogue to guarantee that we satisfy the prerequisites defined within this policy.
- We shall be open and fair in imparting our policies, strategies, targets, execution and administration to our stakeholders in our constant duty to sustainable development.
- Cyan will, where reasonable, make the essential resources accessible to understand our corporate responsibilities. The responsibility regarding delivery lies with all employees.
- In connection to community association, Cyan will distinguish a charity every year and the staff will work together to raise funds and support the charity as and when possible in a practical and approachable way.
- In selecting either a charity for this support or working with a charity in a team building situation, Cyan will just help programs which are comprehensive in nature and reach over all social and community backgrounds. Support won't be given to individuals or groups with political or partisan connections.

CSR Focus Areas

Cyan CSR activities will be focused on the following areas:

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

Education

Bay View High School

Cyan was one of the sponsors of BAYMUN 2014 (UN conference from 17-10-2014 to 19-10-2014) organized by Bay View High School (Pvt.) Limited. BAYMUN provides a platform for students from



different schools all over Karachi to get together and test their skills of diplomacy and debating. Cyan donated Rs.100,000 for the event.

Markaz-e-Umeed Centre of Hope

For the past 43 years Markaz-e-Ummed has been giving free educational services to numerous special children and has transformed their lives from gloom to cheerfulness. The year 2014 had brought unique achievements to Markaz-e-Umeed. A scope of new opportunities and possibilities have opened up and Markaz team is all set to propel further with a renewed pace and vitality. They are working not just to keep up their services for children who have face prolonged mental and physical challenges but also to augment awareness about their poise and wellbeing in our society. Cyan upheld their cause and donated Rs. 25,000 to help their esteemed vision.

Health

Children Cancer Foundation Trust, Bringing Smiles to Twinkle Stars

Children Cancer Hospital is a focal point of excellence in Pakistan and creates mass awareness





about childhood cancer. They provide diagnosis and treatment to each child experiencing cancer regardless of paying ability. Medicine makes up to 40% of their aggregate costs. The donations are used for purchasing medical supplies and for administrative expenses of the Foundation and the Hospital. Cyan donated an amount Rs.235,000 for their noble cause.

Nighaban Welfare Association

The Bed of Hope

The Bed of Hope is Nighaban's flagship program. It is a far reaching idea of giving free modern surgical and medical treatments to deserving patients. The purpose for this association is to help poor patients,



who can't bear the cost of their surgical expenses, but can only hope. Cyan supported the organization and helped in procuring two beds (One bed cost is Rs 100,000) for the Nighaban Welfare Association.

Indus Hospital

To help needy patients

Indus Hospital is dedicated to support and help the patients in need by providing quality care on Free of Cost premise to more than 40,000 patients every month at a monthly operational expenditure of over Rs.70 million.

Cyan supported the cause for Indus Hospital by providing donations of Rs. 200,000 for different patients pertaining to; Knee Replacement; Angioplasty; Hip Replacement; Dialysis Machine's Monthly Operational Expense or in the Kidney Stone Evacuation Procedure.

Sindh Institute of Urology and Transplantation (SIUT)

Cyan supports the trademark of SIUT, "donate and save a life". SIUT is engaged in providing state of the art medical facilities to the deserving patients who can't bear the cost of their medical treatments. Cyan donated Rs.200,000 to help support the cause of SIUT.

LRBT

18.7 million Individuals in Pakistan are either blind or have impaired vision; of those 2.6 million are children. LRBT is focused on making a better Pakistan by preventing the anguish caused by blindness and other eye related diseases. LRBT aims and aspires to provide state of the art comprehensive free eye-care in keeping with its custom of excellence, efficiency and compassion for all. Cyan contributed Rs. 200,000 for their noble cause.

Patients Behbud Society

The Patients' Behbud Society for AKUH was established in 2001. Its main objective is to help mustehiqeen (needy) patients to avail high quality medicinal services at AKUH. The society's single source of funding is zakat commitments (and donations) received from public in general as per Shariah. Cyan contributed by donating Rs. 200,000 to help recognize and build on their dream.

Sarafa Welfare Foundation (SWF)

One Ultrasound Machine

SWF operates nationally with activities predominantly in the field of education, social welfare, medicine



and health, human rights, poverty mitigation and the advancement of welfare area. SWF's objective is to mitigate human suffering and to help them accomplish improvement in the quality of their lives. SWF distributed a number of wheel chairs, ear apparatus and extends to help the handicapped and make them active members of the society by helping them to earn for themselves. Cyan donated Rs. 244,000 to help them accomplish their noble objectives.

Fatimid Foundation

Fatimid Foundation Kidney Center, (FFKC) Quetta understands the agony of the less privileged people who are suffering from poverty and poor health. They are engaged in serving affected patients of Baluchistan and give them quality treatment and apparatus of Dialysis, Thalassemia and Hemophilia on-going basis. Cyan supports their responsibility of providing hope and comfort to these patients who depend on FFKC and contributed Rs.100,000.

Patients Aid Foundation

Patients Aid Foundation helps in giving quality healthcare services to the poor and needy citizens. Cyan supported their noble cause in the form of donation of Rs. 500,000.

HANDS

HANDS is a NGO working in the social sector to meet the challenges of 21st century. Its mission is "to provide basic health services, primary education, income generation opportunities and advancement of institutions to engage the underprivileged communities". HANDS is profiting more than 8 million populace of 18 region (15000 villages) in districts Matiari, Tando Mohammad Khan, Tando Allahyar, Hyderabad, Shikarpur, Sukkur, Dadu, Umerkot, Sanghar, Badin, Thatta, Shahdadkot, Larkhana, Karachi (Orangi, Gadap & Lyari Town), Jacobabad, Khairpur, Kandhkot and Lasbela and Quetta

(Balochistan), Rahim Yar Khan & Multan (Punjab), Kashmir (Bag & Muzaffarabad and Islamabad (contact office) with 50 ongoing projects. HANDS is certified by Pakistan Center of Philanthropy (PCP) also Institutional Management Certification Program (IMCP) by USAID for administration principles and enrolled with European Union. Cyan donated Rs. 200,000 to help leverage their ambitions.

Community Service

Make a Wish Foundation

The make a wish foundation grants the wishes of children who are terminally ill. Cyan helped their cause to give bliss and joy to a child in his/her last days.

Make a wish foundation is an affiliate of Make A Wish International, the biggest wish granting organization in the world in 50 nations in five continents. It is a non-profit organization devoted to allow the most cherish wishes of children with terminal diseases in Pakistan. To help the cause for Make a Wish Foundation, Cyan donated Rs.200,000.

Supporting the IDPs

The Dawood Foundation and Cyan together helped



IDPs, effected from Military Operation Zarb-e-Azb, in North Waziristan.

Due to this struggle countless serene tenants of the range have been compelled to leave their homes looking for safer areas to migrate. Most of these displaced individuals are women and children. Children are inclined to sickness because of climate conditions. While the Federal Government and the Army are doing their best efforts to accommodate and encourage the IDPs within their pitiful resources, yet this huge task can't be fulfilled without collaboration from every one of us.

The Dawood Foundation has decided to generate funds for helping these people in trouble and arranged to collect/ purchase essentially required items and dispatch them to the Army Collection Campus Karachi. Cyan likewise participated in their noble cause and made liberal donation of Rs. 250,000 for IDPs who deserve immediate consideration.

CALENDAR OF MAJOR EVENTS

<p>January 2014</p>	<p>The Company has been selected and ranked 9th on the Top 25 companies for the year 2012 by Karachi Stock Exchange.</p>
<p>February 2014</p>	<p>Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2013 and recommend 50% final cash dividend to the shareholders.</p>
<p>April 2014</p>	<p>Cyan Board of Directors meeting was held to approve the first quarter accounts for the period ended March 31, 2014.</p>
<p>April 2014</p>	<p>54th Annual General Meeting of the shareholders of the Company was held to approve financial statements for the year ended December 31, 2013 and 50% final cash dividend and new Board of Director elected.</p>
<p>August 2014</p>	<p>Cyan Board of Directors meeting was held to approve the accounts for the half year ended June 30, 2014 and to recommend 250% interim cash dividend to the shareholders.</p>
<p>October 2014</p>	<p>Cyan Board of Directors meeting was held to approve the third quarter accounts for the nine months period ended September 30, 2014.</p>

risk and opportunity report

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

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

STRENGTHS

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

WEAKNESSES

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

OPPORTUNITIES

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

THREATS

1. Key team members getting poached
2. Higher valuation expectation due to new PE entrants
3. Sharp jump in oil prices causing macroeconomic instability

shareholders' information

Registered Office

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

Share Registrar Office

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

Listing on Stock Exchanges

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

Listing Fees

The annual listing fee for the financial year 2014-2015 has been paid to both the stock exchanges within the prescribed time limit.

Stock Code

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

Investor Service Centre

CYAN share department is operated by Technology Trade (Pvt.) Ltd, Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1,713 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. M. Junaid Dagja at Registrar Office and Mr. Ghulam Haider, Head of Compliance at Cyan's Registered Office.

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

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

Contact Person:

Registered Office

Cyan Limited
Mr. Ghulam Haider
Head of Compliance
Tel# (92-21) 35634290-3

Contact Person:

Share Registrar Office

Technology Trade (Pvt.) Ltd.
Mr. M. Junaid Dagja
Chief Executive Officer
Tel# (92-21) 34391316-7 & 19

Services Standards

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

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

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

Statutory Compliance

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

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 425% (Rs.42.50 per share) subject to approval by the shareholders of the Company at the Annual General Meeting. This is in addition to the interim dividend of 250% (Rs. 25.00 per share) already paid during the year making total 675% cash dividend i.e. Rs. 67.50 per share (2013: 100% Cash Dividend).

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from Monday March 23, 2015 to Tuesday March 31, 2015 (both days inclusive).

Dividend Payment

Dividend declared and approved at the Annual General Meeting will be paid on or after March 31, 2015, but within the statutory time limit of 30 days:

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

Withholding of Tax & Zakat on Dividend:

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

- (a) For filers of income tax returns: 10%
- (b) For non-filer of income tax returns: 15%

Zakat has already been deducted on the payment of Interim Dividend (D-62) for the financial year 2014 being the first payment of Dividend after the current valuation i.e. July 01, 2014. No Zakat is to be deducted on the Dividend now being paid.

Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholders whose name is appearing on the register of shareholders as on March 20, 2015. Shareholders are requested to deposit the dividend warrants into their bank accounts, at their earliest. It will help the Company in clearing their unclaimed dividend accounts.

