cyan

taking entrepreneurship to scale

annual report 2011

We are pleased to introduce Cyan Limited (formerly Central Insurance Company Limited), our new name, logo and new identity with new business model focused on making equity investments in high potential companies. Cyan recognizes that entrepreneurs are the leaders behind innovation and employment creation. We believe that by combining the spirit of entrepreneurship with the sponsor's social, intellectual and financial resources, a platform can be created where long term relationships are established and growth opportunities are nurtured.

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

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

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

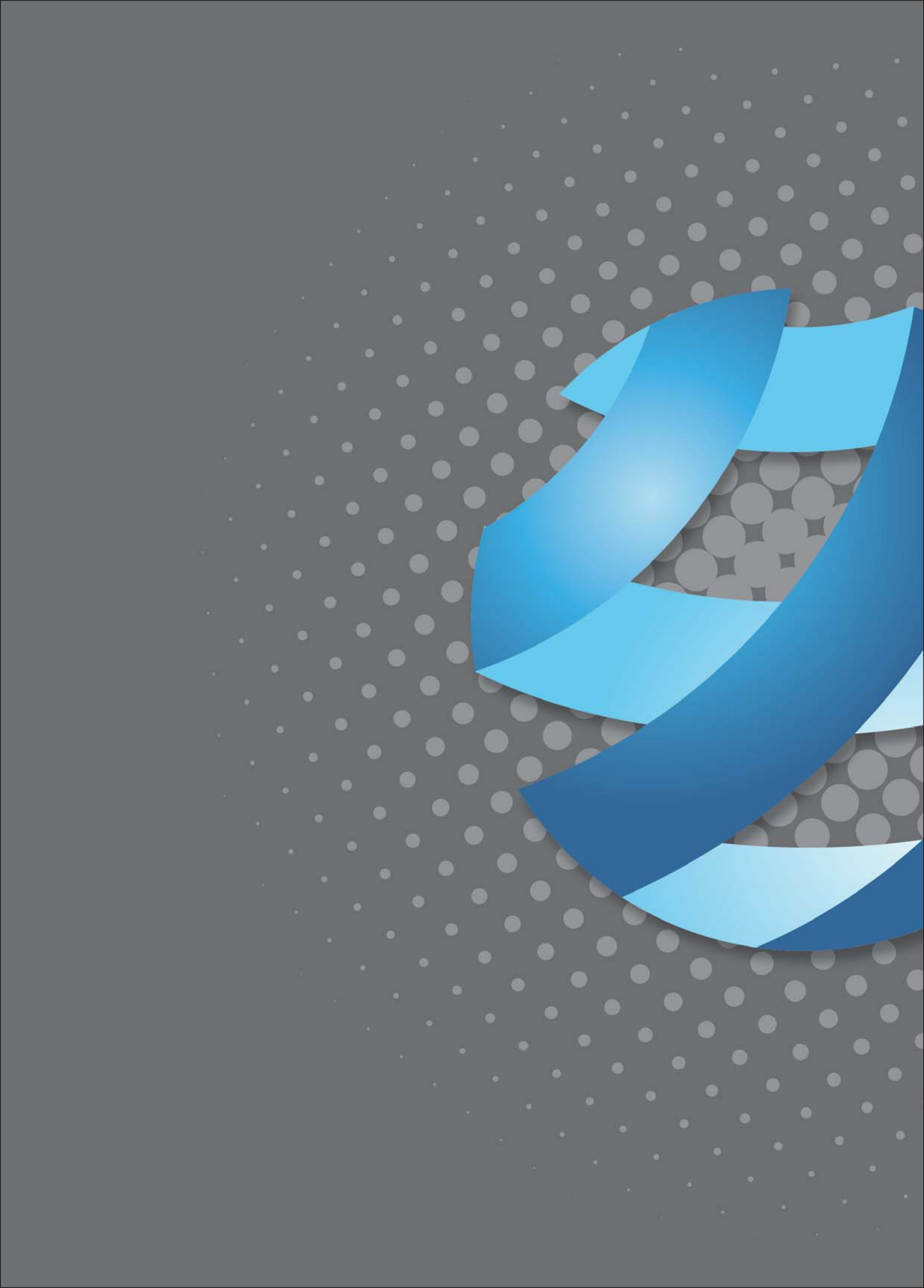
Our Specialties are:

- Process driven approach towards investment;
- Cultivating win-win opportunities;
- Nurturing entrepreneurial Eco-system in Pakistan;
- Engagement regardless of Company's funding needs;
- Informational advantage via Group's economic footprint.

Contents

Vision & Mission

"Taking Entrepreneurship to Scale"



Company Information

As at 31 December 2011

Board of Directors

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

Board Audit Committee

Shahid Hamid Pracha (Chairman)
Shafiq Ahmed
Ruhail Yousuf Muhammad

Board Compensation Committee

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

Board Investment Committee

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

COO & Company Secretary

Sulaiman S. Mehdi

CFO

Ghulam Haider

Internal Auditor

The Internal Audit Function has been outsourced to Ernst & Young Ford Rhodes Sidat Hyder

Share Registrar/Transfer Agent

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

Auditors

KPMG Taseer Hadi & Co.
(Chartered Accountants)
Sheikh Sultan Trust Building No. 2,
Beaumont Road, Karachi
Website: www.kpmg.com.pk

Tax Consultants

Tanuli Qazi Law Associates
346-Hotel Metropole, Club Road, Karachi

Legal Advisors

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

Bankers

Bank Al Habib Limited
Barclays Bank PLC Pakistan
MCB Bank Limited
Meezan Bank Limited
Standard Chartered Bank
Summit Bank Limited

Registered Office

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

Website

www.cyanlimited.com

Directors' Profiles

Shabbir Hussain Hashmi
Chairman

Shabbir Hashmi is an engineer from DCET, Pakistan and holds an MBA from J.F. Kennedy University, USA. He has more than 25 years of project finance and private equity experience. Until recently he led the regional operations of Actis Capital (formerly CDC Group Plc) for Pakistan and Bangladesh. Prior to joining Actis he worked for 8 years with the World Bank and USAID specializing in the energy sector. A CDC nominee in 2001-02 on the Engro Board, he has been serving as an independent Director on the Board since 2006.

A. Samad Dawood
Director/CEO

Abdul Samad is a graduate in Economics from University College London, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He is also the CEO of Dawood Corporation Private Limited and Patek Pvt. Limited. He is a Director on the Board of Dawood Hercules Corporation Limited, Sui Northern Gas Pipeline Limited, Dawood Lawrencepur Limited, Engro Fertilizers Limited, Engro Foods Limited, International Industries Limited, DH Fertilizers Limited, Tenaga Generasi Limited, WWF Pakistan, Inbox Business Technologies (Pvt.) Limited and Pebbles (Pvt.) Limited. He is a member of Young President Organization, Pakistan Chapter.

Isar Ahmad
Director

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

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 finance function at the Holding Company Level as General Manager - Finance. He is also serving on the Board of Directors of Dawood Lawrencepur Limited and Tenaga Generasi Limited. Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ford Rhodes Sidat Hyder & Co., a member of Ernst & Young International for nine years. Having a flair for textiles, energy and accounting, his career spans over 18 years working with industry leaders and pioneers in these fields. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from Karachi University.

M. Jawaid Iqbal
Director

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

Shahid Hamid Pracha
Director

Serves as Chief Executive of Dawood Hercules Corporation Limited and Chairman of DH Fertilizers Limited, Dawood Lawrencepur Limited, and Tenaga Generasi Limited. He is also a Director on the Boards of Engro Powergen Ltd. and Engro Powergen Qadirpur Ltd. He previously served as Chief Executive of the Dawood Foundation, the philanthropic arm of the Dawood Hercules Corporation. Mr. Pracha is a graduate electrical engineer from the University of Salford, UK and prior to joining the Dawood Group, spent a major part of his career with ICI Plc's Pakistan operations in a variety of senior roles including a period of international secondment with the parent company in the UK. He is also a founding member of the Pakistan Society for Human Resource Managers and previously served as the first CEO of the Karachi Education Initiative, the sponsoring entity of the Karachi School for Business & Leadership.

Ruhail Yousuf Muhammad
Director

Ruhail Mohammed has an MBA in Finance. He is a Senior Vice President and Chief Financial Officer of Engro Corp and since January 2012 also the Chief Executive of Engro Powergen Limited. He has served at various senior positions in Pakistan, UAE and Europe and is on the Board of Engro Foods Limited, Engro Powergen Qadirpur Limited, Avanceon Limited, Engro Fertilizers Limited, Engro Powergen Limited, Engro Eximp (Pvt.) Limited and Sigma Leasing Corporation Limited. He is also the Director of Pakistan Mercantile Exchange.

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

Key Financial Data

Key Financial Data

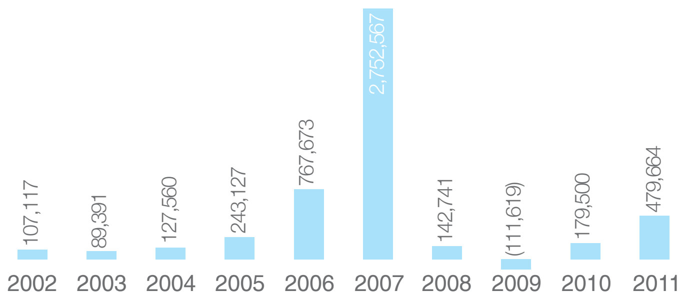
Ten Years at a Glance

Particulars	2011 Continuing	2011 Discontinued	2011 Total	2010 Continuing	2010 Discontinued	2010 Total
Rupees in '000						
Earnings				Restated	Restated	Restated
Gross premium	-	(17,720)	(17,720)	-	113,521	113,521
Net Premium	-	(4,503)	(4,503)	-	10,509	10,509
Underwriting Profit	-	(12,835)	(12,835)	-	3,996	3,996
Investment Income/(Loss)	479,664	-	479,664	179,500	-	179,500
Profit/(Loss) before tax	(159,254)	(12,835)	(172,089)	110,272	3,996	114,268
Profit/(Loss) after tax	(184,022)	(13,486)	(197,508)	105,148	3,164	108,312
Pay Out Information (%)						
Cash Dividend			25			25
Stock Dividend			-			50
Balance Sheet						Restated
Paid-up Capital			390,851			279,179
Equity			3,154,103			3,884,527
Investments			2,947,025			3,927,349
Cash & Cash Equivalents			19,230			10,296
Fixed Assets			1,590			1,944
Total Assets			3,202,647			4,064,279
Operating Performance						
Earning Per Share Basic and Diluted (Rupees)	(4.71)	(0.35)	(5.06)	2.69	0.08	2.77
Break-up Value per Share (Rupees)			80.7			139.14
Underwriting Result to Net Premium %		(285.00)	(285)		38.02	38.02
Return on Investments %	16.28		16.28	4.57		4.57

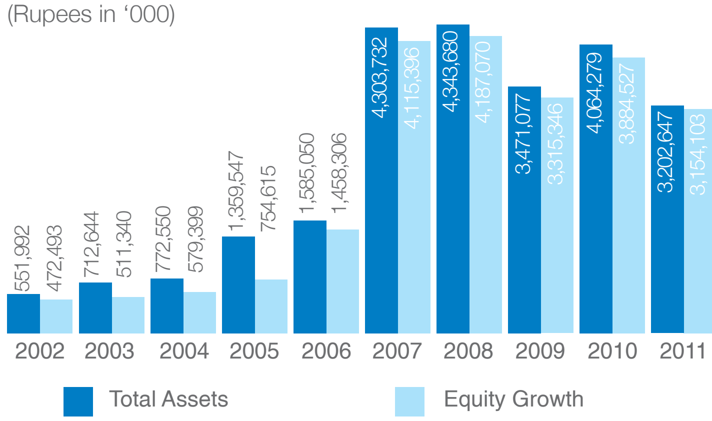
2009	2008	2007	2006	2005	2004	2003	2002
Rupees in '000							
98,610	110,070	145,629	101,327	166,022	119,033	52,763	47,174
13,397	14,758	20,851	42,073	56,969	18,590	9,987	14,512
10,774	14,993	12,612	12,453	18,405	10,008	12,012	13,182
(111,619)	142,741	2,752,567	767,673	243,127	127,560	89,391	107,117
(844,897)	133,687	2,764,738	730,310	222,449	156,116	102,555	117,925
(855,118)	116,421	2,747,982	750,090	200,640	131,621	77,369	104,817
20	20	50	50	40	60	40	80
25	20	20	-	10	20	10	20
Restated							
203,039	184,581	139,834	139,834	127,122	105,935	96,305	80,254
3,315,346	4,187,070	4,115,396	1,458,306	754,615	579,399	511,340	472,493
3,272,032	1,991,293	4,108,830	2,769,434	3,127,928	1,831,616	1,506,640	1,009,625
65,136	64,773	97,520	307,548	87,857	109,758	154,156	135,723
2,558	3,187	4,103	5,624	6,158	4,633	2,471	492
3,471,077	4,343,680	4,303,732	1,585,050	1,359,547	772,550	712,644	551,992
(30.63)	5.73	148.88	53.64	14.35	10.35	7.30	10.88
163.29	227.13	294.31	104.29	59.36	54.69	53.09	58.88
80.42	101.59	60.48	29.60	32.31	53.84	120.28	90.84
(3.43)	3.11	68.51	66.98	22.12	27.99	24.48	29.74

Graphical Presentation

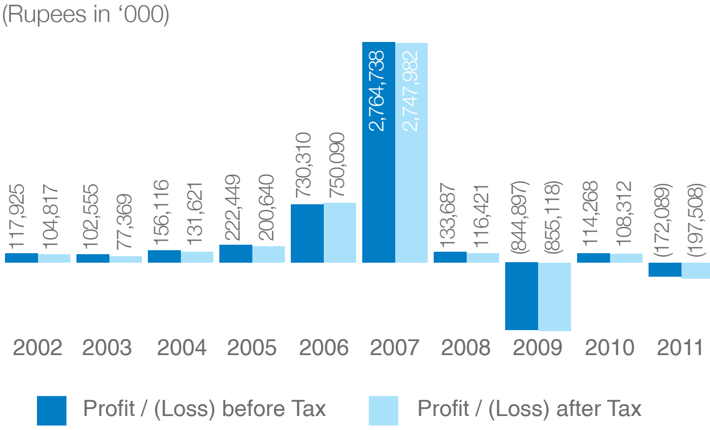
Investment Income/(Loss)
(Rupees in '000)



Total Assets & Equity Growth
(Rupees in '000)

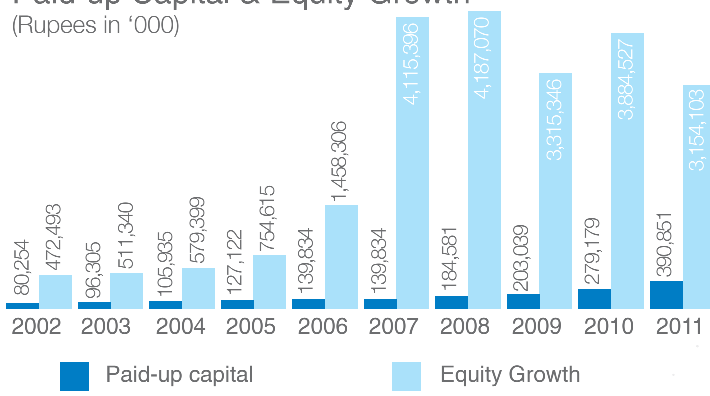


Profit / (Loss) before & after Tax
(Rupees in '000)



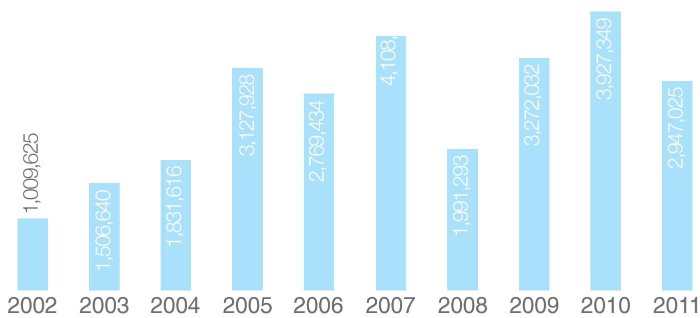
Paid-up Capital & Equity Growth

(Rupees in '000)

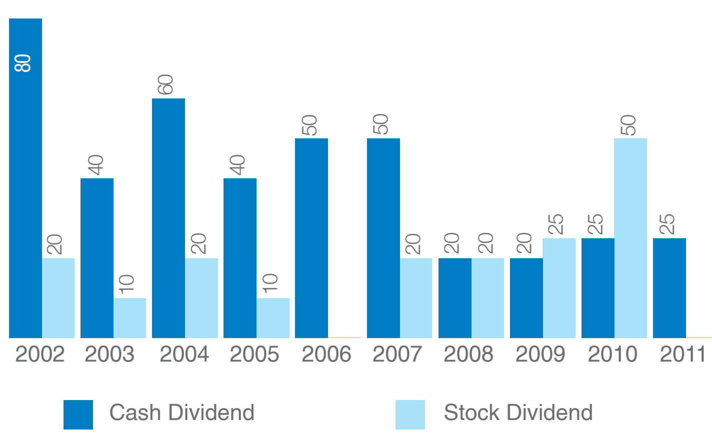


Investments

(Rupees in '000)



Cash & Stock Dividend (%)



Financial Analysis

Horizontal Analysis (Balance Sheet)

Particulars	2007	2008
	Rupees in '000	
Cash and bank deposits	97,520	64,773
Loan to employee	-	-
Investments	4,017,496	4,124,141
Deferred tax	10,498	850
Premiums due but unpaid	17,006	6,528
Amounts due from other insurers / reinsurers	29,464	10,730
Accrued investment income	1,162	1,229
Reinsurance recoveries against outstanding claims	20,795	32,528
Prepaid reinsurance premium ceded	66,933	60,413
Deferred commission	861	269
Taxation - payments less provision	34,986	37,737
Sundry receivables	2,908	1,295
Fixed assets	4,103	3,187
Total Assets	4,303,732	4,343,680
Issued, subscribed and paid-up share capital	139,834	184,581
(Accumulated losses) / Unappropriated profits	3,842,474	3,869,401
Reserves	133,088	133,088
Surplus on revaluation - AFS Investments	-	-
Provision for outstanding claims (including IBNR)	41,021	52,768
Provision for unearned premium	70,993	59,914
Commission income unearned	5,958	3,351
Deferred liabilities	780	845
Premiums received in advance	13	-
Amounts due to other insurers / reinsurers	28,272	21,862
Accrued expenses	2,100	2,833
Other creditor and accruals	11,844	5,430
Short term running finance	-	-
Unclaimed dividend	27,355	9,607
Total Shareholders' Equity and Liabilities	4,303,732	4,343,680

2009 Restated	2010 Restated	2011	08 Over 07	09 Over 08	10 Over 09	11 Over 10
Rupees in '000			Percentage Change			
65,136	10,296	21,230	-33.58%	0.56%	-84.19%	106.20%
-	6,930	5,814	0.00%	0.00%	100.00%	-16.10%
3,272,032	3,927,349	2,947,025	2.65%	-20.66%	20.03%	-24.96%
828	(105)	3,418	-91.90%	-2.59%	-112.68%	-3,355.24%
3,983	1,440	24	-61.61%	-38.99%	-63.85%	-98.33%
4,304	13,692	17,638	-63.58%	-59.89%	218.12%	28.82%
386	657	691	5.77%	-68.59%	70.21%	5.18%
69,396	48,337	25,352	56.42%	113.34%	-30.35%	-47.55%
32,415	29,495	-	-9.74%	-46.34%	-9.01%	-100.00%
110	253	-	-68.76%	-59.11%	130.00%	-100.00%
19,688	21,477	5,104	7.86%	-47.83%	9.09%	-76.24%
241	2,409	174,761	-55.47%	-81.39%	899.59%	7,154.50%
2,558	1,944	1,590	-22.33%	-19.74%	-24.00%	-18.21%
3,471,077	4,064,174	3,202,647	0.93%	-20.09%	17.09%	-21.20%
203,039	279,179	390,851	32.00%	10.00%	37.50%	40.00%
2,957,063	2,943,551	2,592,494	0.70%	-23.58%	-0.46%	-11.93%
133,088	133,088	133,088	0.00%	0.00%	0.00%	0.00%
22,156	528,709	37,670	-	-	2,286.30%	-92.88%
93,719	71,416	29,002	28.64%	77.61%	-23.80%	-59.39%
34,633	31,062	-	-15.61%	-42.20%	-10.31%	-100.00%
2,833	1,974	-	-43.76%	-15.46%	-30.32%	-100.00%
923	1,136	1,904	8.33%	9.23%	23.08%	67.61%
-	-	-	-100.00%	0.00%	0.00%	0.00%
10,164	5,782	3,038	-22.67%	-53.51%	-43.11%	-47.46%
2,468	8,438	4,870	34.90%	-12.88%	241.90%	-42.28%
2,776	17,179	383	-54.15%	-48.88%	518.84%	-97.77%
-	33,852	-	0.00%	0.00%	100.00%	100.00%
8,215	8,808	9,347	-64.88%	-14.49%	7.22%	6.12%
3,471,077	4,064,174	3,202,647	0.93%	-20.09%	17.09%	-21.20%

Vertical Analysis (Balance Sheet)

Particulars	2007	2008	2009 Restated
	Rupees in '000		
Cash and bank deposits	97,520	64,773	65,136
Loan to employee	-	-	-
Investments	4,017,496	4,124,141	3,272,032
Deferred tax	10,498	850	828
Premiums due but unpaid	17,006	6,528	3,983
Amount due from other insurers / reinsurers	29,464	10,730	4,304
Accrued investment income	1,162	1,229	386
Reinsurance recoveries against outstanding claims	20,795	32,528	69,396
Prepaid reinsurance premium ceded	66,933	60,413	32,415
Deferred commission	861	269	110
Taxation - payments less provision	34,986	37,737	19,688
Sundry receivables	2,908	1,295	241
Fixed assets	4,103	3,187	2,558
Total Assets	4,303,732	4,343,680	3,471,077
Issued, subscribed and paid up share capital	139,834	184,581	203,039
(Accumulated losses) / Unappropriated profits	3,842,474	3,869,401	2,957,063
Reserves	133,088	133,088	133,088
Surplus on revaluation - AFS investments	-	-	22,156
Provision for outstanding claims (including IBNR)	41,021	52,768	93,719
Provision for unearned premium	70,993	59,914	34,633
Commission income unearned	5,958	3,351	2,833
Deferred liabilities	780	845	923
Premium received in advance	13	-	-
Amounts due to other insurers / reinsurers	28,272	21,862	10,164
Accrued expenses	2,100	2,833	2,468
Other creditor and accruals	11,844	5,430	2,776
Short term running finance	-	-	-
Unclaimed dividend	27,355	9,607	8,215
Total Shareholders' Equity and Liabilities	4,303,732	4,343,680	3,471,077