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

Investors' Grievances

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

General Meetings & Voting Rights

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

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

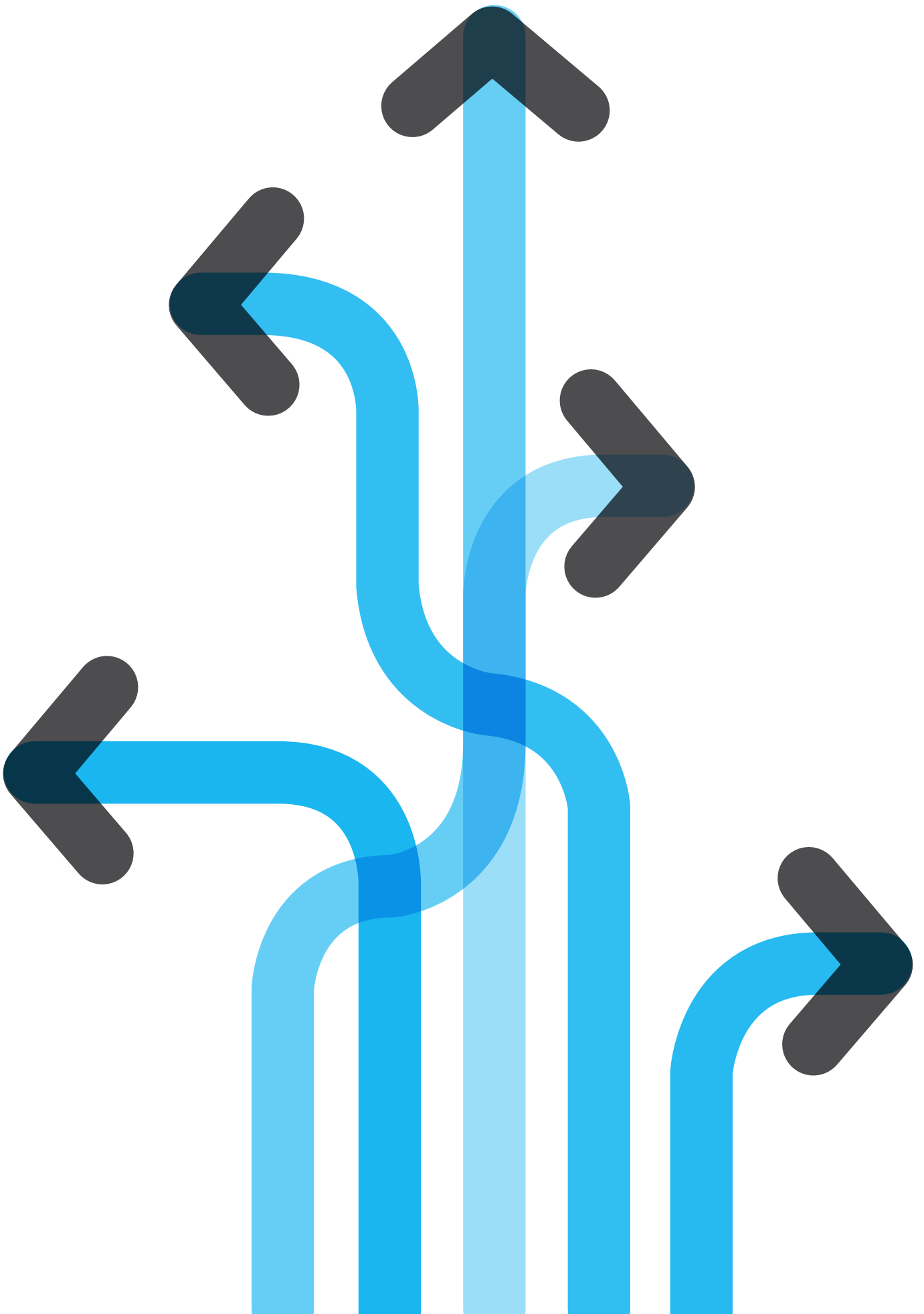
Proxies

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

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

Web Presence

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



key financial highlights

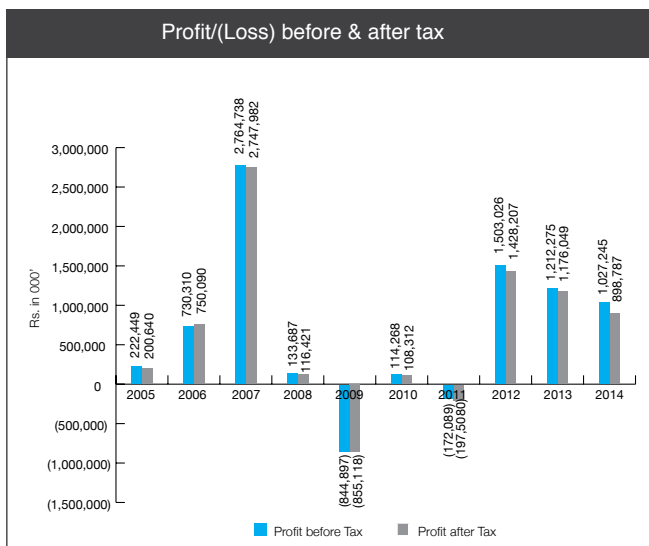
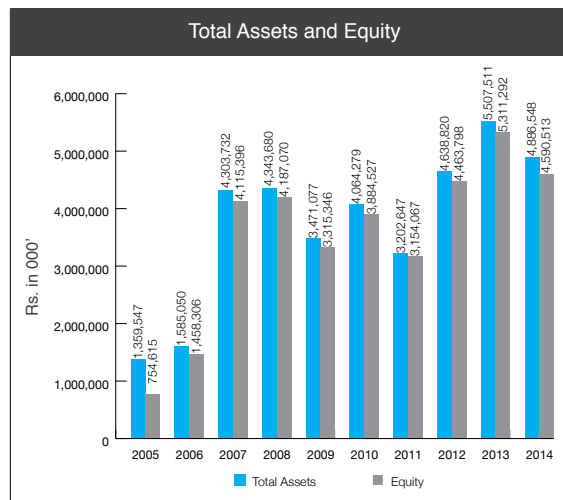
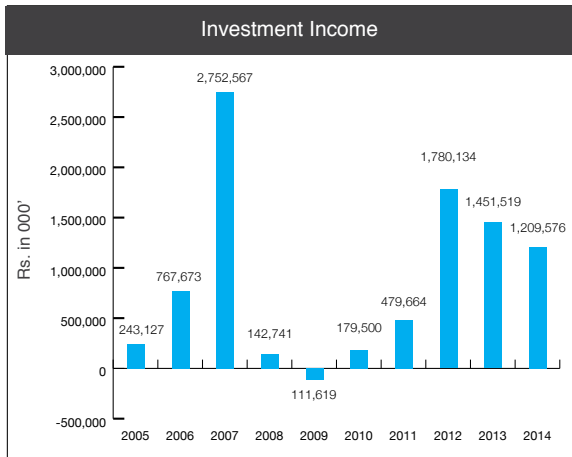
Ten Years at a Glance

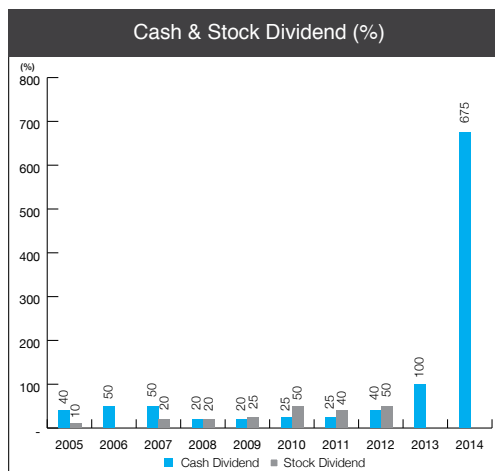
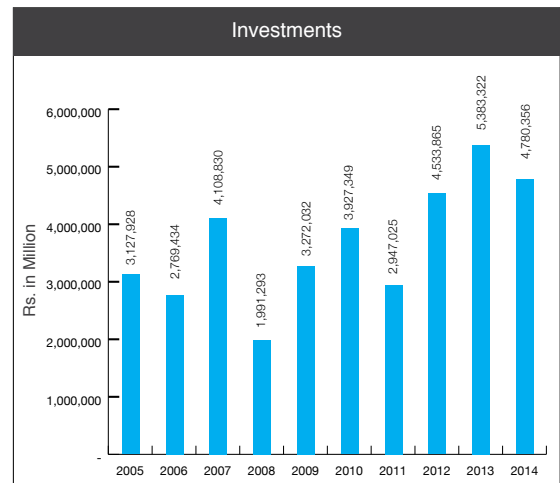
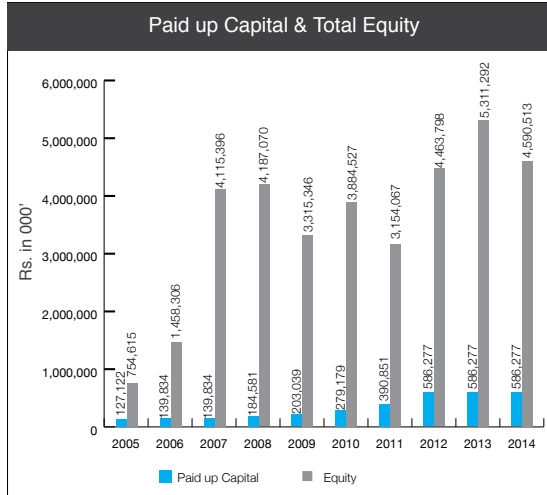
Particulars	2005	2006	2007	2008
	Rupees in '000			
Earnings				
Investments Income / (loss)	243,127	767,673	2,752,567	142,741
Profit / (loss) before taxation	222,449	730,310	2,764,738	133,687
Profit / (loss) after taxation	200,640	750,090	2,747,982	116,421
Pay Out Information %				
Cash Dividend	40	50	50	20
Stock Dividend	10	-	20	20
Balance Sheet				
Paid Up Capital	127,122	139,834	139,834	184,581
Equity	754,615	1,458,306	4,115,396	4,187,070
Investments	3,127,928	2,769,434	4,108,830	1,991,293
Cash & Cash Equivalents	87,857	307,548	97,520	64,773
Fixed Assets	6,158	5,624	4,103	3,187
Total Assets	1,359,547	1,585,050	4,303,732	4,343,680
Operating Performance				
Earning Per Share Basic and Diluted (Rupees)	14.35	53.64	148.88	5.73
Break up Value per Share (Rupees)	59.36	104.29	294.31	227.13
Absolute Return on Investments %	22.12	66.98	68.51	3.11
Return on Investments %	30.08	67.79	98.61	2.80

2009	2010	2011	2012	2013	2014
Rupees in '000					
(111,619)	179,500	479,664	1,780,134	1,451,519	1,209,576
(844,897)	114,268	(172,089)	1,503,026	1,212,275	1,027,245
(855,118)	108,312	(197,508)	1,428,207	1,176,049	898,787
20	25	25	40	100	675
25	50	40	50	-	-
203,039	279,179	390,851	586,277	586,277	586,277
3,315,346	3,884,527	3,154,067	4,463,798	5,311,292	4,590,513
3,272,032	3,927,349	2,947,025	4,533,865	5,383,322	4,780,356
65,136	10,296	19,230	13,494	17,835	21,844
2,558	1,944	1,590	26,194	22,814	18,752
3,471,077	4,064,279	3,202,647	4,638,820	5,507,511	4,886,548
(30.63)	2.77	(3.37)	24.36	20.06	15.33
163.29	139.14	80.7	76	91	78.30
(3.43)	4.57	(3)	58.89	32.14	18.15
(22.80)	3.01	(5.61)	37.49	24.10	22.47

key financial highlights

Ten Years at a Glance





ratio analysis

Ratios	Unit	2009	2010	2011	2012	2012	2014
Profitability Ratio							
Profit before tax ratio	%	NA	79	NA	87	83	84
Gross Yield on Earning Assets	%	-25	4	-4	38	27	25
Cost / Income ratio	%	-3	27	-53	13	17	16
Return on Equity	%	-26	3	-6	32	22	20
Return on Capital Employed	%	-23	3	-6	37	24	18
Liquidity Ratios							
Current ratio	Times	22	22	68	30	34	18
Investment / Market Ratios							
Earnings per share (EPS - Basic)	Rs.	(14.59)	1.85	(3.37)	24.36	20.06	15.33
Price Earnings ratio	Times	NA	36.22	NA	2.18	3.84	5.60
Price to Book ratio	Times	0.62	0.48	0.62	0.70	0.85	1.10
Dividend Yield ratio	%	3	4	5	8	13	39
Dividend Payout ratio	Times	NA	1.35	NA	0.16	0.50	1.96
Dividend Cover ratio	%	NA	405	NA	37	50	196
Market Value per share							
- At the end of the year	Rs.	74	67	50	53	77	85.92
- High during the year	Rs.	77.38	94.84	116	91	85	138.50
- Low during the year	Rs.	35.50	47.75	54	48	47	71.79
Capital Structure Ratios							
Earning assets to total assets ratio	Times	0.96	0.97	0.93	0.98	0.98	0.99
Break-up Value /Net Assets per share	Times	119	139	81	76	91	78.30

comments-ratio analysis

Comments on six years Profitability Ratios

The company started active portfolio management after the revocation of insurance license in 2011 and the same was reflected in the last three years profitability where the company has outperformed the KSE-100 Index, a benchmark used to gauge the performance of the company. Despite the outperformance of the company's equity portfolio by 405 bps (31.25% vs KSE-100 Index performance of 27.20%), the return on equity and return on capital employed were declined compared to last year due to extraordinary performance of KSE-100 Index (49.43%) in the year 2013.

Comments on six years Liquidity Ratios

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

Comments on six years Investment / Market Ratios

Due to excellent dividend yield and dividend payout ratio, the company's price earning multiple was re rated from 3.84 times to 5.60 times. The price to book ratio has also improved from 0.85x in 2013 to 1.10x in 2014.

Comments on six years Capital Structure Ratios

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

Comments on six years Cash Flows

The company efficiently manages its cash flows which are reflected in its summary of cash flows statement. Further, the company has maintained 25% of the investment portfolio in high rated money market mutual funds for meeting its urgent cash flow requirement.

Comments on six years Balance sheet analysis

Currently, total asset base of the company stands at Rs.4.887 billion, growing from Rs.3.471 billion in the last five years.

This translated in to a Compounded Annual Growth Rate (CAGR) of 7.1% during the same period. This comes despite high payout ratio maintained by the company.

Shareholders' equity grew at a CAGR of 6.7% during the last five years. Reiteratively, the growth rate in equity is in addition to earnings distributed amongst the shareholders as dividends.

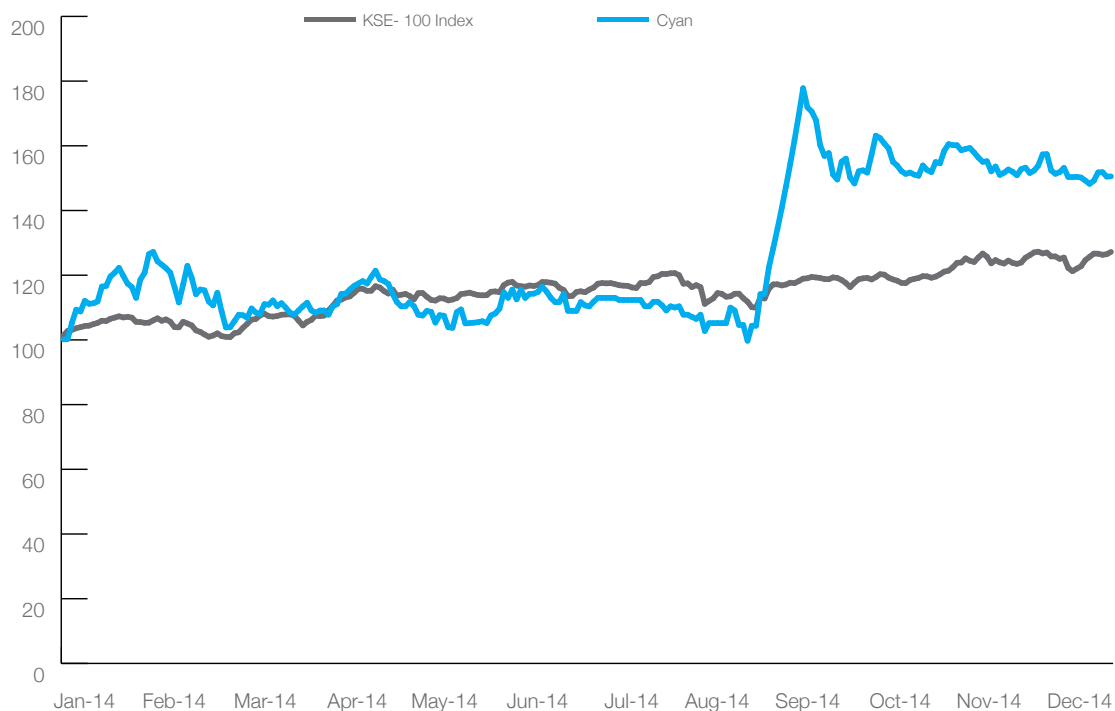
Sound balance sheet strategy of the company has been witnessed in optimal use of Fund Management.

Comments on six years Profit and Loss analysis

The factors contributing to the earnings of the company are volatile in nature. Consequently, the net results from 2009 to 2014 varied from a loss of Rs.855 million to a profit of Rs.899 million. 2009 and 2011 were the only loss making years during which an overall stock market depression was witnessed. Apart from that, dividends and capital appreciation (Realized and unrealized capital gains) in value of the overall portfolio including the strategic investments are the main contributors for revenues and hence profitability.

share price sensitivity analysis

Month	Highest	Lowest	Total Volume
Cyan Share Price on the KSE			
Jan-14	100.50	77.00	1,483,000
Feb-14	98.25	78.41	487,000
Mar-14	87.90	82.10	236,000
Apr-14	94.25	78.00	447,000
May-14	83.90	75.00	553,000
June-14	84.75	78.80	395,000
Jul-14	82.60	79.00	22,000
Aug-14	82.90	71.79	111,500
Sep-14	131.91	85.07	3,249,000
Oct-14	99.70	83.67	1,710,000
Nov-14	95.49	85.00	1,715,500
Dec-14	93.00	84.00	2,528,500



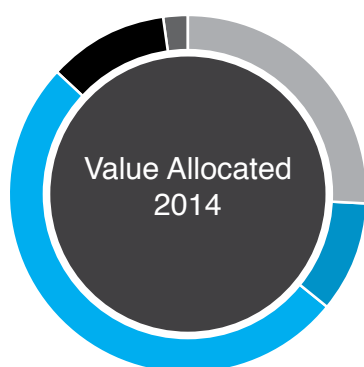
Cyan's stock returned 50.48% as against the KSE - 100 Index performance of 27.20% during the year 2014.

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

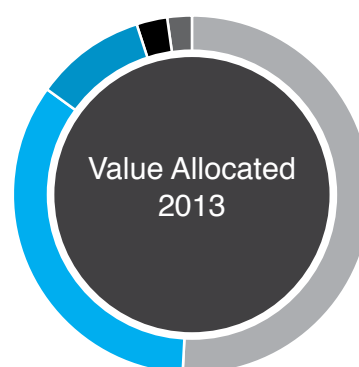
In case of increase/decrease in KSE - 100 index the profitability of the Company would increase / decrease as a result of gains / losses on equity securities at fair value through profit or loss and available for sale. The impact of this financial performance therefore may affect share price of the Company.

statement of value addition

Value added	2014 Rs. 000	%	2013 Rs. 000	%
Return on investments	226,636		203,154	
Capital gains	627,628		483,494	
Unrealized gain - Net	355,312		764,871	
Other income	17,901		5,595	
Gross Revenue	1,227,477		1,457,114	
Less: Administrative expenses	60,117		81,543	
	1,167,360	100%	1,375,571	100%
Value Allocated				
To Employees Salaries, allowances and other benefits	114,019	10%	133,535	10%
To Shareholders Cash Dividend	1,758,832	151%	469,023	34%
To Government Company Taxation	128,458	11%	36,226	3%
To Society Workers' Welfare Fund	20,966	2%	23,854	2%
To expansion Depreciation and amortization	5,130	-	5,907	-
To growth As Reserve and Retained earning	-860,045	-74%	707,026	51%
	1,167,360	100%	1,375,571	100%



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



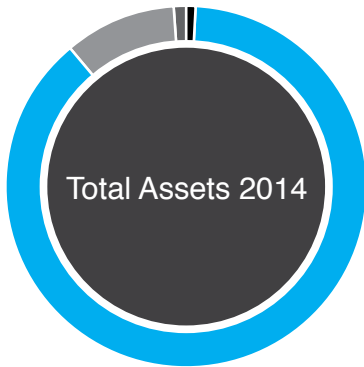
■	10%	Salaries, allowances and other benefits
■	34%	Cash Dividend
■	3%	Company Taxation
■	2%	Workers' Welfare Fund
■	-	Depreciation and amortization
■	51%	As Reserve and Retained earning



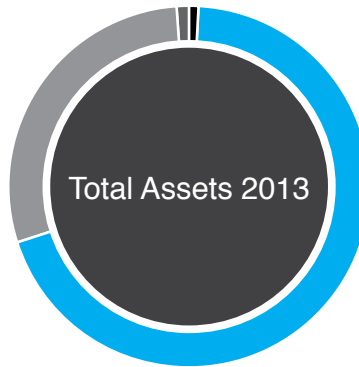
creating
RIPPLES

Working vigorously, we are sharpening the industry standards and taking them to a new level with our skills and expertise. We are poised to use our potential and create ripples of change.

balance sheet composition



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



- 1% Long term assets
- 69% Investments in Equities
- 29% Investments in Cash, Debt and Mutual Funds
- 1% Other Current assets



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

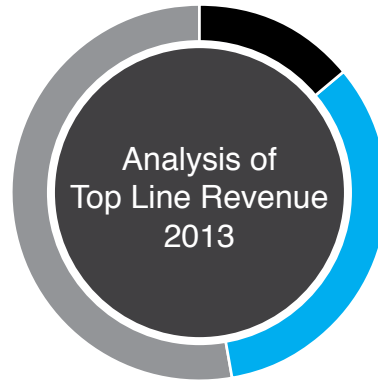


- 96% Share Capital and Reserve
- 1% Non-Current Liabilities
- 3% Current Liabilities

analysis of profit & loss account



- 20% Return on Investments
- 51% Gain on sale of Investments - net
- 29% Unrealised appreciation on re-measurement of Investments classified



- 15% Return on Investments
- 33% Gain on sale of Investments - net
- 52% Unrealised appreciation on re-measurement of Investments classified

horizontal analysis

Balance Sheet

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

2012	2013	2014	10 Over 09	11 Over 10	12 Over 11	13 Over 12	14 Over 13
Rupees in '000							
13,494	17,835	21,844	-84.19%	-19.09%	61.99%	32.17%	22.48%
7,492	6,960	16,020	100.00%	13.88%	-5.07%	-7.10%	130.17%
4,533,865	5,383,322	4,780,356	20.03%	-24.96%	53.85%	18.74%	-11.20%
-	-	-	-112.68%	-3373.33%	-100%	-	-
13	-	-	-63.85%	-98.33%	-45.83%	-100%	-
28,780	18,144	2,464	218.12%	28.82%	63.17%	-36.96%	-86.42%
1,471	400	-	70.21%	5.18%	112.88%	-72.81%	-100.00%
5,406	5,406	5,406	-30.35%	-47.55%	-78.68%	-	-
-	-	-	-9.01%	-	-	-	-
-	-	-	130.00%	-	-	-	-
-	-	-	9.09%	-76.24%	-	-	-
22,105	52,630	41,706	899.59%	7603.74%	-88.09%	138.09%	-20.76%
26,194	22,814	18,752	-24.00%	-18.21%	1547.42%	-12.90%	-17.80%
4,638,820	5,507,511	4,886,548	17.09%	-21.20%	44.84%	18.73%	-11.27%
586,277	586,277	586,277	37.50%	40.00%	50.00%	-	-
3,688,477	4,395,503	3,535,458	-0.46%	-11.93%	42.28%	19.17%	-19.57%
133,088	133,088	133,088	-	-	-	-	-
(610)	(1,726)	(3,697)	-	-	-	-183%	114.19%
56,566	198,150	339,387	2286.30%	-92.88%	50.16%	250.30%	71.28%
9,025	9,025	8,805	-23.80%	-59.39%	-68.88%	-	-2.46%
-	-	-	-10.31%	-100%	-	-	-
-	-	-	-30.32%	-100%	-	-	-
4,824	8,858	9,377	23.08%	72.45%	146.25%	83.62%	5.86%
20,103	26,890	16,171	-	-	100.00%	33.76%	-39.86%
1,725	587	587	-43.11%	-47.46%	-43.22%	-65.97%	-0.06%
75,543	85,037	68,880	241.90%	-42.28%	1451.19%	12.57%	-19.00%
36,590	25,573	28,337	518.84%	-97.77%	9453.52%	-30.11%	10.82%
-	-	-	100.00%	100.00%	-	-	-
15,873	31,448	143,659	-	-	100.00%	98.12%	356.81%
11,339	8,801	20,219	7.22%	6.12%	21.31%	-22.38%	129.74%
4,638,820	5,507,511	4,886,548	17.09%	-21.20%	44.84%	18.73%	-11.27%

vertical analysis

Balance Sheet

Particulars	2009	2010	2011	2012
	Rupees in '000			
Cash and bank deposits	65,136	10,296	8,330	13,494
Loan to Employee	-	6,930	7,892	7,492
Investments	3,272,032	3,927,349	2,947,025	4,533,865
Deferred tax	828	(105)	3,437	-
Premiums due but unpaid	3,983	1,440	24	13
Amounts due from other insurers / reinsurers	4,304	13,692	17,638	28,780
Accrued investment income	386	657	691	1,471
Reinsurance recoveries against outstanding claims	69,396	48,337	25,352	5,406
Prepaid reinsurance premium ceded	32,415	29,495	-	-
Deferred Commission	110	253	-	-
Taxation - payments less provision	19,688	21,477	5,104	-
Advances, Prepayments Deposit & Sundry receivables	241	2,409	185,583	22,105
Fixed assets	2,558	1,944	1,590	26,194
Total Assets	3,471,077	4,064,174	3,202,666	4,638,820
Issued, subscribed and paid up share capital	203,039	279,179	390,851	586,277
Unappropriated profit	2,957,063	2,943,551	2,592,494	3,688,477
Reserves	133,088	133,088	133,088	133,088
Remeasurement of post employees benefits			(36)	(610)
Surplus on Revaluation - AFS Investments	22,156	528,709	37,670	56,566
Provision for outstanding claims [including IBNR]	93,719	71,416	29,002	9,025
Provision for unearned premium	34,633	31,062	-	-
Commission income unearned	2,833	1,974	-	-
Deferred liabilities	923	1,136	1,959	4,824
Deferred tax	-	-	-	20,103
Amounts due to other insurers / reinsurers	10,164	5,782	3,038	1,725
Accrued expenses	2,468	8,438	4,870	75,543
Other creditor and accruals	2,776	17,179	383	36,590
Short term running finance	-	33,852	-	-
Taxation - net	-	-	-	15,873
Unclaimed dividend	8,215	8,808	9,347	11,339
Total Shareholders' Equity and Liabilities	3,471,077	4,064,174	3,202,666	4,638,820

horizontal & vertical analysis

Horizontal Analysis (Profit and Loss Account)

Particulars	2009	2010	2011
	Rupees in '000		
Net premium revenue	13,397	10,509	(4,503)
Net claims	(7,695)	(4,701)	9,588
Expenses	(10,075)	(15,315)	(19,647)
Net commission	15,147	13,503	1,727
Investment income	(111,619)	179,500	479,664
Provision for Impairment	(737,444)	(43,474)	(601,097)
Other income	6,136	3,433	2,597
Financial charges	(402)	(5,103)	(225)
General and administration expenses	(12,342)	(24,084)	(40,193)
Taxation	(10,221)	(5,956)	(25,419)
Profit / (Loss) after tax	(855,118)	108,312	(197,508)
Earnings / (Loss) per share - Rupees	(42.12)	2.77	(3.37)

Vertical Analysis (Profit and Loss Account)

Particulars	2009	2010	2011	2012
	Rupees in '000			
Net premium revenue	13,397	10,509	(4,503)	-
Net claims	(7,695)	(4,701)	9,588	(37)
Expenses	(10,075)	(15,315)	(19,647)	(978)
Net commission	15,147	13,503	1,727	-
Investment income	(111,619)	179,500	479,664	1,780,134
Provision for Impairment	(737,444)	(43,474)	(601,097)	(50,506)
Other income	6,136	3,433	2,597	5,938
Financial charges	(402)	(5,103)	(225)	(209)
General and administration expenses	(12,342)	(24,084)	(40,193)	(231,316)
Taxation	(10,221)	(5,956)	(25,419)	(74,819)
Profit / (Loss) after tax	(855,118)	108,312	(197,508)	1,428,207

summary of six years cash flow at a glance

	2009	2010	2011	2012	2013	2014
	Rupees in 000					
Cash & Cash equivalents at the beginning of the year	64,773	63,136	(25,924)	8,330	13,494	17,835
Net Cash flow from operating activities	(30,635)	(89,293)	10,189	8,251	(491,672)	(1,692,674)
Net Cash flow from investing activities	30,998	233	24,065	(3,087)	496,013	1,699,683
Net increase/(decrease) in cash & cash equivalent	363	(89,060)	34,254	5,164	4,341	7,009
Cash & Cash equivalents at the end of the year	65,136	(25,924)	8,330	13,494	17,835	24,844

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

quarterly analysis

For the Year Ended December 31, 2014

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	Rupees in 000				
Revenue	297,213	386,959	182,164	361,141	1,227,477
Return on investments	102,549	20,153	60,553	43,381	226,636
Gain on sale of investments - net	22,789	170,237	179,509	255,093	627,628
Other income	665	15,363	779	1,094	17,901
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	171,210	181,206	(58,677)	61,573	355,312
Profit After Taxation	241,241	248,352	139,691	269,503	898,787
Net Assets	5,583,004	5,621,010	4,296,405	4,590,513	4,590,513

Analysis of quarterly results

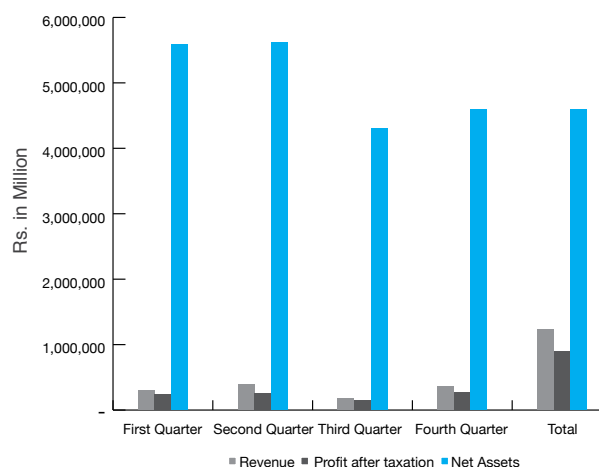
Significant portion of the Company's investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically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

Operating revenues

During the 1st quarter of the year under review, the company earned Rs. 297 million of gross revenue. This was primarily due to dividend income and unrealized gains on investments. During the following three quarters, the company vigilantly booked profits and realigned its portfolio towards high value and growth stocks. Second quarter was the highest contributor to the full year revenues (32%) fuelled by realized and unrealized gains. During the third and fourth quarters dividend income and realized gains were the main contributors.

Profit after tax

The company's profitability principally followed the quarterly trends observed in operating revenues with Rs. 241 million of net income earned during the 1st quarter. The 4th quarter emerged as the best performing; contributing Rs. 270 million to profitability.





directors' profiles

Mrs. Kulsum Dawood Chairperson

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

Mrs. Dawood takes her social and civic responsibilities seriously. She has supported various charities in healthcare, education and economic development. She is a member of SOS, a charity known for the care of orphans, as well as a Depilex Smile Again Foundation, an NGO for the treatment and rehabilitation of burn victims. She supports other charitable organizations such as CARE (Cooperation for Advancement, Rehabilitation & Education), The Lahore Hospital Welfare Society, The Pakistan Society for the Welfare of Mentally Retarded Children and All Pakistan Women's Association. Mrs. Dawood has also served as the President of Women's Voluntary Service and the Punjab Women's Swimming Association (2000-2005).

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

Jonathan Bilal Lenihan Director

Dr. Jonathan Bilal Lenihan runs a Private Equity Fund as Chief Financial Manager of Quasar Equity Development (QED) where he is responsible for High Networth portfolios. He serves as a Consultant in Chromotherapy at Rituals, LLC Dubai. Dr. Lenihan also has links with the Dubai Immigration Ministry in the Department of Residency Visas.