2010 Restated	2011	2007	2008	2009	2010	2011
Rupees in '000		Percentage Change				
10,296	21,230	2.27%	1.49%	1.88%	0.25%	0.66%
6,930	5,814	0.00%	0.00%	0.00%	0.17%	0.18%
3,927,349	2,947,025	93.35%	94.95%	94.27%	96.63%	92.02%
(105)	3,418	0.24%	0.02%	0.02%	0.00%	0.11%
1,440	24	0.40%	0.15%	0.11%	0.04%	0.00%
13,692	17,638	0.68%	0.25%	0.12%	0.34%	0.55%
657	691	0.03%	0.03%	0.01%	0.02%	0.02%
48,337	25,352	0.48%	0.75%	2.00%	1.19%	0.79%
29,495	-	1.56%	1.39%	0.93%	0.73%	0.00%
253	-	0.02%	0.01%	0.00%	0.01%	0.00%
21,477	5,104	0.81%	0.87%	0.57%	0.53%	0.16%
2,409	174,761	0.07%	0.03%	0.01%	0.06%	5.46%
1,944	1,590	0.10%	0.07%	0.07%	0.05%	0.05%
4,064,174	3,202,647	100%	100%	100%	100%	100%
279,179	390,851	3.25%	4.25%	5.85%	6.87%	12.20%
2,943,551	2,592,494	89.28%	89.08%	85.19%	72.43%	80.95%
133,088	133,088	3.09%	3.06%	3.83%	3.27%	4.16%
528,709	37,670	-	-	0.64%	13.01%	1.18%
71,416	29,002	0.95%	1.21%	2.70%	1.76%	0.91%
31,062	-	1.65%	1.38%	1.00%	0.76%	0.00%
1,974	-	0.14%	0.08%	0.08%	0.05%	0.00%
1,136	1,904	0.02%	0.02%	0.03%	0.03%	0.06%
-	-	0.00%	0.00%	0.00%	0.00%	0.00%
5,782	3,038	0.66%	0.50%	0.29%	0.14%	0.09%
8,438	4,870	0.05%	0.07%	0.07%	0.21%	0.15%
17,179	383	0.28%	0.13%	0.08%	0.42%	0.01%
33,852	-	0.00%	0.00%	0.00%	0.83%	0.00%
8,808	9,347	0.64%	0.22%	0.24%	0.22%	0.29%
4,064,174	3,202,647	100%	100%	100%	100%	100%

Horizontal Analysis (Profit & Loss)

Particulars	2007	2008
	Rupees in '000	
Net premium revenue	20,851	14,758
Net claims	(8,713)	(6,562)
Expenses	(7,510)	(6,263)
Net commission	7,984	13,060
Investment income	2,752,567	142,734
Provision for impairment	-	(14,322)
Other income	12,184	3,399
Financial charges	(161)	(141)
General and administration expenses	(12,464)	(12,976)
Taxation	(16,756)	(17,266)
Profit/(Loss) after tax	2,747,982	116,421
Earnings/(Loss) per share (Rupees)	148.88	5.73

Vertical Analysis (Profit & Loss)

Particulars	2007	2008	2009
	Rupees in '000		
Net premium revenue	20,851	14,758	13,397
Net claims	(8,713)	(6,562)	(7,695)
Expenses	(7,510)	(6,263)	(10,075)
Net commission	7,984	13,060	15,147
Investment income	2,752,567	142,734	(111,619)
Provision for impairment	-	(14,322)	(737,444)
Other income	12,184	3,399	6,136
Financial charges	(161)	(141)	(402)
General and administration expenses	(12,464)	(12,976)	(12,342)
Taxation	(16,756)	(17,266)	(10,221)
Profit/(Loss) after tax	2,747,982	116,421	(855,118)

2009	2010 Restated	2011	08 Over 07	09 Over 08	10 Over 09	11 Over 10
Rupees in '000			Percentage Change			
13,397	10,509	(4,503)	-29.22%	-9.22%	-21.56%	-142.85%
(7,695)	(4,701)	9,588	-24.69%	17.27%	-38.91%	-303.96%
(10,075)	(15,315)	(19,647)	-16.60%	60.87%	52.01%	28.29%
15,147	13,503	1,727	63.58%	15.98%	-10.85%	-87.21%
(111,619)	179,500	479,664	-94.81%	-178.20%	-260.81%	167.22%
(737,444)	(43,474)	(601,097)	100.00%	5,049.03%	-94.10%	1,282.66%
6,136	3,433	2,597	-72.10%	80.52%	-44.05%	-24.35%
(402)	(5,103)	(225)	-12.42%	185.11%	1,169.40%	-95.59%
(12,342)	(24,084)	(40,193)	4.11%	-4.89%	95.14%	66.89%
(10,221)	(5,956)	(25,419)	3.04%	-40.80%	-41.73%	326.78%
(855,118)	108,312	(197,508)	-95.76%	-834.50%	-112.67%	-282.35%
42.12	2.77	(5.06)	-9.15%	-634.55%	-93.42%	-282.67%

2010 Restated	2011	2007	2008	2009	2010	2011
Rupees in '000		Percentage Change				
10,509	(4,503)	0.76%	12.68%	-1.57%	9.70%	2.28%
(4,701)	9,588	-0.32%	-5.64%	0.90%	-4.34%	-4.85%
(15,315)	(19,647)	-0.27%	-5.38%	1.18%	-14.14%	9.95%
13,503	1,727	0.29%	11.22%	-1.77%	12.47%	-0.87%
179,500	479,664	100.17%	122.60%	13.05%	165.72%	-242.86%
(43,474)	(601,097)	0.00%	-12.30%	86.24%	-40.14%	304.34%
3,433	2,597	0.44%	2.92%	-0.72%	3.17%	-1.31%
(5,103)	(225)	-0.01%	-0.12%	0.05%	-4.71%	0.11%
(24,084)	(40,193)	-0.45%	-11.15%	1.44%	-22.24%	20.35%
(5,956)	(25,419)	-0.61%	-14.83%	1.20%	-5.50%	12.87%
108,312	(197,508)	100.00%	100.00%	100.00%	100.00%	100.00%

Notice of the 52nd Annual General Meeting

Notice is hereby given that the Fifty Second (52nd) Annual General Meeting (AGM) of Cyan Limited (Formerly Central Insurance Company Limited) will be held at Marriott Hotel, Abdullah Haroon Road, Karachi at 12:00 noon on Saturday the April 28, 2012 to transact the following business:

Ordinary Business

1. To confirm the minutes of the 51st Annual General Meeting of the Company held on April 30, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2011 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 25% (Rs.2.5/- per share) for the year ended December 31, 2011 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31, 2012 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By order of the Board

SULAIMAN S. MEHDI
COO & Company Secretary

Karachi, March 27, 2012

Notes:

Closure of Share Transfer Books
The Share transfer books of the Company will remain closed from Saturday April 21, 2012 to Saturday April 28, 2012 (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 (6:00 p.m.) on Friday April 20, 2012 will be treated in time for the purpose of above entitlement to the transferees.

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

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

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

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

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

Directors' Report

Directors' Report

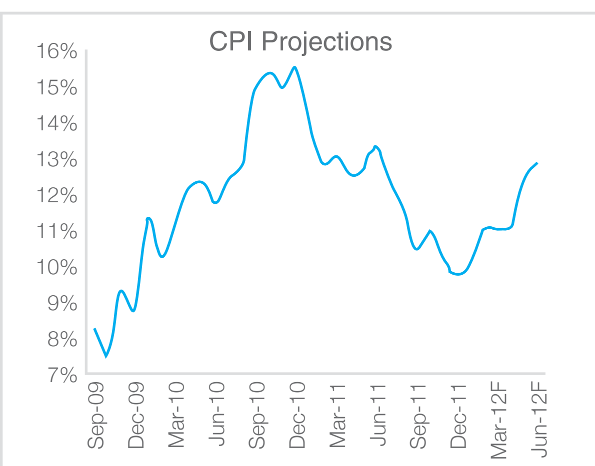
The Board of Directors is pleased to present the 52nd Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2011.

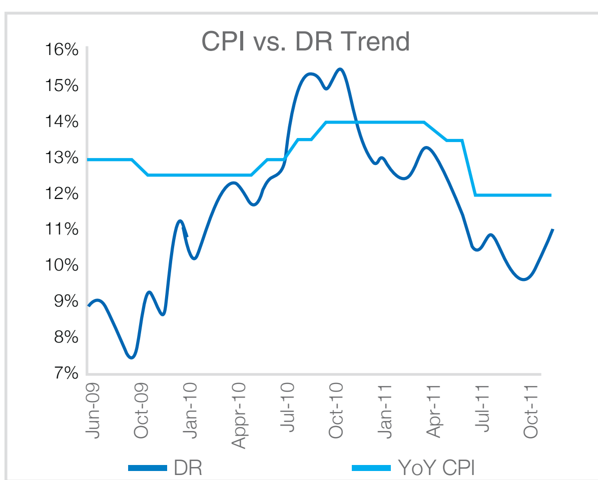
Economy Review

CY2011 was another challenging year for the Pakistan Economy although some areas depicted improvement. Foremost among these was inflation trajectory, with headline CPI declining from 14.2% in January 2011 to 9.8% in December 2011, the first time in more than two years that inflation registered in single digits.

As a result, average CY2011 CPI logged in at 12.2%, down from 13.9% in CY2010. This led to the SBP adopting a more lenient monetary policy stance where the Discount Rate was cut by 200bps to 12%. Going forward, inflationary pressures have geared up once again with February 2012 CPI clocking in at 11.05%YoY/0.3% MoM. If this trend entrenches, monetary tightening down the road cannot be ruled out particularly if Pakistan returns to a formal IMF program. In this regard, T-bill and PIB yields have already started inching up with a skew towards the shorter end of the yield curve. Recent news reports also indicate that NSS rates may soon be revised upwards, inline with the pickup in secondary market yields.