Dr. Lenihan has a 1st Class, BA Hons, from the University of Salford Manchester (1986-89), a Masters in Letters (1990-92), and a Doctorate in Philosophy from The University of Oxford (1992-2002). He has served as a Lecturer and Tutor in Literary Critical Theory at The University of Oxford and given academic papers at various colleges there and at The University of Cambridge. He has worked with internationally recognized Social Theorists including Jacques Derrida, Terry Eagleton and Pierre Bourdieu. Dr. Lenihan holds a CELTA Qualification for the Teaching of English as a Foreign Language. He is also an accredited Academic Editor and Proof-Reader.

Dr. Lenihan was one of the co-Founders of The Nondoktersklub Seminar at Oxford. He is a Lifetime Member of the Oxford Union, and a Lifetime Reader of the Bodleian and British Libraries.



Hassan Reza-ur-Rahim
Director

Mr. Rahim is an accomplished professional who has over 30 years of international experience in the Banking and Financial Services industry. Currently, Mr. Rahim serves as the Executive Director, in-charge of the Chairman's Office of the Dawood Group. In addition to Cyan Limited, he is on the boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited and Karachi Education Initiative. Mr. Rahim also serves on the Board of Governors of Karachi School for Business & Leadership.

He has held several senior roles in international banks and has been instrumental in implementing new business initiatives and establishing novel client coverage platforms. At JPMorgan he set up and headed the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, prior to which he also was the Senior Country Officer in Pakistan and was a part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD5.0 billion, Sovereign Debt and Bond issues of over USD2.0 billion in the Telecom, Airlines, O&G and Petrochemical industries.

Previously, Mr. Rahim has worked with MashreqBank psc, ANZ Grindlays Bank plc, and Exxon Chemical Pakistan Limited. He was also posted to Zurich, Singapore, Bahrain and Dubai and received his degree from the University of Delaware in USA.



Ghias Uddin Khan
Director

Mr. Ghias serves as the CEO of Inbox Business Technologies -one of the largest IT companies in the country in terms of human resource strength and sales. The turnover of the company for the year ended December 31st 2013 was PKR 2.9 billion. The company also has a wholly owned subsidiary in Singapore serving the international customers in Far East, South Asia and Middle East with more than 1,200 employees.

Ghias began his career as a financial consultant at Indosuez W.I. Car Securities in 1999. He then moved to Intel Pakistan Corporation in order to explore a career in Information Technology. With the vision to create the largest technology company in Pakistan Ghias, along with three other partners embarked on an entrepreneurial venture in 2001.

Presently Mr. Khan serves on board of directors of Converge Technologies Private Limited, a mobile application services provider, Jupiter Marine Services Private Limited, a family business and Young Presidents Organization Pakistan Chapter. He has also served on board of directors of Elixir Securities Pakistan Private Limited, a leading Equity and Debt broking company, Sind Engro Coal Mining Company, a joint venture between Engro & Sind Government and Task force set up by the Planning Commission of Pakistan for Information and Communication Technology.

Mr. Khan did his MBA in Finance from Institute of Business Administration, Karachi in December, 1998.



directors' profiles

Kamran Nishat Director

Mr. Kamran Nishat is a Chartered Accountant by profession and an accomplished Senior Executive. He is currently serving as the Managing Director & CEO of Muller & Phipps Pakistan (Private) Limited. The organization is the largest and oldest distribution house of Pakistan with a revenue of more than PKR 45 billion. Under his leadership, Muller & Phipps Pakistan transformed from being a distribution house with limited services to become the only Market Expansion Services Provider group in Pakistan that offers spectrum of diversified solutions throughout the business value chain. His visionary leadership has helped the organization to become the preferred choice for international & domestic manufacturers for entering, penetrating and expanding into Pakistani market. Mr. Nishat commands over thirty years of results driven and diversified experience with leading organizations in Automotive, Textiles, Leather, Distribution and Consulting sectors. He has proven skills of crisis management and turning around difficult situations at the top level through a keen sense of strategy, tactics and perseverance. His superior interpersonal skills and capability of resolving multiple and complex (sales, human resources, legal, financial and operational) issues has motivated his staff time and again to achieve consistency in attaining peak performances.

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 Chief Financial Officer and Company Secretary. He is also serving on the Board of Directors of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Limited and DH Fertilizers Limited. He also served on the Board of Directors of Cyan Limited during the period April 2011 to April 2014. Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 19 years working with industry leaders and pioneers in these fields. He is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from Karachi University.



Sulaiman S. Mehdi

Director/CEO

Sulaiman is the Chief Executive Officer of Cyan Limited (formerly Central Insurance Company Limited - CICL) and also Chairman of Pebbles (Pvt) Ltd. – the real estate arm of Dawood Hercules (DH) Group and is leading all real estate initiatives of the Group.

Sulaiman led the insurance license revocation process of CICL. The revocation of CICL's insurance license and its business restructuring is a landmark transaction, and the first of its kind in Pakistan.

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

and was largely responsible for the formation of ABL AMCL.

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

Amongst Sulaiman's prominent achievements is the acquisition of Hub Power Company Limited (HUBCO) from National Power International Holdings B.V., by the DH Group that was championed from Cyan's platform on June 13, 2012. Sulaiman also had the privilege of leading the entire election process of HUBCO for DH Group and managed 8 out of 11 seats with just 22% shareholding in the company while managing the rest through proxies.

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



management team

Faisal Mangroria Chief Financial Officer & Company Secretary

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

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

Shahab Farooq Head of Research

Shahab has an association with the capital markets of the country since 2002 in the field of investment analysis and management and has weathered different phases and cycles that the capital markets of the country had gone through. Starting his career as a sell-side analyst, Shahab has worked for a few prominent brokerage houses of the country. From AL-Habib Capital Market (Pvt.) Ltd. where he worked as Manager Research, Shahab moved to buy-side in 2007 and served as the Head of Research of MCB Asset Management Company Limited (currently known as MCB Arif Habib Savings & Investments Limited). Prior to joining Cyan, Shahab was working as the Head of Research at a local family wealth management office where he played an important role in increasing the funds under management to 3x. Shahab holds an MBA degree with major in finance.



Ghulam Haider
Head of Compliance

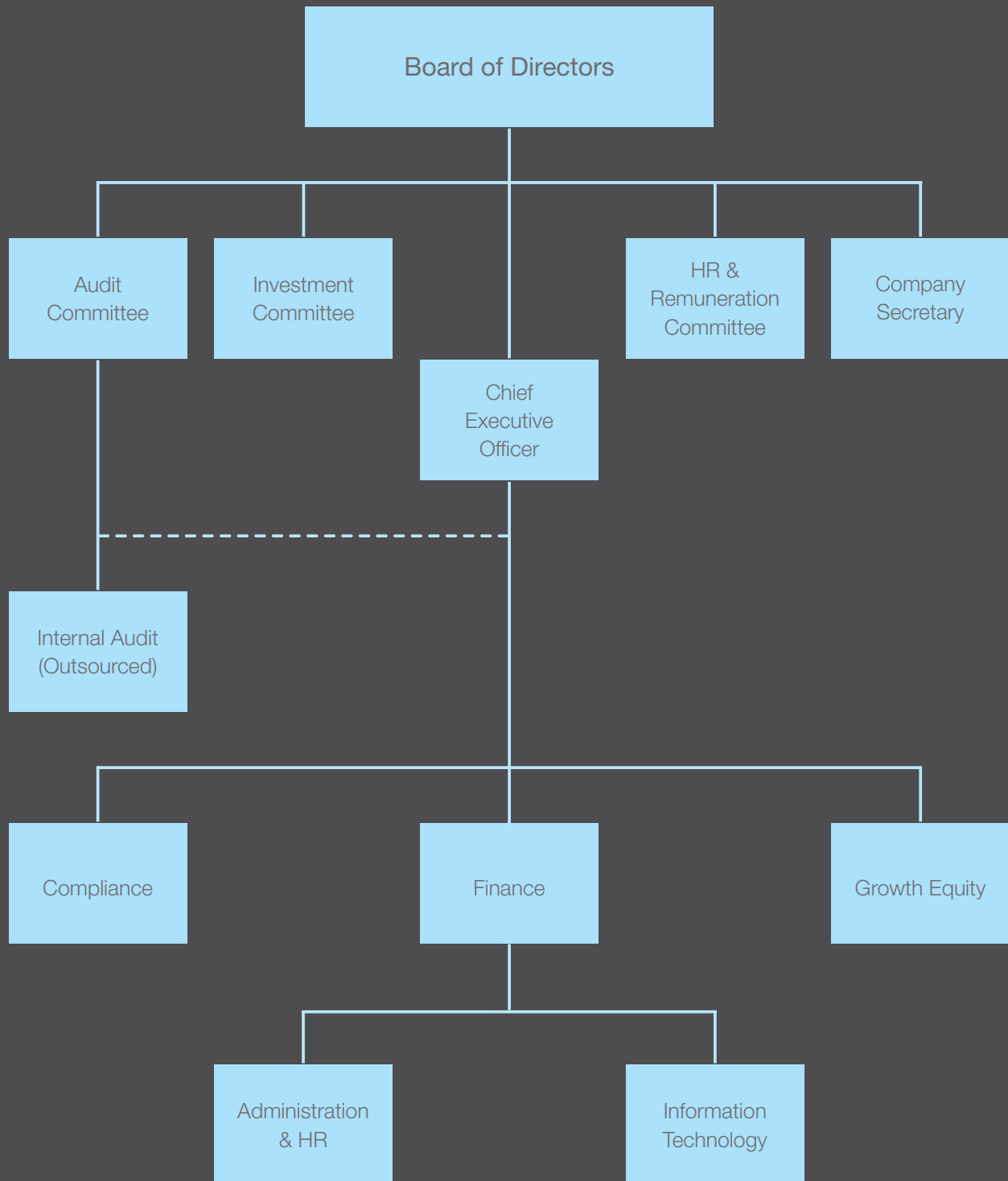
Haider has thirty eight years of experience of insurance, compliance and head of internal audit and working in other senior positions. Haider was also very instrumental in the revocation process of the insurance license of Central Insurance Company Limited. He holds an MBA Degree in Finance.



Ali Hemani
Senior Investment Analyst

Ali joined Cyan in 2012 and is focused on sourcing, evaluating and managing new investments. He is also a Director of Pebbles (Pvt.) Ltd. and has previously been associated with Engro Corporation and UBL Investment Banking Group. Ali is a graduate of Institute of Business Administration, Karachi (IBA-Karachi) and passed CFA level -III Exam.

organizational structure



board committees

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

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

Board Audit Committee

The Board Audit Committee is composed of the following Members:

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

Terms of Reference

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

a. External Audit Function

The Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statements;

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

The Committee shall ensure that significant findings and recommendations made by external auditor and management response thereon are discussed and appropriately acted upon.

b. Internal Controls

The Committee shall:

Ascertain that the integrity of internal control system including financial and operational controls, risk

management, accounting system and reporting structure are adequate and effective;

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

Evaluate the security of computer systems and applications and any contingency plans for processing financial and other information in the event of a computer systems breakdown;

Review the company's system for monitoring compliance with laws, regulations and other external requirements and with management policies and directives and other internal requirements;

Review the details of any investigation, review or inquiry made by any statutory body concerning the conduct of the company's activities or the preparation of its financial statements;

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

c. Internal Audit Function

The Committee shall:

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

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

Review and discuss the periodical internal audit reports;

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

d. Financial Reporting

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

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

Legal matters which could significantly impact the financial statements;

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

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

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

The going-concern assumption; and

Changes in accounting policies & practices and compliance with applicable accounting standards.

e. Other responsibilities

Other responsibilities of the Committee shall also include:

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

Board HR & Remuneration Committee

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

- Mr. Ghias Uddin Khan Chairman
- Mr. Hasan Reza-ur Rahim Member
- Mr. Kamran Nishat Member

Terms of Reference

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

- i. to develop the compensation philosophy for Executive Management and present the recommendations to the Board for approval;
- ii. to meet with Executive Management to establish Corporate objectives and, subsequently, to meet independently of Executive Management to assess progress in relation to these objectives;
- iii. to undertake the performance evaluation of the CEO and review for each member of the Executive Management in consultation with the Chair of the Board;
- iv. to review, establish and recommend to the Board, approval of the compensation of each member of the Executive Management;
- v. to recommend to the Board for consideration, approval and establishment of stock option plan, incentive plan or employee benefit plans to be granted to, Executive Management and other key employees of the Company and guidelines with respect thereto. The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
- vi. to review and recommend compensation packages for the Executive Directors that realistically reflect the responsibilities and risks involved in being an Executive Director;
- vii. to consider and make recommendations to the Board for its approval on all matters concerning perquisites and benefits to be granted to Executive Management, including levels and types of benefits, within guidelines, if any, established by the Board with respect thereto;
- viii. to review and recommend compensation packages for the non-executive directors and the Chair of the Board that realistically reflect the responsibilities and risks involved in being a non-executive director;
- ix. to regularly review the organization structure and report any significant organization changes to the Board;

- x. to review succession plans for Executive Management, including specific development plans, methods of achieving recommended action, and career planning for potential successors;
- xi. to engage, through its Chair and in appropriate circumstances, at the expense of the Company, independent counsel and advisors; and to fulfill such other powers and duties as delegated to it by the Board.
- iv. performance relative to hurdles/benchmark approved by the BOD;
- v. performance vis-a-vis industry performance.

Board Investment Committee

The Board Investment Committee is composed of the following Members:

- Mr. Hasan Reza-ur Rahim Chairman
- Mrs. Kulsum Dawood Member
- Mr. Jonathan Bilal Lenihan Member
- Mr. Shafiq Ahmed Member

Terms of Reference

The Board Investment Committee shall:

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

The BIC will periodically review the performance of the MIC for company's liquid investments in purview of the various classes of assets and on overall basis, based on the following factors:

- i. achievement of budgetary revenues;
- ii. adherence to overall investment policy objectives;
- iii. compliance with laws and regulations;

Criteria to Evaluate Board's Performance

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

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

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

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

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

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

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

CEO's performance review

Review of CEO performance nurtures open communication and clarifies expectations, roles and responsibilities. An effective CEO evaluation process is one where performance expectations for the CEO are aligned with the strategy of the organization. This is more likely to occur if the CEO evaluation process is integrated with the Board's strategic planning cycle. It is easier to establish meaningful goals for the CEO's performance when they are considered in the context of goals set for overall corporate performance.

Mr. Sulaiman S. Mehdi is the Chief Executive Officer of the Company. The Board wishes to report that Mr. Sulaiman S. Mehdi is committed to the best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Sulaiman S. Mehdi, where he provides details and explanations for each agenda item. The Board meetings have free and open discussion and Mr. Sulaiman S. Mehdi acts on consensus and despite his tremendous convincing ability; Based on the Board's recommendations, Mr. Sulaiman S. Mehdi has embarked on a programme of further strengthening the professional team at the Company. The Board believes that this will further strengthen the Company. Mr. Sulaiman S. Mehdi continues to play the leadership role at the Company to the entire satisfaction of the Board.

going
DEEP



As passionate individuals we are focused on going deep and on outperforming and catering exceptional requirements for all our key stake holders. Our everlasting efforts amount to the overall performance of us as a company and we never settle for anything less but the best.



attendance of board and committee meetings

Board of Directors

S. No.	Name	Note	Dates						No. of meeting held	No. of meeting attended
			187th	188th	189th	190th	191st	192nd		
			24/2/14	25/4/14	30/4/14	26/5/14	26/8/14	27/10/14		
1	Shabbir Hussain Hashmi	1	√	√					2	2
2	Isar Ahmad	2							-	-
3	Shahid Hamid Pracha	1	√	√					2	2
4	Shafiq Ahmed	1 & 6	√						2	1
5	M. Jawaid Iqbal	1							2	0
6	Ruhail Yousuf Muhammad	1		√					2	1
7	A. Samad Dawood	1, 3 & 5	√	√	√	√	√		5	5
8	Faisal Nadeem Mangroria	4		√					1	1
9	Kulsum Dawood	5			√	√		√	4	3
10	Ghias Uddin Khan	5				√	√	√	4	3
11	Hassan Reza-ur Rahim	5			√	√	√	√	4	4
12	Jonathan Bilal Lenihan	5							4	0
13	Kamran Nishat	5			√		√	√	4	3
14	Sulaiman S. Mehdi	5			√	√	√	√	4	4

Note

- Retired on 30th April, 2014
- Resigned on 24th February, 2014
- Resigned on 27th October, 2014.
- Appointed on 24th February, 2014 in place of Mr. Isar Ahmad and then retired on April 30, 2014.
- New Board elected on 30th April, 2014
- Appointed on 30th December, 2014 in place of Mr. A. Samad Dawood

Board Audit Committee

S. No.	Name	Note	Dates				No. of meeting held	No. of meeting attended
			43rd	44th	45th	46th		
			21/2/14	24/4/14	22/8/14	24/10/14		
1	Shahid Hamid Pracha	1	√	√			2	2
2	Shafiq Ahmed	1	√	√			2	2
3	Ruhail Yousuf Muhammad	1					2	-
4	Kamran Nishat	2			√	√	2	2
5	Ghias Uddin Khan	2				√	2	1
6	Hasan Reza-ur Rahim	2			√		2	1

Note

- Retired on 30th April, 2014
- New Board elected on 30th April, 2014

There was no Board Investment and Board HR & Remuneration Committees meeting held during the year.

whistle blowing policy

Cyan (“the Company”) has an established Code of Conduct which sets out the measures of behavior anticipated in the administration of its business. All workers are relied upon to carry out their duties in a way that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code then they ought to convey their suspicions using the “whistle blowing” policy.

This Policy has been created to guarantee that all instances of suspected wrongdoing are accounted for, furthermore oversee in an auspicious and appropriate manner.

Whoever we may deal with, and wherever we may operate, we are focused on doing as such legitimately, morally and with respectability. It is the obligation of each and every one of us to guarantee that we fulfill this commitment in our everyday working lives. In any case, every now and then there may be circumstances where the right course of action is unclear, or there may be circumstances where you think or realize that something is despicable, inappropriate or unethical. We have both a lawful and moral responsibility to take proper measures to recognize such circumstances and endeavor to cure them.

There may sometimes be circumstances in which people feel uncomfortable raising such issues specifically with their superiors. Hence we plan to give a confidential “whistle blowing” instrument all throughout the organization which the Cyan stakeholders i.e. Representatives, Service Providers, Contractors, Dealers, Customers as well as Vendors will have the capacity to report the management cases of unethical behavior/ acts, actual or suspected fraud or infringement with the Company’s code of conduct or ethics policy.

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

We are committed to the most possible norms of openness, trustworthiness and responsibility and we won’t endure negligence or wrongdoing.

Our Whistle Blowing Policy provides the security to people who make such disclosures and clarifies how these will be investigated.

There is no any incidence reported during the year 2014 to the Audit Committee.

report of the audit committee

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2014, and reports that:

- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All core & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2014, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company for the year under review.
- The Chief Executive and the CFO have reviewed the financial statements of the Company and the Directors’ Report. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, stopping the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

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

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the function has all necessary access to Management and the right to seek information and explanations.

External Auditors

- The statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their Audit assignment of the “Company’s Financial Statements” and the “Statement of Compliance with the Code of Corporate Governance” for the financial year ended December 31, 2014 and shall retire on the conclusion of the 55th Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observations with the External Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meetings of the Company during the year and have confirmed attendance of the 55th Annual General Meeting scheduled for March 31, 2015 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of A.F. Ferguson & Co. Chartered Accountants as External Auditors of the Company for the year ending December 31, 2015.

February 23, 2015

Kamran Nishat
Chairman - Audit Committee

statement of compliance with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (“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 Director	Kamran Nishat
Executive Director	Sulaiman S. Mehdi
Non-Executive Directors	Kulsum Dawood Ghias Uddin Khan Hasan Reza-ur Rahim Jonathan Bilal Lenihan Shafiq Ahmed

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable.)
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that Stock Exchange.
4. Two casual vacancies occurred on the Board on 24th February 2014 & 27th October 2014 were filled up by the directors within 90 days.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures and also placed it on the company’s website.
6. The Board has developed a vision/mission statement and overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, Other Executive and Non-Executive Directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company is also compliant in respect of certification of at least one director during the year 2014.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive Directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The Terms of Reference (TOR) of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors and one 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.

Kulsum Dawood
Chairperson

Sulaiman S. Mehdi
CEO

Karachi: February 23, 2015

auditors' review report to the members on the statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors ('Board') of Cyan Limited ('the Company') for the year ended December 31, 2014 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2014.

Chartered Accountants
Dated: February 27, 2015
Karachi

auditors' report to the members

We have audited the annexed statement of financial position of Cyan Limited as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; and
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2014 and of the profit, its comprehensive income, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: February 27, 2015

Karachi

statement of financial position

as at december 31, 2014

	Note	2014	2013
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	17,644	20,237
Intangible assets	7	1,108	2,577
Long term loans	8	13,343	5,628
Long term deposits		2,500	2,500
		34,595	30,942
CURRENT ASSETS			
Short term investments	9	4,780,356	5,383,322
Long term loan - current portion	8	2,677	1,332
Trade and other receivables	10	44,850	71,973
Advances and short term prepayments	11	2,226	2,107
Cash and bank balances	12	21,844	17,835
		4,851,953	5,476,569
TOTAL ASSETS		4,886,548	5,507,511
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 100,000,000 (2013: 100,000,000) Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up share capital	13	586,277	586,277
Unappropriated profit		3,535,458	4,395,503
Reserves	14	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		(3,697)	(1,726)
Surplus on revaluation of available-for-sale investments		339,387	198,150
		4,590,513	5,311,292
NON-CURRENT LIABILITIES			
Deferred liability - gratuity	15	9,377	8,858
Deferred taxation	16	16,171	26,890
		25,548	35,748
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities	17	126,828	129,023
Taxation - net		143,659	31,448
		270,487	160,471
TOTAL EQUITY AND LIABILITIES		4,886,548	5,507,511
CONTINGENCIES AND COMMITMENTS			
	18		

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

Sulaiman S. Mehdi
CHIEF EXECUTIVE

Kamran Nishat
DIRECTOR

profit and loss account

for the year ended december 31, 2014

	Note	2014	2013
		(Rupees in '000)	
CONTINUING OPERATIONS			
Return on investments	19	226,636	203,154
Gain on sale of investments - net		627,628	483,494
Other income	20	17,901	5,595
		872,165	692,243
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		355,312	764,871
		1,227,477	1,457,114
EXPENSES			
Operating and administrative expenses	21.2	(200,092)	(243,836)
Financial charges		(140)	(235)
		(200,232)	(244,071)
Profit before taxation		1,027,245	1,213,043
Taxation - current year	22.1	(138,592)	(45,823)
- for prior year		477	16,985
- deferred		9,657	(7,388)
		(128,458)	(36,226)
Profit from continuing operations		898,787	1,176,817
DISCONTINUED OPERATIONS			
Loss from discontinued operations - net of tax	5.1	-	(768)
Net profit for the year		898,787	1,176,049
Basic and diluted earnings / loss per share			
	29	(Rupees)	
From continuing operations		15.33	20.07
From discontinued operations		-	(0.01)
Total		15.33	20.06

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

statement of comprehensive income

for the year ended december 31, 2014

	2014	2013
	(Rupees in '000)	
Profit after taxation	898,787	1,176,049
<i>Items that may be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of available-for-sale securities - net of tax	141,237	141,584
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post retirement benefits obligation - net of tax	(1,971)	(1,116)
Total comprehensive income for the year	1,038,053	1,316,517

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

statement of changes in equity

for the year ended december 31, 2014

	Share capital	Capital reserves			Revenue reserves		Remeasurement on post retirement benefits obligation - net of tax	Surplus / (deficit) on revaluation of available for sale investments	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropriated profit			
	(Rupees in '000)								
Balance as at January 1, 2013	586,277	10,535	-	2,553	120,000	3,688,477	(610)	56,566	4,463,798
Total comprehensive income for the year ended December 31, 2013									
Net profit for the year	-	-	-	-	-	1,176,049	-	-	1,176,049
Other comprehensive income	-	-	-	-	-	-	(1,116)	141,584	140,468
Transactions with owners recorded directly in equity									
Final dividend @ Rs.3 per share for the year ended December 31, 2012	-	-	-	-	-	(175,884)	-	-	(175,884)
Interim cash dividend of Rs.5 per share for the year ended 31 December 2013	-	-	-	-	-	(293,139)	-	-	(293,139)
	-	-	-	-	-	(469,023)	-	-	(469,023)
Balance as at December, 31 2013	586,277	10,535	-	2,553	120,000	4,395,503	(1,726)	198,150	5,311,292
Total comprehensive income for the year ended December 31, 2014									
Net profit for the year	-	-	-	-	-	898,787	-	-	898,787
Other comprehensive income	-	-	-	-	-	-	(1,971)	141,237	139,266
Transactions with owners recorded directly in equity									
Final dividend @ Rs.5 per share for the year ended December 31, 2013	-	-	-	-	-	(293,139)	-	-	(293,139)
Interim cash dividend of Rs.25 per share for the year ended December 31, 2014	-	-	-	-	-	(1,465,693)	-	-	(1,465,693)
	-	-	-	-	-	(1,758,832)	-	-	(1,758,832)
Balance as at December 31, 2014	586,277	10,535	-	2,553	120,000	3,535,458	(3,697)	339,387	4,590,513

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

Sulaiman S. Mehdi
CHIEF EXECUTIVE

Kamran Nishat
DIRECTOR

statement of cash flows

for the year ended december 31, 2014

Note	2014	2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation (including Discontinued Operations)	1,027,245	1,212,275
Adjustment for non cash charges and other items:		
Depreciation	3,588	4,383
Amortisation	1,542	1,524
Gain on sale of property and equipment	(398)	(9)
Capital gain on sale of investments - net	(627,628)	(483,494)
Amortisation of premium on government securities	(4,076)	(2,795)
Net unrealized gain on revaluation of investments classified as at fair value through profit or loss	(355,312)	(764,871)
	(982,284)	(1,245,262)
Operating Profit / (loss) before working capital changes	44,961	(32,987)
(Increase) / Decrease in operating assets		
Trade and other receivables	60,989	24,233
Long term loans	(9,060)	532
Other deposits	-	2,000
Advances and short term prepayments	(119)	(282)
	51,810	26,483
Increase / (Decrease) in operating liabilities		
Deferred liability	(2,514)	2,317
Trade and other payables	10,637	30,448
	8,123	32,765
Net cash generated from operations	104,894	26,261
Taxes paid	(50,154)	(46,372)
Dividend paid	(1,747,414)	(471,561)
Net cash used in operating activities	(1,692,674)	(491,672)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	18,904,476	9,727,078
Investment in securities	(17,204,123)	(9,228,547)
Capital expenditure incurred	(2,073)	(2,610)
Proceeds from sale of property and equipment	1,403	92
Net cash generated from investing activities	1,699,683	496,013
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase in cash and cash equivalents	7,009	4,341
Cash and cash equivalents at the beginning of the year	17,835	13,494
Cash and cash equivalents at the end of the year	24,844	17,835

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

Sulaiman S. Mehdi
CHIEF EXECUTIVE

Kamran Nishat
DIRECTOR

notes to and forming part of the financial statements

for the year ended december 31, 2014

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

- (a) Classification of investments in accordance with Company’s policy (note 4.4 and 9).
- (b) Accounting for defined benefit plan (note 4.1 and 15).
- (c) Depreciation / amortisation of operating fixed assets (note 4.9, 6 and 7)

notes to and forming part of the financial statements

for the year ended december 31, 2014

- (d) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (note 4.10, 16 and 22)

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

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

3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employee benefits

4.1.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 10.00% (2013: 10.00%) of the basic salary.

4.1.2 Defined benefit plan

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

notes to and forming part of the financial statements

for the year ended december 31, 2014

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 cannot be reasonably calculated, are carried at cost. Impairment in value, if any, is taken through the profit and loss account in the current year.

4.4.1 Financial assets at fair value through profit or loss

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

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

4.4.2 Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response

notes to and forming part of the financial statements

for the year ended december 31, 2014

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 9) 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, the reversal of the previously recognised impairment loss is recognised in 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.

notes to and forming part of the financial statements

for the year ended december 31, 2014

4.7 Financial instruments

Financial instruments carried on the statement of financial position include investments, deposits, cash and bank, premiums due but unpaid, amounts due from other insurers / reinsurers, reinsurance recoveries against outstanding claims, accrued investment income, sundry receivables, amounts due to other insurers / reinsurers, loans to employees, accrued expenses, other creditors and accruals and unclaimed dividends.