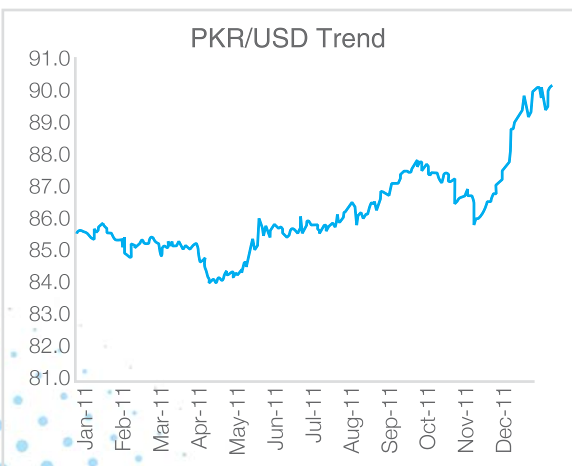
On the external front, while the current account registered a minor surplus in FY2011, the CY2011 Current Account balance was in deficit to the tune of USD1.57 billion. Regarding the latter, while remittances grew by a strong 26%YoY to USD12.2 billion in CY2011, the trade deficit expanded by 27%YoY to

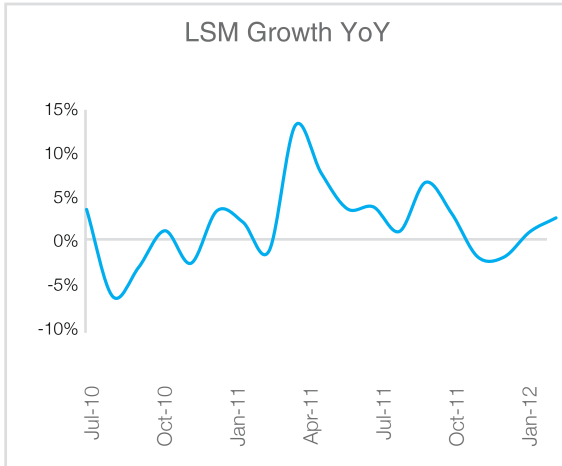




USD17.97 billion as import growth of 21.5%YoY countered exports growth of 17.8% YoY. While total foreign exchange reserves remained above USD 17bn in CY2011, underlying pressures on the external account led to a 4.4%YoY depreciation in the PKR/USD parity, with the exchange rate slipping close to Rs.90. That said, this is still better than the 6%-7% average annual currency depreciation since 1990.

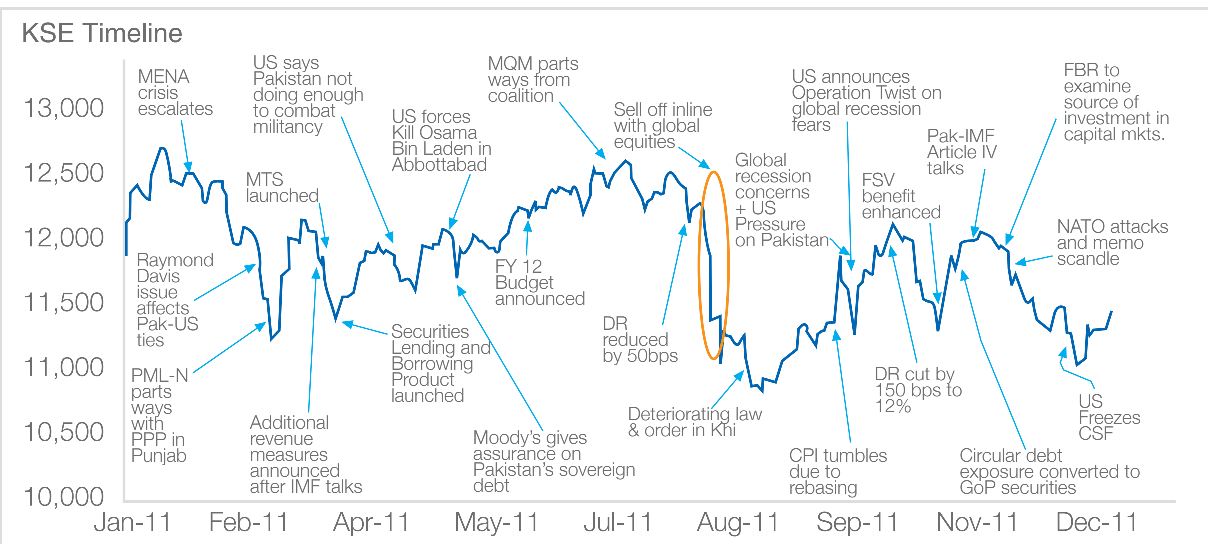
From a forward looking perspective, 2MCY2012 data indicates pressure on the external side is likely to continue, with likely swifter reserves erosion as principal IMF repayments commence in CY2012. As a result, escalating pressure on the currency cannot be ruled out going forward particularly if targeted foreign inflows (CSF/Etisalat/3G auction proceeds) fail to materialize. On a positive note however, normalizing US-Pakistan relations may see resumption of grants while, recently, the World Bank has approved a USD 1 billion soft loan for Pakistan, intended for improving power availability and efficiency in water use.





On the domestic front, the fiscal side remained a mixed bag. While tax collection grew by a robust 23%YoY to PKR 1.74 trillion in CY2011, continuing high current expenditures due to inefficient subsidies acted as a drag on the fiscal deficit. Although 2HCY2011 fiscal deficit came in at 2.5% of GDP (lower than 2.7% of GDP in the corresponding period last year), chronic shortcomings on the fiscal side entail deterioration going forward, particularly if the GoP resorts to populist decision making (e.g. higher wheat support price) ahead of general elections. As a result, the fiscal deficit may realistically clock in above 6% of GDP in 2012 where onus of financing this gap will likely continue to fall on domestic sources (primarily commercial banks). Serious structural reforms to raise the Tax-to-GDP ratio into double-digits and curtailment of current expenditure (particularly inefficient subsidies) are necessary to address chronic fiscal side problems.

On the real side, LSM on average depicted growth of 2.8%YoY in CY2011. Positives in private consumption and investment include 1) increase in consumption demand with higher production of consumer goods and renewed interest in auto finance primarily supported by growth in remittances, stable corporate profits and lower taxes, 2) FDI inflow in selected industries, 3) modest revival in construction activities and 4) downward pressure on price of agri-based raw material that has benefitted sugar and cotton yarn industries. However, industrial growth stagnated towards the end of the year, with LSM declining by 1.1% in 4QCY2011 due to persistent energy shortages and supply bottlenecks. These could potentially keep a stranglehold on GDP growth, which has remained subdued over the last few years and could potentially remain entrenched in the 3%-4% range unless underlying energy deficit is addressed.

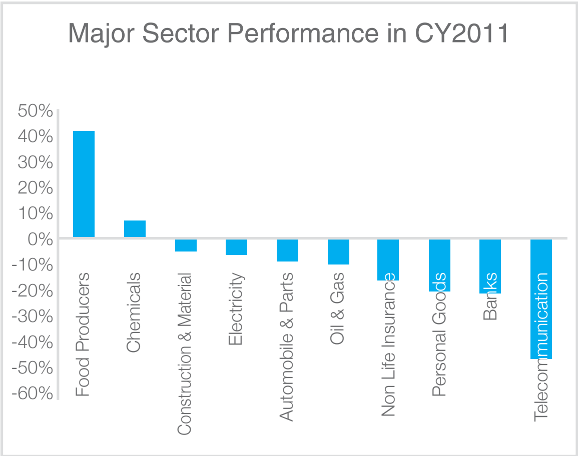


Stock Market Review CY2011 & CY2012 Outlook

CY2011 was a disappointing year for the Pakistan equity market as the KSE-100 Index, with thin trading, closed at 11,347.66 points, down 5.6%YoY. In this regard, escalating macroeconomic concerns, sustained political tension (both with the US and domestically), continuing law & order concerns and lack of positive sentiment (cold response to market leverage, CGT mechanism) came together to counter resumption of monetary easing and strong corporate earnings. Within individual sectors, notable outperformers included Food Producers (+42%YoY%) and Chemicals (+7%YoY) while Index heavyweights Banks (-22%YoY) and Oil & Gas (-10%YoY) were major drags. While the Pakistan Market was lackluster in CY2011 and witnessed consistent FPI outflow (~USD120mn), benchmark KSE performance was much better than MSCI Emerging Markets and Frontier Markets, down 20.6% and 22%, respectively. Market performance has considerably improved CYTD, with the KSE-100 Index up 17%, inline with concessions on CGT calculation. Considering that Pakistan still trades at a discount of 42% to the region (on P/E), the KSE-100 Index should post a solid return in full-year CY2012. However, nascent political & macroeconomic concerns could cap upside potential.

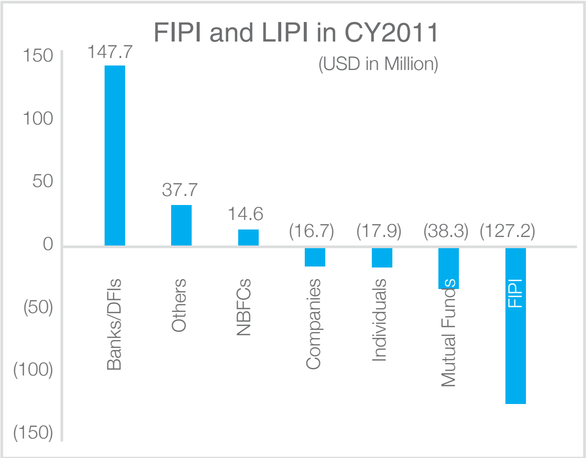
CY2011 Sectors Review

While most sectors depicted lackluster price performance, a few managed to deliver stellar returns. Outperformers include Food Producers (+42%YoY) and Chemicals (+7%YoY) on the back of strong cost pass-through ability. However, gains in the latter were eroded by year-end with fertilizer companies facing severe gas curtailment. Circular-debt concerns kept a lid on Oil & Gas (-10%YoY), Banks were down -22%YoY on asset quality and margin compression concerns while Personal Goods (-21%YoY) fell on sharply lower cotton prices and continuing Euro zone concerns.



Investor Participation

Macroeconomic concerns, sustained political tension and continuing law & order concerns kept a lid on foreign institutional participation with net outflow of ~USD120mn occurring in CY2011. On the flipside, Banks/DFIs remained buyers, injecting net inflow of ~USD150mn in the last year.



CY2012TD Performance

While CY2011 was lackluster, the benchmark KSE-100 Index has rebounded strongly in CY2012, up 17%CYTD as of Mar 22, 2012. In this regard, bullish sentiment has been propelled by concessions on CGT that are expected to be formally put into play from April 01, 2012 onwards. Specifically, CGT concessions include:

1) At-source deduction by NCCPL

2) Freezing of CGT rates until June 2014

3) No enquiry into source of income subject to 120 days holding period

In this regard, the top performing sectors CY12TD are Cement (+52%CYTD), Insurance (+30%CYTD) and Banks (+25%CYTD).

Outlook

Despite a solid gain of 17%CYTD, the KSE-100 Index still trades at an attractive forward P/E of 7.0x and dividend yield of 7.6%. These are attractive valuations by any measure where the Pakistan Market's discount to the region (on P/E) stands at 42% versus a historical discount of 35%. While 2012 macroeconomic concerns pose risks, expected continuation of strong corporate results should drive further valuation rerating. Key triggers/risks going forward include:

Politics

Underlying tension remains between Parliament and the Judiciary, which could potentially escalate going forward. On a positive note however, US-Pakistan relations appear to have normalized.

Macroeconomics

Recent data points towards slippages which could widen if attention turns away from macros as the coalition enters its last year in office.

FY13 Budget

Budget news flow is expected to start filtering through in the next month or so. This could potentially be a populist Budget - positive in the near-term but fraught with risks over the medium and longer term perspective.

Corporate Results

In general, corporate results should continue to be strong (Fertilizers may disappoint) which should drive further valuation rerating.