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

4.8 Off-setting of financial assets and liabilities

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

4.9 Property and equipment

4.9.1 Tangible

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

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

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

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

4.9.2 Intangible

Intangible assets comprise software license, and are stated at cost less accumulated amortisation and

notes to and forming part of the financial statements

for the year ended december 31, 2014

impairment loss, if any. Amortisation is charged over the useful life of the asset on a systematic basis to profit and loss by applying the straight line method at the rates specified in note 7 to the financial statements.

4.10 Taxation

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

4.10.1 Current

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

4.10.2 Deferred

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

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

4.11 Revenue recognition

Return on Investments

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

4.12 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic

notes to and forming part of the financial statements

for the year ended december 31, 2014

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

4.13 Foreign currencies

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

4.14 Dividend declaration and reserve appropriations

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

4.15 Discontinued operations

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

5 DISCONTINUED OPERATIONS

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

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

	Note	2014	2013
		(Rupees in '000)	
Results from discontinued operations			
Net claims expense		-	-
Net expense		-	(768)
Results from operating activity			
Taxation - deferred		-	-
Loss from discontinued operations - net of tax		-	(768)
		(Rupees)	
Loss per share - basic and diluted	29	-	(0.01)

notes to and forming part of the financial statements

for the year ended december 31, 2014

6 PROPERTY AND EQUIPMENT

	2014							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2014	
	As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	For the year / (on disposals)	As at December 31, 2014		
	----- (Rupees in '000) -----							
Furniture and fixtures	15,754	-	15,754	1,993	1,376	3,369	12,385	10%
Office equipment	9,010	1,952 (2,036)	8,926	3,916	1,935 (1,034)	4,817	4,109	15 %, 33% & 50%
Vehicles	3,022	45 -	3,067	1,640	277 -	1,917	1,150	20%
	27,786	1,997 (2,036)	27,747	7,549	3,588 (1,034)	10,103	17,644	
	----- (Rupees in '000) -----							
	2013							Rate (%)
	Cost			Accumulated depreciation			Written down value as at December 31, 2013	
	As at January 1, 2013	Additions / (disposals)	As at December 31, 2013	As at January 1, 2013	For the year / (on disposals)	As at December 31, 2013		
	----- (Rupees in '000) -----							
Furniture and fixtures	14,525	1,229	15,754	487	1,506	1,993	13,761	10%
Office equipment	7,978	1,081 (49)	9,010	1,408	2,524 (16)	3,916	5,094	15 %, 33% & 50%
Vehicles	3,092	- (70)	3,022	1,307	353 (20)	1,640	1,382	20%
	25,595	2,310 (119)	27,786	3,202	4,383 (36)	7,549	20,237	

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

	2014				Method of disposal	Particulars of buyers / insurers
	Cost	Accumulated depreciation	Net book value	Sale proceeds		
	----- (Rupees in '000) -----					
Laptop	77	55	22	22	Company policy	Isfandiyar Shaheen
Laptop	71	47	24	45	Insurance claim	EFU General Insurance
Network Switches	124	60	64	102	Insurance claim	EFU General Insurance
Firewall	414	192	222	340	Insurance claim	EFU General Insurance
Laptop	163	60	103	103	Company policy	A. Samad Dawood
Laptop	70	23	47	47	Company policy	Taimour Husain Noorani
Laptop	72	22	50	50	Company policy	Umer Habib
Hard Drive	18	3	15	15	Company policy	A. Samad Dawood
PABX	373	184	189	306	Insurance claim	EFU General Insurance
AC	114	54	60	140	Insurance claim	EFU General Insurance
Mobile	50	43	7	7	Company policy	A. Samad Dawood
Mobile	41	35	6	6	Company policy	Azam Adnan Khan
Mobile	41	33	8	8	Company policy	A. Samad Dawood
Mobile	44	30	14	17	Company policy	Shaharyar Ahmed
Mobile	39	23	16	29	Insurance claim	EFU General Insurance
Mobile	28	7	21	21	Company policy	Taimour Husain Noorani
Mobile	75	40	35	42	Company policy	Shaharyar Ahmed
Mobile	75	45	30	30	Company policy	Isfandiyar Shaheen
Mobile	74	47	27	28	Company policy	A. Samad Dawood
Mobile	73	31	42	42	Company policy	Umer Habib
	2,036	1,034	1,002	1,400		

notes to and forming part of the financial statements

for the year ended december 31, 2014

7 INTANGIBLE ASSETS

	2014							Rate (%)
	Cost		Accumulated amortisation			Written down value as at December 31, 2014		
	As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	For the year / (on disposals)		As at December 31, 2014	
----- (Rupees in '000) -----								
Computer software	6,732	76 (9)	6,799	4,155	1,542 (6)	5,691	1,108	33.33%
	6,732	76 (9)	6,799	4,155	1,542 (6)	5,691	1,108	
	2013							Rate (%)
	Cost		Accumulated amortisation			Written down value as at December 31, 2013		
	As at January 1, 2013	Additions / (disposals)	As at December 31, 2013	As at January 1, 2013	For the year / (on disposals)		As at December 31, 2013	
----- (Rupees in '000) -----								
Computer software	6,432	300	6,732	2,631	1,524	4,155	2,577	33.33%
	6,432	300	6,732	2,631	1,524	4,155	2,577	

	Note	2014	2013
(Rupees in '000)			
8 LONG TERM LOAN			
Considered good			
-due from executive	8.1	15,645	6,658
-due from other employees	8.2	375	302
		<u>16,020</u>	<u>6,960</u>
Less: Current portion of long-term loans		<u>(2,677)</u>	<u>(1,332)</u>
		<u>13,343</u>	<u>5,628</u>
8.1	House loans given to chief executive officer and chief financial officer are repayable in ten years in equal monthly instalments at a mark-up of 6%.		
8.2	All employees, on completion of one continuous year of service with the Company, are entitled to apply for personal / emergency loan payable in 24 to 36 equal monthly instalments. Mark-up on this loan would be 3 months KIBOR + 2%.		
8.3	Following is the movement of long term loan to employee:		
Long term			
Opening balance		6,960	7,493
Amount disbursed		10,400	330
Repayments		(1,986)	(1,152)
Add: Interest receivable		646	289
Closing balance	8.4	<u>16,020</u>	<u>6,960</u>
8.4	The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs 16.700 million (2013 : Rs 7.492 million).		

notes to and forming part of the financial statements

for the year ended december 31, 2014

9 INVESTMENTS	Note	2014	2013
		(Rupees in '000)	
Investments comprise of the following:			
Held-to-maturity investments - short term	9.1	43,743	44,748
Available-for-sale investments	9.2	466,978	325,741
Investments carried at fair value through profit or loss	9.3	4,266,635	5,012,833
Term Deposit Receipts	9.4	3,000	-
		<u>4,780,356</u>	<u>5,383,322</u>
		<u>4,780,356</u>	<u>5,383,322</u>

9.1 Held-to-maturity investments - Short term

Face value (Rupees)	Coupon rate (%)	Particulars	2014	2013
45,000,000	9.4	Treasury Bills Tenure - 3 Months	-	44,748
45,000,000	9.99	Treasury Bills Tenure - 1 Year	43,743	-
			<u>43,743</u>	<u>44,748</u>

Market value as at December 31, 2014 of Government Securities is Rs.43.807 million (2013: Rs 44.723 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. This will be released once the outstanding claims and balances relating to insurance are settled.

9.2 Available-for-sale investments	Note	Market Value	
		2014	2013
(Rupees in '000)			
Un-quoted shares	9.2.1	-	-
Mutual funds	9.2.2	42,462	32,241
Un-quoted debentures	9.2.3	-	-
Quoted shares - related parties	9.2.4	424,516	293,500
		<u>466,978</u>	<u>325,741</u>

9.2.1 Un-quoted Shares

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

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

notes to and forming part of the financial statements

for the year ended december 31, 2014

9.2.2 Mutual Funds

Name of fund	Number of Units		Cost		Market value	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-14	31-Dec-13	31-Dec-13
			----- (Rupees in '000) -----			
National Investment Unit Trust (NIT)	240,500	240,500	3,131	15,880		11,962
Golden Arrow Selected Stock Fund	2,405,532	2,405,532	8,798	26,582		20,279
			11,929	42,462		32,241
Less: Provision for Impairment Carrying Value			(2,279)			
			9,650			
Market Value as at December 31, 2014			42,462			
Unrealised gain on mutual funds			32,812			

9.2.2.1 NIT units amounting to Rs. 15.880 million (2013: Rs 11.962 million), are under lien against a bank guarantee issued by Habib Bank Limited.

9.2.3 Un-quoted debentures

Name of investee company	Number of Bonds		Cost		
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	
			----- (Rupees in '000) -----		
Hyson Sugar Mills Limited		240,500	240,500	60	60
				60	60
Less: Provision for Impairment Carrying Value			(60)	(60)	(60)
			-	-	-

9.2.4 Quoted Shares - Related Parties

Name of investee company	Number of Shares		Cost		Market value	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-14	31-Dec-13	31-Dec-13
			----- (Rupees in '000) -----			
Chemicals						
Dawood Hercules Corporation Limited Equity held: 0.17% (2013: 0.17%)	794,380	794,380	47,652	67,133		44,580
Personal Goods						
Dawood Lawrencepur Limited Equity held: 5.02% (2013: 5.02%)	2,965,095	2,965,095	222,110	357,383		248,920
			269,762	424,516		293,500
Less: Provision for Impairment Carrying Value			(151,821)			
			117,941			
Market Value as at December 31, 2014			424,516			
Unrealised gain on quoted share			306,575			

notes to and forming part of the financial statements

for the year ended december 31, 2014

9.3 Investments carried at fair value through Profit or loss

	Note	Market Value	
		2014	2013
Quoted shares	9.3.1	3,868,136	3,598,329
Mutual funds	9.3.2	398,499	1,414,504
		4,266,635	5,012,833

9.3.1 Quoted Shares

Name of investee company	Number of Shares		Carrying Value		Market value		Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13		
	----- Rupees '000'-----							
Oil and Gas								
Oil & Gas Development Company Limited	200,000	200,000	41,993	41,174	55,272		0.86%	0.00%
Pakistan Oilfields Limited	200,000	400,000	78,088	75,872	199,084		1.59%	0.08%
Pakistan Petroleum Limited	500,000	2,070,000	90,788	88,260	442,897		1.85%	0.03%
Hascol Petroleum Limited	1,249,000	-	102,314	92,551	-		1.94%	1.38%
Pakistan State Oil Limited	-	400,000	-	-	132,888		-	-
			313,183	297,857	830,141		6.24%	
Chemicals								
Fauji Fertilizer bin Qasim Limited	1,917,500	-	85,957	86,690	-		1.81%	0.21%
ICI Pakistan Limited	98,900	-	56,472	45,737	-		0.96%	0.11%
			142,429	132,427	-		2.77%	
Construction and Materials								
D.G Khan Cement Company Limited	4,191,000	2,000,000	426,801	463,231	171,460		9.70%	0.96%
Lafarge Pakistan Cement Limited	2,500,000	-	42,893	43,375	-		0.91%	0.17%
Maple Leaf Cement Company Limited	-	7,475,500	-	-	205,053		-	-
Lucky Cement Limited	300,000	-	151,473	150,084	-		3.14%	0.09%
			621,167	656,690	376,513		13.75%	
Personal Goods								
Nishat Mills Limited	1,000,000	2,863,300	124,036	120,990	364,327		2.53%	0.28%
Gul Ahmad Textile Mills Limited	1,165,000	-	73,201	75,713	-		1.58%	0.51%
			197,237	196,703	364,327		4.11%	
Engineering								
Millat Tractors Limited	50,000	-	34,396	32,343	-		0.68%	0.11%
Support Services								
TRG Pakistan Limited	5,000,000	-	70,085	72,800	-		1.52%	1.12%

notes to and forming part of the financial statements

for the year ended december 31, 2014

Name of investee company	Number of Shares		Carrying Value	Market value		Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-14	31-Dec-13		
----- Rupees '000'-----							
Electricity							
The Hub Power Company Limited (related party)	10,000,000	10,000,000	607,200	783,600	607,200	16.40%	0.86%
Equity held: 0.86% (2013: 0.86%)							
Pakgen Power Limited	-	2,000,000	-	-	43,420	-	-
Lalpir Power Limited	4,000,000	-	87,746	119,600	-	2.50%	1.05%
K-Electric Limited	5,000,000	-	46,345	46,100	-	0.96%	0.05%
			741,291	949,300	650,620	19.86%	
Commercial Banks							
Bank Al Habib Limited	-	6,525,000	-	-	271,114	-	-
Habib Bank Limited	-	750,000	-	-	124,973	-	-
Habib Metropolitan Bank Limited	6,000,000	11,669,500	150,420	223,800	292,554	4.68%	0.57%
National Bank of Pakistan	8,500,000	-	507,207	590,410	-	12.36%	0.40%
NIB Bank Limited	30,000,000	-	83,587	69,600	-	1.46%	0.29%
United Bank Limited	-	5,166,939	-	-	684,878	-	-
			741,214	883,810	1,373,519	18.50%	
Household Goods							
Pak Elektron Limited	5,017,000	-	196,729	205,346	-	4.30%	1.26%
Technology Hardware and Equipment							
TPL Trakker Limited	-	431,847	-	-	3,209	-	-
Pharma and Bio Tech							
The Searle Company Limited	839,400	-	209,997	203,000	-	4.25%	0.98%
Non Life Insurance							
Adamjee Insurance Company Limited	4,500,000	-	231,320	222,570	-	4.66%	1.29%
EFU General Insurance Company	100,000	-	15,337	15,290	-	0.32%	0.06%
			246,657	237,860	-	4.98%	
Carrying Cost as at December 31, 2014			3,514,385	3,868,136	3,598,329	80.96%	
Market Value as at December 31, 2014			3,868,136				
Unrealised gain on quoted shares			353,751				

9.3.1.1 5 million shares (2013: 5 million shares) of The Hub Power Company Limited having market value of Rs. 391.80 million (2013: Rs. 303.60 million) as at December 31, 2014 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

9.3.1.2 The Company has running finance facility of Rs.500 million (December 2013: Rs.500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.85% and will expire on March 31, 2015.

notes to and forming part of the financial statements

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The facility is secured against pledge of 4.5 million shares (market value: Rs. 352.62 million), 5 million shares (market value: Rs.186.50 million) and 5 million shares (market value: Rs.347.30 million) of HUBCO, HMB and NBP respectively.