MSCI Review

Next review is scheduled for May 2012 which could potentially lead to upgrade of the Pakistan Market into the MSCI Emerging Markets Index from the MSCI Frontier Markets Index at present.

Regional Valuations

	EPS Growth	PE(x)	ROE (%)	Divd Yld (%)
Pakistan	8%	6.96	20.97	7.56
Indonesia	17%	10.91	20.91	2.85
Malaysia	17%	11.76	14.96	3.78
Philippines	11%	13.38	15.45	2.76
Vietnam	13%	13.85	20.78	4.81
India	15%	13.20	16.89	1.83
China	17%	8.43	15.91	3.22

Company Performance

Insurance - Discontinued Operations

During the year under review, the net premium loss of the company has been recorded at Rs.4.503 million compared to income of Rs.10.509 million last year, reflecting decline of 143% mainly due to premature cancellation of policies for discontinuation of the company's insurance business. During the year, net claims recovery amounted to Rs.9.588 million compared to claims expense of Rs.4.701 million last year due reversal in provision for IBNR Claims. The underwriting loss (net of tax) of the company as at December 31, 2011 stood at Rs.13.486 million compared to profit of Rs.3.164 million last year reflecting a decline of 526% attributable to reduced net premium and commission income and increased management expenses.

Reinsurance - Discontinued Operations

All the reinsurance treaties of the company expired on December 31, 2010. However Motor Excess of Loss Treaty was renewed and subsequently terminated on September 30, 2011 for facilitating the revocation of the insurance registration of the company duly authorized by the Securities and Exchange Commission of Pakistan (SECP) on November 30, 2011.

Investment- Continuing Operations

The company has realigned its portfolio to compliment its allocation towards high growth, low yield investments. To this effect, sizable investment in group companies like Engro Corporation and Dawood Hercules were substituted by energy, oil and gas, cement companies and money market mutual funds. Reduction in group related companies has also served in mitigating the concentration risk towards the fertilizer sector. These equity investments, by nature, are high yielding defensive positions that not only improve cash flows from our investments but also provide protection from currency devaluations and are positively skewed towards rising oil prices. Investment in mutual funds provides a stable and consistent return on the portfolio and helps curtail volatility of equity investments. As a result, dividends from our portfolio have increased by 20% to Rs.176 million for the year 2011 as opposed to Rs.147 million earned last year. Dividend income from related parties decreased by 26% from Rs.88 million to Rs.65 million, however, dividend income from others increased by 89% from Rs.59 million to Rs.111 million. This was mainly achieved due to investment in Hubco, FFC and POL. This combination of investments in high growth companies along with high yielding defensive plays, positions the company well to provide sustained long term capital growth whilst generating healthy cash flows to fund future investments. The company also earned capital gains of Rs.299 million during the year as opposed to Rs.29.04 million recorded in 2010. This improvement in capital gains realized was substantially on account of Engro Corp. (Rs.108 million), Dawood Hercules (Rs.98 million), ABL Cash Fund (Rs.27 million), Hubco (Rs.20 million) and POL (Rs.19 million).

Substantially due to steep decline in the share price of Engro Corporation on account of gas curtailment issues the provision for impairment in value of available for sale investments on December 31, 2011 stood at Rs.601 million compared to impairment of Rs.43 million on December 31, 2010 thus resulting in loss after tax of Rs.184 million as compared to profit of Rs.105 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2010 and 2011 is as under:

	2011	
	(LAT)/PAT Rs. in Million	(LPS)/EPS Rupees
Continuing Operations	184)	(4.71)
Discontinued Operations	(14)	(0.35)
Total	**(198)**	**(5.05)**

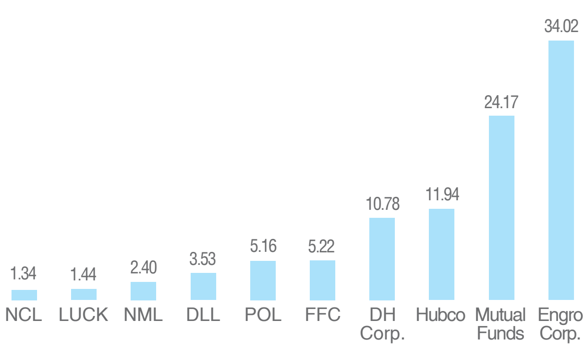
Rs. in Million

Continuing Operations	2011	2010	Change
Return on Investments	181	151	20%
Gain on Sale of Investments - Net	299	29	931%
Other Income	2	3	(33%)
	482	182	165%
Provision for Impairment	(601)	43	(1,498%)
	(119)	139	(186%)
Operating & Administrative Expenses	(40)	(24)	(67%)
Financial Charges	0	(5)	-
	(40)	(29)	(38%)
(LBT)/PBT	(159)	110	(245%)
Taxation	(25)	(5)	(400%)
(LAT)/PAT	(184)	105	(275%)
(LPS)/EPS - Rupees	(4.71)	2.69	(275%)

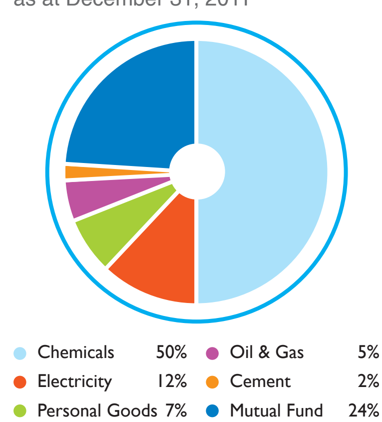
Rs. in Million

Discontinued Operations	2011	2010	Change
Net premium revenue/(Loss)	(5)	11	(145%)
Net claims recovery/(expense)	10	(5)	300%
	5	6	(17%)
Net expense	(18)	(2)	(800%)
(LBT)/PBT	(13)	4	(425%)
Taxation	(1)	(1)	-
(LAT)/PAT	(14)	3	(566%)
(LPS)/EPS - Rupees	(0.35)	0.08	(566%)

Portfolio Break-up based on Top Ten Holdings* (%)
as at December 31, 2011



Sector wise Break-up based on Top Ten Holdings* (%)
as at December 31, 2011



* Top Ten Holdings represent 97% of the total portfolio

Loss/Earnings per Share

During the year the company posted loss per share of Rs.5.06 compared to earnings per share of Rs.2.77 (restated) in 2010.

Appropriation and Dividend

The Company's loss after tax for the year ended December 31, 2011 stood at Rs.197.508 million compared to profit after tax of Rs.108.312 million.

The Board recommends a final cash dividend of 25% for the year ended 2011.

Credit Rating

On December 01, 2011 JCR-VIS Credit Rating Company Limited has withdrawn the Insurer Financial Strength (IFS) rating of 'A' (Single A) assigned to Formerly Central Insurance Company Limited presently Cyan Limited on account of revocation of company's insurance license on November 30, 2011.

Related Party Transactions

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

Material Information

During the year, the Board of Directors and shareholders of the Company in their respective meetings held on January 27, 2011 and March 10, 2011 respectively have approved a business restructuring plan (BRP), by virtue of which the Company has discontinued its insurance business and has continued 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) has de-registered the Company as an insurer and revoked the insurance license to carry on insurance business in exercise of its power under section 9(2) of the Insurance Ordinance, 2000. Due to de-registration as an insurance company with effect from November 30, 2011, IAS-39 - Financial Instruments has become applicable to the Company which resulted in change in accounting policy in respect of investments in available for sale securities.

Previously investments in available for sale securities were stated at lower of cost or market value, if the decline in the market value was other than temporary (i.e. impaired), in accordance with the requirements of SEC (Insurance) Rules, 2002. A fall in market value of a security was treated as "other than temporary (i.e. impaired)", if significant or prolonged decline in fair value of security below its cost. Reversals due to subsequent increase in the market value of these securities upto their original cost was recognized as income in the profit and loss account.

IAS-39 requires available for sale investments to be subsequently measured at fair value and any changes there in, other than impairment losses are recognized in other comprehensive income and presented in the surplus/(deficit) on revaluation of available for sale investments in equity. When an investment is derecognized, the gain and loss accumulated in equity is reclassified to profit and loss account.

This change in accounting policy was applied retrospectively in accordance with the requirements of IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'. Due to this change Rs.22 million and Rs.506 million was recognized and presented in the year 2009 and 2010 respectively in other comprehensive income and surplus on revaluation of available for sale investments. Further Rs.37.6 million has been recognized in other comprehensive income and surplus on revaluation of available for sale investments in 2011.

The New Business Model

Cyan Limited is a Principal Investments Company that will provide equity financing to capital constrained, closely held companies in Pakistan while maintaining an actively managed portfolio of liquid securities. The Company's primary sponsor - Dawood Group - has a proven track record in managing principal investments, improving corporate governance and maximizing shareholder returns in the Pakistani market. The Company's primary objective is to effectively monetize Dawood Group's existing capabilities and replicate best practices in future portfolio companies similar to those implemented by the Group across several associated companies.

Under the new business model, the company envisages to learn from its past successes and failures and to institutionalize its learning to generate long term returns from effectively managing its portfolio. The company has developed a team of highly motivated individuals of competence and integrity who can leverage on the strengths of the group. This has been done by conducting thorough economic analysis to develop an asset allocation that best fits the current and future direction of the economy. The asset allocation will then be executed by relying on the relationships, market access and opportunities available to the group as well as offered in the market. The ability to identify profitable and growing running businesses with effective management teams will be the critical factor for success of the company.

The company has inducted an incentive program that underpins the delivery of sustained management performance and returns over the long term as opposed to encouraging short term profit generating behaviors in order to generate optimum risk adjusted returns for its shareholders and other stakeholders of the Company.

A detailed report on the growth equity initiatives has been annexed after the Director's Report.

New Identity of the Company

The name of the company has been changed from Central Insurance Company Limited to Cyan Limited.

Board of Directors

The Board comprises of Seven Directors

Changes in the Board

During the year Messrs. Aziz Moon, Haroon Mehanti and Aleem A. Dani 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 Messrs. Shabbir Hussain Hashmi, M. Jawaid Iqbal and Ruhail Yousuf Muhammad who joined as members in place of the outgoing Directors.

Board Meetings

During the year under review, Seven (7) meetings of the Board of Directors were held, which were all presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings as were required by the Code of Corporate Governance. Attendance by each director was as follows:

	No. of meetings held during tenure of the director	No. of meetings attended
Shabbir Hussain Hashmi (Chairman)	4	4
A. Samad Dawood (CEO/Director)	7	6
Isar Ahmad (Director)	7	7
Shafiq Ahmed (Director)	7	7
M. Jawaid Iqbal (Director)	4	3
Shahid Hamid Pracha (Director)	7	7
Ruhail Yousuf Muhammad (Director)	4	4
Aziz Moon (Director)	3	3
Haroon Mehanti (Director)	3	2
Aleem A. Dani (Director)	3	0

Statement of Ethics and Business Practices

The Board has adopted the statement of Ethics and Business Practices. All employees have signed and understood that they are required to observe these rules of conduct in relation to business and regulations.

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 and specially in context to revocation of the company's insurance license have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.

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

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

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

g) The company has followed the best practices of the Corporate Governance as laid down in the Listing Regulations of the stock exchanges and there has been no material departure there from.

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

i) The value of investments of provident fund on the basis of un-audited accounts as on December 31, 2011 is Rs.3.759 million.

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

Sale of Shares	
Sulaiman S. Mehdi - COO	151,027 Shares

Ownership

As at December 31, 2011, there were 696 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2011, along with the necessary information is available at the end of this report.

Auditors

The present auditors M/s. KPMG Taseer Hadi & Company, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting. The Audit Committee has recommended the appointment of M/s. A.F. Ferguson & Company as Statutory Auditors of the company for the year ending December 31, 2012. 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.

Future Outlook

The economy is showing early signs of revival and with the change in the business model of the company, whereby it has discontinued its insurance business in entirety and is actively undertaking growth equity and portfolio investment business, the outlook is positive. The management team under its new CEO is fully committed to effectively implement the new business model to deliver a superior risk adjusted return to the shareholders.

Acknowledgement

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

On behalf of the Board

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Karachi: March 27, 2012

Growth Equity Overview

The Cyan Platform has already started bringing together high potential entrepreneurs, industry professionals and providers of capital through several avenues, which together form the components of Cyan's Pipeline Development Approach. By facilitating interaction between stakeholders, we aim to cultivate investment opportunities as opposed to simply evaluating them. Our process driven approach towards making investments has been designed to promote a dialogue between Cyan's Management team and entrepreneurs. By understanding an entrepreneur's aspirations, we believe win-win transactions can be cultivated for all stakeholders.

Cyan formed the Growth Equity Team on June 1, 2011 to identify and invest in high potential privately held companies in Pakistan. As a Company, we recognize that entrepreneurs are the leaders behind innovation and employment creation. We believe that by combining the spirit of entrepreneurship with the Dawood Group's social, intellectual and financial resources, a platform can be created where long term relationships are established and growth opportunities are nurtured.

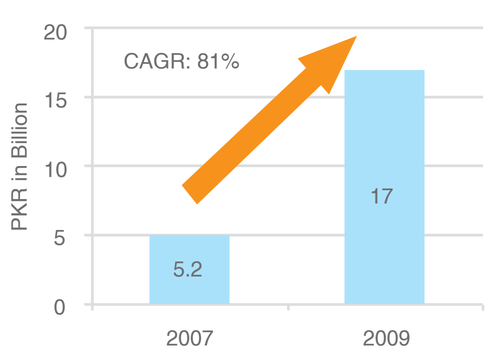
The Cyan Platform has already started bringing together high potential entrepreneurs, industry professionals and providers of capital through several avenues, which together form the components of Cyan's Pipeline Development Approach. By facilitating interaction between stakeholders, we aim to cultivate investment opportunities as opposed to simply evaluating them. Our process driven approach towards making investments has been designed to promote a dialogue between Cyan's Management team and entrepreneurs. By understanding an entrepreneur's aspirations, we believe win-win transactions can be cultivated for all stakeholders.

We define a high potential company as one, which is led by a driven entrepreneur who has identified the means to commercially address a significant market requirement and shown the ability to compete at national, regional and international level. Privately held high potential companies have exhibited tremendous growth rates in Pakistan despite turbulent economic and stock market conditions, which have cemented our belief that there is an abundance of high potential companies in Pakistan.

AllWorld Network - a Harvard University based organization - published a list of 25 private companies in January 2011 which registered an average annual growth rate of 81% between CY 2007 and 2009. After evaluating the quality of companies identified by AllWorld Network, we decided to sponsor the Pakistan 100, aimed at identifying and ranking 100 fastest growing private companies in Pakistan each year.

AllWorld's January 2011 survey comprised of 25 privately held companies, the aggregate statistics are listed below:

Aggregate Revenue - 25 Private Companies

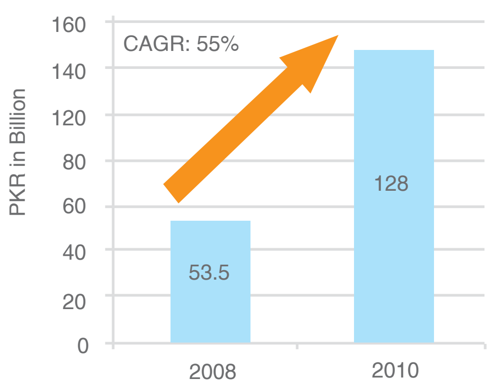


- 50% — Plan to raise outside capital within 2 years
- 47% — Struggle to find qualified human resource
- 43% — Mention Government regulations as an impediment to growth
- 33% — State that shortage and cost of borrowing as a growth impediment

AllWorld Network completed the Pakistan 100 survey in February 2012, and the results have not only validated Cyan's hypothesis about abundance of quality entrepreneurs in Pakistan, but has also provided Cyan an access to potential investment opportunities.

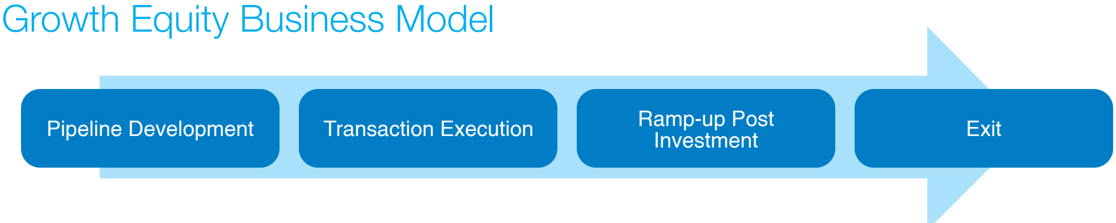
AllWorld's February 2012 survey comprised of 105 privately held companies, the aggregate statistics are listed below:

Aggregate Revenue - 105 Companies



- 77% Plan to raise outside capital within 2 years
- 31% Struggle to find qualified human resource
- 38% Mention Government Regulations as a growth impediment
- 21% State that shortage and cost of borrowing as a growth impediment

Growth Equity Business Model



The Growth Equity business model is focused on identifying high potential companies and providing them with equity capital to finance future growth opportunities. Cyan will typically hold a growth equity investment for 4-6 years, after which it will seek an exit from investment via trade sale, Initial Public Offering or a re-capitalization.

Growth Equity business model comprises of four stages:

1. Pipeline Development

a. Finding attractive investment opportunities in high potential privately held companies which are growing, profitable and have a minimum three year track record.

b. Pipeline development will remain an on-going process and will also take up majority of Management's time until first growth equity transaction is executed, after which there will be a significant time allocation towards Ramp-up Post Acquisition.

2. Transaction Execution

a. Performing due-diligence, negotiating on valuation and agreeing on future corporate strategy before injecting equity capital in a high potential company

3. Ramp-up Post Acquisition

a. Cyan's team will spend 4-6 years working with an investee to significantly enhance cash flow generation by providing access to business development opportunities, improving business processes and providing a private business with suitable visibility to ensure multiple exit opportunities are available at the end of the investment period

4. Exit

a. Each investment will be made after carefully considering several exit options, which will be exercised once the investee has achieved substantial EBITDA growth over a 4-6 years time period

The Growth Equity team initiated Pipeline Development efforts in October 2011 and will continue to focus primarily on Pipeline Development during FY 2012. While Cyan Management is committed to execute its first growth equity transaction in FY 2012, time allocation towards transaction execution will be contingent on the success of Pipeline Development efforts.

Pipeline Development and Transaction Origination - FY 2012 Focus

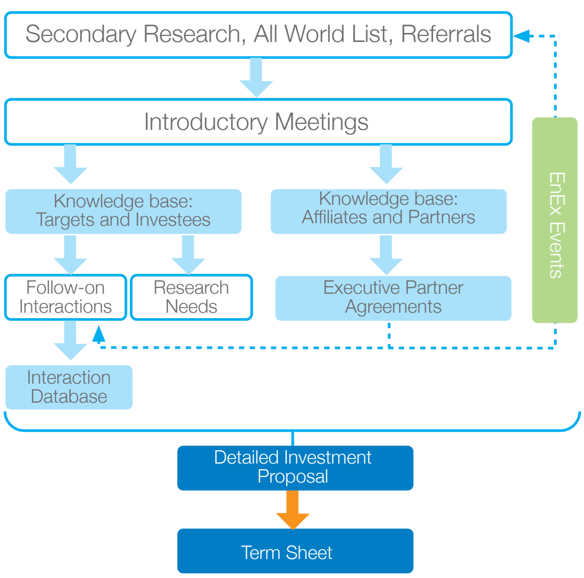
Cyan's Pipeline Development approach is process driven and puts the people running a business before the numbers. We developed this approach after carefully evaluating the business environment in Pakistan and historical - mostly negative - precedents associated with investing in privately held enterprises.

We have concluded that creating an eco-system which allows entrepreneurs, large corporations, regulators and providers of capital to interact while maintaining relationships with entrepreneurs on an on-going basis is the best way forward for developing a tangible deal pipeline. A transactional approach may be suitable for well developed markets where majority of the economy is documented; however, in Pakistan utilizing such an approach is not feasible in the near term.

Our process driven approach is geared towards simultaneously solving the information problem faced by most investors, as well as addressing the trust deficit that many investors face when they initially approach high potential companies in Pakistan. To supplement our origination efforts, we have created two platforms: the Entrepreneurs' Exchange (EnEx) and the Executive Partners Network (EPN), both of which are designed to help Cyan leverage knowledge and expertise into a deal flow that will eventually generate returns for its investors.

The Entrepreneurs Exchange - the most recent of which was held in Karachi on February 17 2012 - serves as a platform for the founders of new companies within a specific sector to meet and talk to each other about the problems and opportunities

The following figure explains Cyan's Pipeline Development approach:



- Cyan has developed a process driven approach which focuses on opportunity cultivation as opposed to opportunity evaluation only.
- The process involves engaging with entrepreneurs and enhancing their business development prospects by providing information access, facilitating introductions with likely business partners and providers of capital.
- The Dawood Group's footprint, interactions at the Entrepreneurs Exchange (EnEx) and guidance from the Executive Partner Network (EPN) makes the Cyan platform an ideal engagement avenue for high potential entrepreneurs.
- Each step is carefully documented, which serves as a basis for Cyan to connect companies with one another and invest in opportunities that may not be apparent.

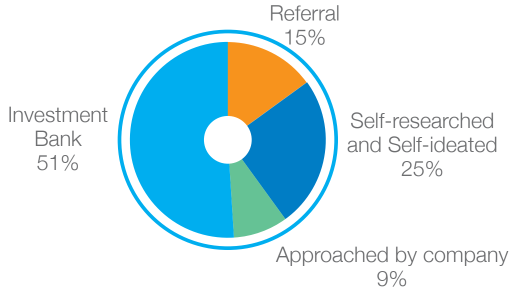
in their sector. The Executive Partner Network is a platform that allows Cyan to utilize Dawood Group' economic footprint by accessing the experience set of qualified industry professionals in evaluating and developing investment opportunities. Cyan benefits by deepening its knowledge of a given sector, obtaining advice from industry experts while also building relationships with companies it may later be able to invest in.

All activities undertaken by the Growth Equity team are carefully documented in a Knowledge Database to ensure that information gathered is disseminated effectively across Cyan and more importantly to ensure that the information value created becomes company property. We believe documentation of information will play a critical role in ensuring Cyan's long-term success.