9.3.2 Mutual Funds

Name of fund	Note	Number of Units		Carrying Value		Market value	
		31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-14	31-Dec-13	
----- Rupees '000' -----							
ABL Cash Fund (related party)		-	19,594,908	-	-	-	196,045
AKD Cash Fund		-	1,254,406	-	-	-	62,765
Alfalah GHP Cash Fund		-	306,368	-	-	-	153,343
Atlas Money Market Fund		-	204,492	-	-	-	102,809
NAFA Government Securities Liquid Fund	9.3.2.1	223,871	215,055	2,160	2,349	-	2,160
NAFA Money Market Fund		944,869	10,107,227	9,778	9,881	-	101,191
Pakistan Cash Management Fund		-	2,017,931	-	-	-	100,947
PICIC Cash Fund		3,304,535	4,699,347	345,000	346,097	-	473,053
Primus Daily Reserve Fund		383,215	2,219,454	40,000	40,172	-	222,191
Carrying Cost as at December 31, 2014				396,938	398,499		1,414,504
Market Value as at December 31, 2014				398,499			
Unrealised gain on mutual funds				1,561			

9.3.2.1 223,871 units (December 31, 2013: 215,055 units) of NAFA Government Securities Liquid Fund having a market value of Rs.2.349 million (December 31, 2013: Rs.2.16 million) have been kept under lien with National Bank of Pakistan pending settlement of a claim in litigation.

	Note	2014	2013
(Rupees in '000)			
9.4 Term Deposit Receipts			
Deposits maturing within one month	9.4.1	3,000	-

9.4.1 Term Deposit Receipts carry mark-up at 7.5% per annum and maturity on January 21, 2015.

10 TRADE AND OTHER RECEIVABLES

Amounts due from other insurers / reinsurers - Discontinued Operations	10.1	2,465	18,144
Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
Accrued investment income		-	400
Sundry receivables	10.2	36,979	48,023
		44,850	71,973

10.1 Amounts due from other insurers / reinsurers - unsecured

Considered good - foreign		542	1,008
- local		1,923	17,136
Considered doubtful		74	74
		2,539	18,218
Provision against amounts due from other insurers / reinsurers		(74)	(74)
		2,465	18,144

notes to and forming part of the financial statements

for the year ended december 31, 2014

	Note	2014	2013
		(Rupees in '000)	
10.2 Sundry receivable			
Profit on bank deposits			
- Saving accounts		22	33
- Term deposits		6	-
Receivable against sale of investments - net		33,866	-
Receivable from State Bank of Pakistan - statutory deposit		-	44,905
Others		3,085	3,085
		36,979	48,023
11 ADVANCES AND SHORT TERM PREPAYMENTS			
Advances and deposits		301	300
Prepayments		883	968
Club Membership - employees (related party)		1,042	839
		2,226	2,107
12 CASH AND BANK BALANCES			
Cash in hand		17	16
Stamps in hand		-	28
		17	44
Current and other accounts			
Current accounts		-	-
Saving accounts		21,827	17,791
		21,827	17,791
		21,844	17,835
12.1	These accounts carry effective mark-up rate, ranging between 6.5% to 8% (2013: 6.5% to 8%) per annum.		
12.2 Cash and cash equivalents			
Cash and cash equivalents for the purpose of cash flow comprises of the following:			
Cash and banks balances		21,844	17,835
Term deposit receipts	9.4	3,000	-
		24,844	17,835
13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
		2014	2013
		(Number of shares)	
		250,000	250,000
		58,377,722	58,377,722
		58,627,722	58,627,722
		2,500	2,500
		583,777	583,777
		586,277	586,277

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- 13.1 As at December 31, 2014, related parties hold 39,682,826 (2013: 41,391,006) ordinary shares of Rs. 10 each.

	Note	2014	2013
(Rupees in '000)			
14 RESERVES			
Capital reserves			
- Reserve for exceptional losses	14.1	10,535	10,535
- Capital gain reserve		2,553	2,553
		13,088	13,088
Revenue reserve			
- General reserve		120,000	120,000
		133,088	133,088

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

15 DEFERRED LIABILITY

15.1 Staff retirement benefits

The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2014. The principal actuarial assumptions used for the purpose of the valuation were as follows:

Principal actuarial assumptions

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

	2014	2013
a. Valuation discount rate	12.25%	12.50%
b. Salary increase rate	12.25%	12.50%
c. Average expected service length of employees (in years)	11	14

- d. Assumption regarding future mortality experience are based on actuarial recommendations and published statistics.

The gratuity scheme exposes the entity to the following risks:

Mortality risks

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

Final salary risks

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

notes to and forming part of the financial statements

for the year ended december 31, 2014

15.2 The amount recognised in the balance sheet is determined as follows:

	2014 (Rupees in '000)	2013
Present value of defined benefit obligations	<u>9,377</u>	8,858
15.3 Reconciliation of payable to defined benefit plan		
Present value of Defined Benefit Obligation	<u>9,377</u>	8,858
Net actuarial gains / (losses) not recognised	<u>-</u>	-
Balance at the end of the year	<u>9,377</u>	8,858

15.4 Movement in net liability recognised in the balance sheet

At January 1	<u>8,858</u>	4,824
Current service cost	<u>2,922</u>	1,779
Interest expense / (income)	<u>709</u>	554
	<u>12,489</u>	7,157
Remeasurements:		
- Gain from change in demographic assumptions	-	-
- Gain from change in financial assumptions	(10)	-
- Adjustments due to salary review / withdrawals	<u>3,043</u>	1,717
	<u>3,033</u>	1,717
Benefit payments	<u>(6,145)</u>	(16)
At December 31	<u>9,377</u>	8,858

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

	2014			2013		
	Impact on defined benefit obligation - Increase / (decrease)			Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	----- In percentage -----					
Discount rate	0.5%	-5.43%	5.95%	0.5%	-5.49%	6.71%
Salary increase rate	0.5%	6.16%	-5.67%	0.5%	6.73%	-5.61%

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

notes to and forming part of the financial statements

for the year ended december 31, 2014

15.6 The weighted average duration of the defined benefit obligation is 11.43 years.

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

At December 31, 2014	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	279	277	5,184	62,185	67,925

2014	2013	2012	2011	2010	
	-----Restated-----				
	----- Rupees in '000 -----				

15.7.1 Historical information

Defined benefit obligation	9,377	8,858	4,824	1,959	1,119
Fair value of plan assets	-	-	-	-	-
(Surplus) / Deficit	9,377	8,858	4,824	1,959	1,119
(Gain) / Loss on obligation	3,033	1,717	884	54	(26)
(Gain) / Loss on plan assets	-	-	-	-	-
	3,033	1,717	884	54	(26)

15.7.2 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 3.243 million as per the actuarial valuation report of the Company as of December 31, 2014.

15.8 The disclosure made in notes 15.1 to 15.7.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2014.

	Note	2014	2013
		(Rupees in '000)	
16 DEFERRED TAXATION			
Deductible temporary differences			
Staff gratuity		3,282	3,100
Leave encashment		883	910
		4,165	4,010
Taxable temporary differences			
Revaluation of investments		(19,066)	(29,247)
Accelerated tax depreciation		(1,270)	(1,653)
		(20,336)	(30,900)
		(16,171)	(26,890)
16.1 Reconciliation of deferred tax liability			
Opening balance		(26,890)	(20,103)
Recognised in profit and loss account		9,657	(7,388)
Recognised in equity		1,062	601
Closing balance		(16,171)	(26,890)

notes to and forming part of the financial statements

for the year ended december 31, 2014

	Note	2014	2013
		(Rupees in '000)	
17	CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		
Amounts due to other insurers / reinsurers - Discontinued Operations	17.1	587	587
Accrued expenses		68,880	85,037
Provision for outstanding claims - Discontinued Operations		8,805	9,025
Other creditors and accruals	17.2	28,337	25,573
Unclaimed dividend		20,219	8,801
		126,828	129,023
17.1	Amounts due to other insurers / reinsurers		
Foreign companies		-	-
Local companies		587	587
		587	587
17.2	Other creditors and accruals		
Workers' Welfare Fund		21,448	24,727
Premium refundable to policy holders - Discontinued Operations		171	171
Brokerage Payable		4,204	597
Sundry creditors		2,514	78
		28,337	25,573
18	CONTINGENCIES AND COMMITMENTS		
Contingencies and commitments other than those disclosed elsewhere in these financial statements are as follows:			
18.1	Guarantees issued on behalf of the Company by commercial banks	5,205	5,205
19	RETURN ON INVESTMENTS		
Held-to-maturity			
Return on Pakistan Investment Bonds		-	2,075
Amortisation on - Pakistan Investment Bonds		-	598
- Treasury bills		4,076	2,197
		4,076	2,795
Available-for-sale and held for trading			
Dividend income:			
- Related parties		65,794	98,585
- Others		156,766	99,699
		222,560	198,284
		226,636	203,154

notes to and forming part of the financial statements

for the year ended december 31, 2014

	Note	2014	2013
(Rupees in '000)			
20			
OTHER INCOME			
Income from financial assets			
Profit on bank deposits		2,769	4,788
Income from non-financial assets			
Gain on sale of property and equipment		398	9
Income from employee loan		645	290
Others		14,089	508
		17,901	5,595
21			
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	21.1	114,019	133,535
Levy, cess and insurance		1,036	913
Rent, rates and taxes		6,041	5,491
Depreciation		3,588	4,383
Amortisation		1,542	1,524
Legal and professional charges		3,996	10,725
Printing and stationery		1,603	1,347
Utilities		2,046	1,462
Vehicle running expenses		217	274
Advertisement and event expenses		449	2,192
Security guards expenses		907	802
Auditors' remuneration	21.3	644	622
Entertainment		2,565	2,790
Travelling and communication expenses		2,448	6,273
Fees and subscription		2,534	3,082
Postage and telegram		348	290
Books and periodicals		48	87
Repairs, renewal and decoration		737	914
Workers' welfare fund		20,966	23,854
Brokerage, commission and advisory expense		19,210	11,084
Bank and settlement charges		1,985	1,278
Employee training fee		587	1,758
Due diligence charges		-	24,711
Research expense		4,403	4,519
Other expenses		8,173	694
		200,092	244,604
21.1	This includes Rs. 3.187 million (2013: Rs. 3.494 million) in respect of employees' provident fund.		
21.2	Expenses are allocated as under		
Allocated to discontinued operations (Insurance business)	5.1	-	768
Allocated to continuing operations		200,092	243,836
		200,092	244,604

notes to and forming part of the financial statements

for the year ended december 31, 2014

Note	2014	2013
	(Rupees in '000)	
21.3 Auditors' remuneration		
Annual audit fee	325	325
Review and certifications	247	247
Out of pocket expense	72	50
	644	622

22 TAXATION

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

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

The Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2006 on account of disallowance of exempt capital gain and provision for incurred but not reported (IBNR) resulting in an additional tax liability of Rs 31.818 million.

Against the said order an appeal was filed before the Commissioner Inland Revenue, (Appeal-1) Karachi. The Commissioner Inland Revenue (Appeals-1) deleted disallowance of exempt capital gain but did not allow provision for incurred but not reported (IBNR) having an impact of increase in tax liability of 0.821 million. The company has filed an appeal against the said order for Rs.0.821 million (IBNR) before the Appellate Tribunal Inland Revenue.

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

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

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

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

	2014	2013
	(Rupees in '000)	
22.1 Provision for taxation		
Current year	(138,592)	(45,823)
Prior years	477	16,985
Deferred	9,657	(7,388)
	(128,458)	(36,226)
22.2 Tax expense on continuing operations	(128,458)	(36,226)
	(128,458)	(36,226)
22.3 Relationship between tax expense and accounting profit		
Profit for the year before taxation (including discontinued operations)	1,027,245	1,212,275
Tax at the applicable rate of 33% (2013: 34%)	338,991	412,174
Tax effect of capital loss / (gain) exempt from tax	(5,353)	(26,357)
Tax effect of capital loss / (gain) taxed at a lower rate	(222,337)	(71,408)
Tax effect of dividend income taxed at a lower rate	(52,531)	(49,588)
Tax effect of unrealised gain taxed at lower rate	(117,253)	(179,006)
Reversal of prior year charge	(477)	(16,985)
Tax effect of (income) / expenses that are not considered in determining taxable income	189,699	(32,310)
Others	(2,281)	(294)
	128,458	36,226

notes to and forming part of the financial statements

for the year ended december 31, 2014

23 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	----- (Rupees in '000) -----							
Fees	-	-	550	1,150	-	-	550	1,150
Managerial remuneration including bonus	33,121	24,644	-	-	55,865	75,943	88,986	100,587
House rent, conveyance, and other allowances	6,910	5,744	-	-	12,308	18,161	19,218	23,905
Contribution to provident fund	1,013	858	-	-	1,746	2,567	2,759	3,425
	41,044	31,246	550	1,150	69,919	96,671	111,513	129,067
Number of persons	2	1	4	4	9	10	15	15

- 23.1 Mr. A. Samad Dawood resigned as Chief Executive on August 26, 2014 and Mr. Sulaiman S. Mehdi was appointed as Chief Executive from August 26, 2014. Mr. Mehdi's salary as an executive and as Chief Executive has been apportioned and disclosed accordingly.

24 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:

	2014	2013
	(Rupees in '000)	
Premium refunded	-	16
Premium collected	-	13
Rent paid	6,041	5,491
Dividend received	65,794	98,585
Dividend paid	1,182,230	321,055
Bonus units received (face value)	7,417	19,752
Brokerage	1,429	1,000
Purchase of units	914,000	1,653,124
Sale of units	1,081,111	1,700,730
Service charges	1,141	1,410
Contribution to provident fund	3,187	3,494
Key management personnel and close family members		
Dividend paid	52,590	10,073
Remuneration	110,963	127,917
Director fee	550	1,150
Club membership issued	750	610
Employee loan issued	10,400	330
Employee loan recovery	1,986	1,152
Disposal of office equipment	370	-
Prepaid club membership amortized during the year.	231	58
Charge for staff retirement gratuity scheme	3,631	2,333

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

notes to and forming part of the financial statements

for the year ended december 31, 2014

25. FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2014, the financial assets carried on the statement of financial position are categorised either as 'Loans and receivables', 'financial assets at fair value through profit or loss', 'held to maturity' or 'available for sale'. The financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

As at December 31, 2014					
	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
-----Rupees in '000-----					
Financial assets					
Loan to employees	13,343	-	-	-	13,343
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	44,850	-	-	-	44,850
Advances	198	-	-	-	198
Cash and bank balances	21,844	-	-	-	21,844
Investments	3,000	43,743	466,978	4,266,635	4,780,356
	85,735	43,743	466,978	4,266,635	4,863,091

As at December 31, 2014			
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
-----Rupees in '000-----			
Financial liabilities			
Deferred liability	-	9,377	9,377
Creditors, accrued expenses and other liabilities	-	105,380	105,380
	-	114,757	114,757

As at December 31, 2013					
	Loans and receivables	Held to maturity	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
-----Rupees in '000-----					
Financial assets					
Loan to employees	5,628	-	-	-	5,628
Long term deposits	2,500	-	-	-	2,500
Trade and other receivables	71,973	-	-	-	71,973
Advances	196	-	-	-	196
Cash and bank balances	17,807	-	-	-	17,807
Investments	-	44,748	325,741	5,012,833	5,383,322
	98,104	44,748	325,741	5,012,833	5,481,426

notes to and forming part of the financial statements

for the year ended december 31, 2014

	As at December 31, 2013		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	(Restated)		
	-----Rupees in '000-----		
Financial liabilities			
Deferred liability	-	8,858	8,858
Creditors, accrued expenses and other liabilities	-	104,296	104,296
	-	113,154	113,154

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

26.1 Risk management framework

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

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

26.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held there against are stated in note 9.2.1 and 9.2.3 to these financial statements. Investments amounting to Rs: 43.824 million (2013: Rs: 44.748 million) relate to Government Securities and are not considered as credit risk due to government guarantee.

notes to and forming part of the financial statements

for the year ended december 31, 2014

26.2.1 Exposure to credit risk

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

Financial assets	Note	2014	2013
		(Rupees in '000)	
Long term loan	26.2.1.4	16,020	6,960
Long term deposits		2,500	2,500
Short term deposits		-	-
Trade and other receivables	26.2.1.1	44,850	71,973
Advances		198	196
Cash and bank balances	26.2.1.3	21,844	17,807
Investments		4,780,356	5,383,322
		4,865,768	5,482,758

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

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
	(Rupees in '000)					
Not past due	36,979	-	36,979	48,423	-	48,423
Past due but not impaired	7,871	-	7,871	23,550	-	23,550
Past due and impaired						
More than one year	74	(74)	-	74	(74)	-
	44,924	(74)	44,850	72,047	(74)	71,973

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

	2014	2013
	(Rupees in '000)	
Foreign	542	1,008
Domestic	1,923	17,136
	2,465	18,144

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

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

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

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

26.3 Liquidity risk

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

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

	2014					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
	(Rupees in '000)					
On balance sheet financial liabilities and others						
Deferred liability	9,377	9,377	-	-	-	(9,377)
Creditors, accrued expenses and other liabilities	105,380	105,380	(105,380)	-	-	-
	<u>114,757</u>	<u>114,757</u>	<u>(105,380)</u>	-	-	<u>(9,377)</u>
	2013					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 Years
	(Rupees in '000)					
	Re-stated					
On balance sheet financial liabilities and others						
Deferred liability	8,858	8,858	-	-	-	(8,858)
Creditors, accrued expenses and other liabilities	104,296	104,296	(104,296)	-	-	-
	<u>113,154</u>	<u>113,154</u>	<u>(104,296)</u>	-	-	<u>(8,858)</u>

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26.4 Market risk

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

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

26.4.1 Interest rate risk

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

	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2014	2013	2014	2013
Financial Assets				
Fixed rate instruments				
- Government Securities	43,743	44,748	9.99%	9.40%
Variable rate instruments				
- Saving accounts	21,827	17,791	6.5% to 8%	6.5% to 8%
- Short term deposits	-	-	7.50%	5.80%

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have negligible effect on net assets (2013: Rs. 0.01 million). The analysis assumes that all other variables remain constant.

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for the year ended december 31, 2014

26.4.1.1 Maturity profile of financial assets and liabilities

2014						
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and up to one year	More than one year			
------(Rupees in '000)-----						
Financial assets						
Loan to employees	6% and 11.47%	669	2,008	13,343	-	16,020
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	198	198
Investments	7.5% & 9.99%	3,000	43,743	-	4,733,613	4,780,356
Trade and other receivables		-	-	-	44,850	44,850
Cash and bank balances	6.5% to 8%	21,827	-	-	17	21,844
		25,496	45,751	13,343	4,781,178	4,865,768
Financial liabilities						
Deferred liability		-	-	-	9,377	9,377
Creditors, accrued expenses and other liabilities		-	-	-	105,380	105,380
		-	-	-	114,757	114,757
On-balance sheet gap (a)		25,496	45,751	13,343	4,666,421	4,751,011
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		25,496	45,751	13,343	4,666,421	4,751,011
Cumulative interest rate sensitivity gap		25,496	71,247	84,590		
2013						
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and up to one year	More than one year			
------(Rupees in '000)-----						
Financial assets						
Loan to employees	6% and 11.47%	333	999	5,628	-	6,960
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	196	196
Investments	9.40%	44,748	-	-	5,338,574	5,383,322
Trade and other receivables		-	-	-	71,973	71,973
Cash and bank balances	6.5% to 8%	17,791	-	-	16	17,807
		62,872	999	5,628	5,413,259	5,482,758
Financial liabilities						
Deferred liability		-	-	-	8,858	8,858
Creditors, accrued expenses and other liabilities		-	-	-	104,296	104,296
		-	-	-	113,154	113,154
On-balance sheet gap (a)		62,872	999	5,628	5,300,105	5,369,604
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		62,872	999	5,628	5,300,105	5,369,604
Cumulative interest rate sensitivity gap		62,872	63,871	69,499		

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for the year ended december 31, 2014

26.4.2 Equity price risk

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

In case of 5% increase / decrease in KSE 100 index on December 31, 2014, net profit for the year would increase / decrease by Rs. 33.273 million (2013: Rs. 47.704 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, 2014 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

26.4.3 Foreign currency risk

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

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

As per the requirements of the IFRS 7, the Company shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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for the year ended december 31, 2014

Investment carried at fair value are categorized as follows:

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

	As at December 31, 2013			Total
	Level 1	Level 2	Level 3	
	------(Rupees in '000)-----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	3,598,329	-	-	3,598,329
- Mutual fund units	-	1,414,504	-	1,414,504
Investment in securities - financial assets available for sale				
- Quoted shares	293,500	-	-	293,500
- Mutual fund units	-	32,241	-	32,241

28 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns 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.

notes to and forming part of the financial statements

for the year ended december 31, 2014

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

	Continuing Operations		Discontinued Operations		Total Operations	
	2014	2013	2014	2013	2014	2013
	------(Rupees in '000)-----					
Net profit / (loss) for the year attributable to ordinary shareholders	898,787	1,176,817	-	(768)	898,787	1,176,049
	------(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	15.33	20.07	-	(0.01)	15.33	20.06

30 SUBSEQUENT EVENTS

- 30.1 The Board of Directors in its meeting held on February 23, 2015 has announced a final cash dividend of Rs. 42.50 per share (2013: Rs. 5.00 per share) in respect of the year ended December 31, 2014 amounting to Rs. 2,491.678 million (2013: Rs. 293.139 million). These financial statements for the year ended December 31, 2014 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

31 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest unaudited financial statements of the Fund for the half year ended December 31, 2014:

	2014	2013
	(Rupees in '000)	
Size of the fund - Total assets	14,585	18,575
Cost of investments made	11,210	17,667
Percentage of investments made	77%	95%
Fair value of investments	11,210	18,263

31.1 The break-up of fair value of investments is

	2014		2013	
	(Rupees in '000)	-----%-----	(Rupees in '000)	-----%-----
Banks / Mutual funds	11,210	100%	18,263	100%

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

notes to and forming part of the financial statements

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32 No of employees

The total average number of employees during the year and as at December 31, 2014 and 2013 respectively are as follows:

	2014	2013
	No of employees	
Average number of employees during the year	16	17
Number of employees as at December 31, 2014	15	17

33 GENERAL

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

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 23, 2015 by the Board of Directors of the Company.

pattern of shareholding

as at december 31, 2014

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) Kulsum Dawood	420,000 420,000	0.72
2	Associated Companies, undertakings and related parties Dawood Corporation (Pvt) Limited Dawood Industries (Pvt) Limited Pebbles (Pvt) Limited Asian Co-operative Society Limited Trustee-Hajjani Hanifa Bai Memorial Society	39,262,826 36,364,680 3,433 1,564,383 513,330 817,000	66.97
3	NIT & ICP Investment Corporation of Pakistan IDBL (ICP Unit)	704 40 664	-
4	Banks Development Financial Institutions Non-Banking Financial Institutions. United Bank Limited Union Bank Limited United Bank Limited - Badla Portfolio Habib Bank Limited	23,281 2,233 18,388 1,239 1,421	0.04
5	Insurance Companies Reliance Insurance Company Limited EFU Life Assurance Limited United Insurance Company Limited	46,658 11,658 20,000 15,000	0.08
6	Modarabas and Mutual Funds Growth Mutual Funds Limited Pak Asian Fund Limited	5,694 1,194 4,500	-
7	Public Sector Companies and Corporations Ghee Corporation of Pakistan Limited Burma Oil Mills Limited Pakistan Industrial Development Corporation	38,805 2,820 7,740 28,245	0.07
10	Others	284,820	0.49
11	General Public a. Local b. Foreign	18,544,934 18,493,525 51,409	31.63
	Total	58,627,722	100.00
	Shareholders holding 5% or more voting rights Dawood Corporation (Pvt) Limited Hussain Dawood	36,364,680 4,688,356	62.03 8.00

pattern of shareholding

as at december 31, 2014

No. of Shareholders	Shareholding Range		Total Shares held
	From	To	
265	1	100	5,502
378	101	500	163,107
300	501	1,000	284,602
497	1,001	5,000	1,323,396
117	5,001	10,000	899,827
41	10,001	15,000	523,020
22	15,001	20,000	391,933
23	20,001	25,000	525,033
17	25,001	30,000	473,683
6	30,001	35,000	199,709
6	35,001	40,000	226,022
3	40,001	45,000	126,836
5	45,001	50,000	243,195
7	50,001	55,000	365,463
2	55,001	60,000	117,116
1	60,001	65,000	65,000
1	65,001	70,000	66,349
1	70,001	75,000	70,153
1	75,001	80,000	76,768
1	80,001	85,000	81,188
1	90,001	95,000	93,744
1	100,001	105,000	100,100
1	110,001	115,000	112,486
1	130,001	135,000	135,000
1	170,001	175,000	172,071
1	200,001	205,000	201,490
1	290,001	295,000	292,932
1	355,001	360,000	358,500
1	415,001	420,000	420,000
1	490,001	495,000	490,500
1	510,001	515,000	513,330
1	585,001	590,000	586,537
1	815,001	820,000	817,000
1	1,560,001	1,565,000	1,564,383
2	1,800,001	1,805,000	3,601,200
1	1,885,001	1,890,000	1,887,511
1	4,685,001	4,690,000	4,688,356
1	36,360,001	36,365,000	36,364,680
1,713			58,627,722

S.No.	Caegories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
1	Banks Development Financial Institutions, Non Banking Financial Institutions	4	23,281	0.04
2	Insurance Companies	3	46,658	0.08
3	Directors, Chief Executive Officer and their spouse and minor children	1	420,000	0.72
4	Associated Companies, undertaking and related parties	5	39,262,826	66.97
5	NIT & ICP	2	704	-
6	Modarbas and Mutual Funds	2	5,694	-
7	Public Sector Companies and Corporation	3	38,805	0.07
8	Foreign Investors	2	51,409	0.09
9	Others	19	284,820	0.49
10	Individual	1,672	18,493,525	31.54
		1,713	58,627,722	100

Glossary

Abbreviation Description

AuM	Assets under Management
AGM	Annual General Meeting
BOD	Board of Directors
BIC	Board Investment Committee
CEO	Chief Executive Officer
COO	Chief Operating Officer
CS	Company Secretary
CFO	Chief Financial Officer
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 13	Calendar Year 2013
CPI	Consumer Price Index
CYTD	Calendar year to date
CSR	Corporate Social Responsibility
CCG	Code of Corporate Governance
DH Group	Dawood Hercules Group
DR	Discount Rate
DFI	Development Financial Institution
EBITDA	Earnings before interest, taxes, depreciation and amortization
EFF	Extended Fund Facility
EU GSP	European Generalised System of Preferences
EPS/(LPS)	Earnings per share/(Loss per share)
Ext. Hardrive	External hardrive
FY 13	Fiscal Year 2013
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource

Abbreviation Description

1HFY14	First Half Year 2014
2HCY 13	Second Half Calendar Year 2013
IA & C	Internal Audit and Compliance
Info.	Information
IPO	Initial Public Offering
Incl	Including
IMF	International Monetary Fund
ICH	International Clearing House
IFRS	International Financial Reporting Standards
IBNR	Incurred but not reported
IFAC	International Federation of Accountants
IAS	International Accounting Standards
KG	Kilo Grams
KPK	Khyber Pakhtunkhwa
Labs	Laboratories
LSM	Large Scale Manufacturing
LBT	Loss before tax
MIC	Management Investment Committee
Mgmt.	Management
NTN	National Tax Number
NBFI	Non-Bank Financial Institution
NIT	National Investment Trust
PkR	Pakistani Rupee
P/E	Price Earnings Ratio
PAT/(LAT)	Profit after tax/(Loss after tax)
PBT	Profit before tax
SME	Small and medium enterprises
SOEs	State Owned Enterprise
TOR	Terms of Reference
YoY	Year-over-year
5yr	Five years

Proxy Form



I/We _____ of _____
being a member of CYAN LIMITED and holder of _____ Ordinary Shares as
per Share Register Folio No. _____ and/or CDC participant ID No. _____
and Account / Sub-Account No. _____ hereby appoint _____
_____ of _____
or failing him/her _____ of _____ as my / our proxy to
vote for me and on my/our behalf at the 55th Annual General Meeting of the company to
be held at Marriott Hotel, Karachi on March 31, 2015 at 11:00 am and at any adjournment
thereof.

Signed this _____ day of _____ 2015

Witness 1
Signature _____
Name _____
CNIC No. or _____
Passport No. _____
Address _____

Witness 2
Signature _____
Name _____
CNIC No. or _____
Passport No. _____
Address _____

Signature on Revenue
Stamps of Rupees Five

Signature should agree with specimen
signature with the Company.

Notes:

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

Please
affix correct
postage

cyan_{Limited}

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

Website: www.cyanlimited.com



4th Floor, Dawood Centre, M.T. Khan Road, Karachi-75530
Ph: (92-21) 35684019, 35681491 Fax: (92-21) 35680218