The FY 2012 focus on Pipeline Development is based on research, which indicates an average success rate of 2-3% of deals reaching completion from the time of the first meeting in India and other emerging markets. We believe Cyan's success lies in improving the average success rate and this can only be achieved if the Pipeline Development process is streamlined to an extent when the right deals start coming themselves to Cyan. Achieving a higher success rate will enable Cyan to deploy capital effectively without significantly increasing fixed cost. We believe our process driven Pipeline Development approach is essential to achieve economies of scale with a lean management structure.

Secondly, 90+% of transactions sourced were self-approached and self-identified by Cyan. In contrast, the private equity market in India indicates 51% of transactions sourced by investment banks and financial advisors. Going forward we expect this trend to change, which will further supplement Cyan's opportunity identification capabilities.

Sources of Deals

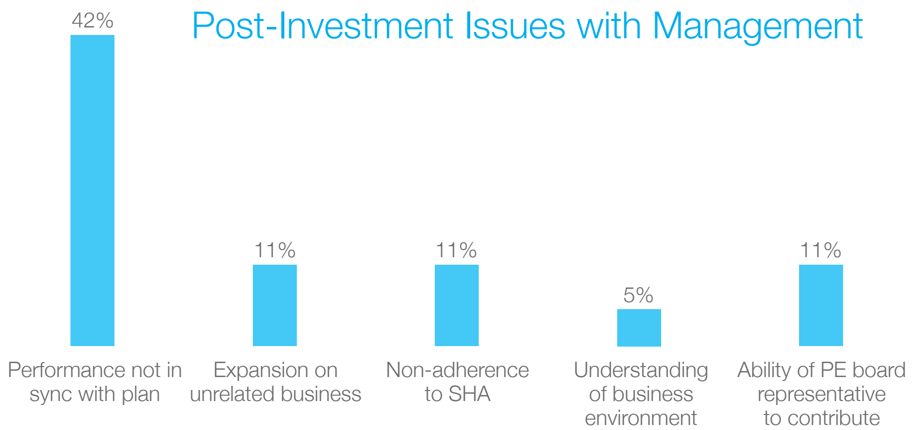


Source: Private Equity Investing in India - 2010 - Report by KPMG

Funnel of Investment

Cyan's primary motivation behind taking a process driven approach is to minimize post-investment issues with management. Based on data collected by KPMG, the single largest post investment issue is management's digression from agreed plans. We believe that a process driven approach that ensures a management team's aspirations are understood before an investment is made is suitable for an emerging market like Pakistan.

Post-Investment Issues with Management



Source: Private Equity Investing in India - 2010 - Report by KPMG

Growth Equity Progress - October 2011 to date

- Signed a contract with AllWorld Network to become Title Sponsors for the 2012 Pakistan 100 program which will map and rank 100 high potential companies in Pakistan each year.
- Conducted and documented introductory meetings with 46 privately held companies, and identified 65 additional potential companies through the AllWorld Network Rankings.
- Conducted and documented multiple follow on engagements with 6 privately held companies which are eager to partner with Cyan Limited
- Conducted and documented introductory meetings with 37 partners which mostly includes larger corporations, diversified business groups and potential co-investment partners.
- Established the Entrepreneurs Exchange (EnEx) program and conducted 3 EnEx sessions on entrepreneurship, agriculture and logistics.
- Conducted extensive research on the Agriculture, Foods, Retail and Logistics sectors.
- Established the Executive Partner Network (EPN).

The Pakistan Fast Growth -100

The Pakistan Fast Growth - 100

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in the Regulation No.35 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 Code in the following manner:

1. The Company encourages representation of independent non-executive Directors. At present the Board includes three independent non-executive Directors.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including this Company.

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 NBFI or, being a member of stock exchange, has been declared as a defaulter by that Stock Exchange.

4. No casual vacancy occurred on the Board of Director's during the year.

5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and important Terms of References (TORs), whereas formal documentation for significant policies of the Company will be approved in due course.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for the Board of Directors meeting held for the purpose of appointment of the Chairman. The minutes of the meetings were appropriately recorded and circulated.

9. The Board comprises of senior corporate executives and professionals' who are fully aware of their duties and responsibilities and requirements of the Code of Corporate Governance and hence need was not felt by the Directors for any orientation course in this regard. However the Board was in compliant with the requirement of Clause (xiv) of the Code regarding certification of the Directors.

10. No new appointment of the Chief Financial Officer and Company Secretary was made during the year. However subsequently the Board has approved the appointment of the Chief Financial Officer including his remuneration and terms and conditions of employment, as determined by the Chief Executive Officer. The outsourcing of the Internal Audit Function along with the terms and conditions has also been approved by the Board.

11. A party wise record of all transactions entered into with related parties has been maintained by the Company. All related party transactions entered during the year were on arms length basis and have been placed before the Audit Committee and approved by the Board of Directors.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. 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.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed underwriting, claims settlement, reinsurance and co-insurance committees. All committees except claims settlement committee stands dissolved as on November 30, 2011 due to revocation of the insurance license.

17. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors including the Chairman of the Committee.

18. 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 Code. The Terms of Reference (TOR) of the Committee have been formed and advised to the Committee for compliance.

19. The Board has set-up an effective internal audit function through outsourced resources of Chartered Accountants firm who have the necessary expertise for the subject.

20. 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 Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Karachi March 27, 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Cyan Limited (formerly Central Insurance Company Limited) ("the Company") to comply with the listing regulations of the respective Stock Exchanges, where the Company is listed, and the Code of Corporate Governance applicable to listed insurance companies issued under SRO 68(1)/2003, by the Securities and Exchange Commission of Pakistan till the date of revocation of insurance license (i.e. 30 November 2011).

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

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

Further sub-regulation (xiii a) of Listing Regulations 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length 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 of Corporate Governance as applicable to the Company for the year ended 31 December 2011.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Karachi March 27, 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
First Floor
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Cyan limited (formerly Central Insurance Company Limited) ("the Company") as at 31 December 2011 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change in accounting policy as stated in note 1.2 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 31 December 2011 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1 to the financial statements which describes that the Company has discontinued its insurance business and has been undertaking strategic and portfolio investment business accordingly, the accounting policies, statement of compliance and presentation and disclosures of the financial statements have been changed as stated in note 1.2. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Karachi March 27, 2012

Financial Statements

Balance Sheet
As at 31 December 2011

	Note	2011	2010 Restated	1 January 2010 Restated
			(Rupees in '000)	
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	1,586	1,931	2,540
Intangible	7	4	13	18
Long term loan	8	5,814	6,930	-
Deferred taxation	9	3,418	-	828
Investments	10	27,940	28,975	3,272,032
		38,762	37,849	3,275,418
CURRENT ASSETS				
Investments	10	2,919,085	3,898,374	-
Short term deposits	11	2,000	2,000	2,000
Taxation - net		5,104	21,477	19,688
Trade receivables	12	17,662	15,132	8,287
Advances and short term prepayments	13	100	29,595	32,415
Other receivables	14	200,704	51,556	70,133
Cash and bank balances	15	19,230	8,296	63,136
		3,163,885	4,026,430	195,659
TOTAL ASSETS		3,202,647	4,064,279	3,471,077
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital 100,000,000 (2010: 30,000,000) Ordinary shares of Rs. 10/- each		1,000,000	300,000	300,000
Issued, subscribed and paid-up share capital	16	390,851	279,179	203,039
Unappropriated profit		2,592,494	2,943,551	2,957,063
Reserves	17	133,088	133,088	133,088
Surplus on revaluation of available-for-sale investments		37,670	528,709	22,156
		3,154,103	3,884,527	3,315,346
NON-CURRENT LIABILITIES				
Deferred liability	18	1,904	1,136	923
Deferred taxation	9	-	105	-
		1,904	1,241	923
CURRENT LIABILITIES				
Creditors, accrued expenses and other liabilities	19	46,640	144,659	154,808
Short term running finance	20	-	33,852	-
		46,640	178,511	154,808
TOTAL EQUITY AND LIABILITIES		3,202,647	4,064,279	3,471,077
CONTINGENCIES AND COMMITMENTS	21			

The annexed notes 1 to 36 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Profit and Loss Account

For the year ended 31 December 2011

	Note	2011	2010 Restated
		(Rupees in '000)	
CONTINUING OPERATIONS			
Return on investments	22	181,027	150,461
Gain on sale of investments - net		298,637	29,039
Other income	23	2,597	3,433
		482,261	182,933
Provision of impairment in value of available-for-sale investments	10.2.7	(601,097)	(43,474)
		(118,836)	139,459
EXPENSES			
Operating and administrative expenses	24.2	(40,193)	(24,084)
Financial charges	25	(225)	(5,103)
		(40,418)	(29,187)
(LOSS) / PROFIT BEFORE TAXATION		(159,254)	110,272
Taxation - current	26.1	(23,500)	(15,500)
- prior		(437)	3,141
- deferred		(831)	7,235
		(24,768)	(5,124)
(LOSS) / PROFIT FROM CONTINUING OPERATIONS		(184,022)	105,148
DISCONTINUED OPERATIONS			
(Loss) / income from discontinued operations - (net of tax)	5.1	(13,486)	3,164
Net (loss) / profit for the year		(197,508)	108,312
Basic and diluted (loss) / earnings per share	32	(Rupees)	
From continuing operations		(4.71)	2.69
From discontinued operations		(0.35)	0.08
Total		(5.06)	2.77

The annexed notes 1 to 36 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Comprehensive Income

For the year ended 31 December 2011

	2011	2010 Restated
	(Rupees in '000)	
(Loss) / profit after tax	(197,508)	108,312
(Deficit) / surplus on revaluation of available-for-sale - (net of tax)	(491,039)	506,553
Total comprehensive (loss) / income for the year	(688,547)	614,865

The annexed notes 1 to 36 form an integral part of these financial statements.

The annexed notes 1 to 36 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital	Capital reserves			Revenue reserves		Surplus /	Total
	Issued subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropriated profit	(deficit) on revaluation of AFS	
	(Rupees in '000)							
Balance as at 1 January 2010 as previously reported	203,039	10,535	-	2,553	120,000	2,957,063	-	3,293,190
Effect of retrospective application of change in accounting policy referred in note - 2.5.1	-	-	-	-	-	-	22,156	22,156
Balance as at 1 January 2010 - as restated	203,039	10,535	-	2,553	120,000	2,957,063	22,156	3,315,346
Total comprehensive income for the year ended 31 December 2010								
Net profit for the year ended 31 December 2010 - as restated	-	-	-	-	-	108,312	-	108,312
Other comprehensive income	-	-	-	-	-	-	506,553	506,553
Transactions with owners recorded directly in equity								
Transfer to reserve for issue of bonus shares	-	-	50,760	-	-	(50,760)	-	-
Issue of bonus shares @ 25%	50,760	-	(50,760)	-	-	-	-	-
Final dividend of Rs.1 per share for the year ended 31 December 2009	-	-	-	-	-	(20,304)	-	(20,304)
Transfer to reserve for issue of bonus shares	-	-	25,380	-	-	(25,380)	-	-
Issue of bonus shares @ 10%	25,380	-	(25,380)	-	-	-	-	-
Interim dividend @ Rs.1 per share	-	-	-	-	-	(25,380)	-	(25,380)
	76,140	-	-	-	-	(121,824)	-	(45,684)
Balance as at 31 December 2010 - as restated	279,179	10,535	-	2,553	120,000	2,943,551	528,709	3,884,527
Total comprehensive income for the year								
Net loss for the year ended 31 December 2011	-	-	-	-	-	(197,508)	-	(197,508)
Other comprehensive (loss)	-	-	-	-	-	-	(491,039)	(491,039)
Transactions with owners recorded directly in equity								
Transfer to reserve for issue of bonus shares	-	-	111,672	-	-	(111,672)	-	-
Issue of bonus shares @ 40%	111,672	-	(111,672)	-	-	-	-	-
Final dividend of Rs.1.50 per share for the year ended 31 December 2010	-	-	-	-	-	(41,877)	-	(41,877)
	111,672	-	-	-	-	(153,549)	-	(41,877)
Balance as at 31 December 2011	390,851	10,535	-	2,553	120,000	2,592,494	37,670	3,154,103

The annexed notes 1 to 36 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Statement of Cash Flows

For the year ended 31 December 2011

	2011	2010 Restated
	(Rupees in '000)	
Operating activities		
Premiums (refunded) / received	(16,304)	116,064
Reinsurance premiums received / (paid)	8,906	(108,045)
Claims paid	(21,051)	(21,208)
Reinsurance and other recoveries received	13,812	5,875
Commission paid	(2,709)	(1,835)
Commission received	11	14,374
Other underwriting payments (management expenses)	(21,461)	(12,727)
Profit / return received	2,928	6,196
Dividends received	176,796	147,228
Payments for investments	(3,106,166)	(1,187,557)
Proceeds from disposal of investments	3,110,487	1,033,563
Long term loan repayment / (disbursed) to employee	1,116	(9,007)
Income tax paid	(17,391)	(14,147)
General management expenses paid	(38,391)	(11,863)
Other operating payments	(4,386)	(810)
Other operating receipts	-	65
Net cash generated / (used) in operating activities	86,197	(43,834)
Cash flows from investing activities		
Purchase of property and equipment	(385)	(286)
Proceeds from disposal of property and equipment	312	519
Net cash (used) / generated from investing activities	(73)	233
Cash flows from financing activities		
Dividends paid	(41,338)	(45,091)
Net cash used in financing activities	(41,338)	(45,091)
Net increase / (decrease) in cash and cash equivalents	44,786	(88,692)
Cash and cash equivalents at beginning of the year	(25,556)	63,136
Cash and cash equivalents at the end of the year	19,230	(25,556)
Cash and cash equivalents:		
Cash and bank balances	19,230	8,296
Short term running finance	-	(33,852)
	19,230	(25,556)

The annexed notes 1 to 36 form an integral part of these financial statements.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Notes to the Financial Statements

For the year ended 31 December 2011

1. STATUS AND NATURE OF BUSINESS

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

1.1 During the year, the Board of Directors and shareholders of the Company in their respective meetings held on 27 January 2011 and 10 March 2011 respectively have approved a business restructuring plan (BRP), by virtue of which the Company has discontinued its insurance business and has continued to undertake only strategic and portfolio investment business and investments in other financial instruments. On 30 November 2011, Securities and Exchange Commission of Pakistan (SECP) has de-registered the Company as an insurer and revoked the insurance license to carry on insurance business in exercise of its power under section 9 (2) of the Insurance Ordinance, 2000. On 8th December 2011, SECP has issued certificate of change of name of the Company from Central Insurance Company Limited to Cyan Limited. Accordingly, necessary amendments have also been made in the Memorandum and Articles of Association of the Company.

1.2 Up to 30 September 2011, the Company prepared and presented the financial statements in accordance with the statement of compliance and basis of preparation applicable to the insurance companies which has been disclosed in the financial statements of the Company for the year ended 31 December 2010. Due to the revocation of insurance license by SECP, the Company changed its relevant accounting policy, statements of compliance and restated / reclassified balances in the financial statements. The revised statement of compliance, change in accounting policy, restatement / reclassification and disclosures of discontinued operation have been disclosed in note 2.1, 2.5.1, 2.5.2 and 5 respectively.

The aforementioned changes were made retrospectively to the earliest period presented.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall 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 10.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards as applicable in Pakistan that have significant effect on the financial statements with a significant risk of material adjustments in the next year are as follows:

i) Provision for outstanding claims as stated in creditors, accrued expenses and other liabilities (note: 4.16.2 and 19).
ii) Reinsurance recoveries against outstanding claims as stated in other receivables (note: 4.16.8 and 14).
iii) Taxation (note: 4.6 and 26).
iv) Classification of investment and provision for Impairment there against (note: 4.4 and 10).
v) Staff retirement benefits as stated in deferred liability (note: 4.1 and 18).
vi) Depreciation and amortization (note: 4.7, 6 and 7).

2.5 Restatements / Reclassification

As disclosed in note 1, the insurance license of the Company was revoked and accordingly the Company has changed its accounting policy and restated / reclassified various balances and assets which are detailed below:

2.5.1 Change in accounting policy

Due to de-registration as an insurance company with effect from 30 November 2011, IAS 39 - Financial Instruments has become applicable to the Company which resulted in change in accounting policy in respect of investments in available for sale securities.

Previously investments in available for sale securities were stated at lower of cost or market value, if the decline in the market value is other than temporary (i.e. impaired), in accordance with the requirements of SEC (Insurance) Rules, 2002. A fall in market value of a security is treated as "other than temporary (i.e. impaired)", if there is a significant or prolonged decline in fair value of security below its cost. Reversals due to subsequent increase in the market value of these securities upto their original cost is recognised as income in the profit and loss account.

IAS 39 requires available for sale investments to be subsequently measured at fair value and any changes there in, other than impairment losses (see note 10) are recognized in other comprehensive income and presented in the surplus / (deficit) on revaluation of available for sale investments in equity. When an investment is derecognized, the gain and loss accumulated in equity is reclassified to profit and loss account.

This change in accounting policy was applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Effects of the retrospective application of change in accounting policy are as follows:

	As at 31 December 2010			As at 31 December 2009		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
Effect on Balance Sheet	(Rupees in '000)					
Investments	3,774,216	3,927,349	153,133	3,249,876	3,272,032	22,156
Surplus / (deficit) on revaluation	-	528,709	528,709	-	22,156	22,156
Deferred tax	7,231	(105)	(7,336)	828	828	-
Unappropriated profit	3,326,463	2,943,551	(382,912)	2,957,063	2,957,063	-
Increase in Equity			145,803			22,156

	As at 31 December 2010		
	As previously reported	As re-stated	Re-statement
Effect on Profit and Loss Account	(Rupees in '000)		
Provision of impairment in value of available-for-sale investments	339,438	(43,474)	(382,912)
Effect on the Statement of Comprehensive Income			
Surplus / (deficit) on revaluation of investments for the year	-	513,889	513,889
Deferred tax charged to equity	-	(7,336)	(7,336)
Effect on comprehensive income	-	506,553	506,553
Effect on earning per share :	(Amount in Rupees)		
Earning per share - basic and diluted (including discontinued operations)	17.60	2.77	(14.83)
Effect of 40 % bonus shares issued			5.03
Effect of retrospective application of change in accounting policy			(9.80)

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

Had there been no change in accounting policy, the carrying values as at 31 December 2011 would have been as follows:

	(Rupees in '000)
Investment	2,918,045
Surplus / (deficit) on revaluation	-
Deferred tax	5,748
Unappropriated profit	2,603,531

2.5.2 Corresponding figures

Due to discontinuation of insurance business (refer note 5), corresponding figures have been reclassified to comply with the requirements of Fourth Schedule of the Companies Ordinance, 1984. Details of which are as follows:

Reclassification from	Reclassification to	2010	2009
Balance Sheet		(Rupees in '000)	
Cash and bank deposits Deposits maturing within 12 months	Short term deposits Deposits maturing within 12 months	2,000	2,000
Other assets Premiums due but unpaid	Trade receivables Premiums due but unpaid	1,440	3,983
Other assets Amounts due from other insurers / reinsurers	Trade receivables Amounts due from other insurers / reinsurers	13,692	4,304
Other assets Accrued investment income	Other receivables Accrued investment income	657	386
Other assets Reinsurance recoveries against outstanding claims	Other receivables Reinsurance recoveries against outstanding claims	48,337	69,396
Other assets Deferred commission expense	Other receivables Deferred commission expense	253	110
Other assets Prepayments - prepaid reinsurance premium ceded	Advances and short term prepayments Prepayments - prepaid reinsurance premium ceded	29,495	32,415
Other assets Sundry receivables	Other receivables Sundry receivables	2,409	241
Fixed assets - tangible Furniture, fixtures, office equipment and Motor vehicles	Non-current assets Property and equipment	1,931	2,558
Underwriting provisions Provision for outstanding claims (IBNR) premium ceded	Creditors, accrued expenses and other liabilities Provision for outstanding claims (IBNR) premium ceded	71,416	93,719
Underwriting provisions Provision for unearned premium	Creditors, accrued expenses and other liabilities Provision for unearned premium	31,062	34,633
Underwriting provisions Commission income unearned	Creditors, accrued expenses and other liabilities Commission income unearned	1,974	2,833
Creditors and accruals Amount due to other insurers / reinsurers	Creditors, accrued expenses and other liabilities Amount due to other insurers / reinsurers	5,782	10,164
Creditors and accruals Accrued expenses	Creditors, accrued expenses and other liabilities Accrued expenses	8,438	2,468
Creditors and accruals Other creditors and accruals	Creditors, accrued expenses and other liabilities Other creditors and accruals	17,179	2,776
Other liabilities Unclaimed dividend	Creditors, accrued expenses and other liabilities Unclaimed dividend	8,808	8,215

Reclassification from	Reclassification to	2010
Profit and loss account		(Rupees in '000)
Revenue account	(Loss) / income from discontinued operations -(net of tax)	
Net premium revenue	Net premium revenue	10,509
Net claims	Net claims	(4,701)
Expenses	Expenses	(15,315)
Net commission	Net commission	13,503
Investment income or loss	Return on investments	
Income from Non-Trading Investments		
Held-to-maturity	Held-to-maturity	
Return on Government Securities	Return on Pakistan investment bonds	2,331
Amortisation on PIBs	Amortisation:	
	Pakistan investment bonds	902
Available-for-sale	Available-for-sale	
Dividend income:	Dividend income:	
- Related parties	- Related parties	88,324
- Others	- Others	58,904
Investment income or loss		
Income from Non-Trading Investments		
Gain on sale of available for sale investments	Gain on sale of investments - net	29,039

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2012:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

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

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

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) – (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

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

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

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for change in accounting policy as explained in note 2.5.1.

Certain comparative amounts in the statement of financial position and profit and loss account have been reclassified to confirm with the current year's presentation (see note 2.5.2). In addition, the comparative profit and loss account has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 5).

4.1 Employee benefits

4.1.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of the basic salary.

4.1.2 Defined benefit plan

The Company operates an unfunded approved gratuity scheme for all permanent employees who have completed minimum qualifying period of service. The contributions to the scheme are made in accordance with the independent actuarial valuation using Projected Unit Method.

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

4.1.3 Employees' compensated absences

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

4..2 Creditors, accruals and provisions

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

Provisions are recognized 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 balance sheet date and adjusted to reflect the current best estimate. For policies in respect of provision for outstanding claims, provision for unearned premium and commission income unearned are disclosed in note 4.18, 4.19 and 4.21.2 respectively.

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 and short term running finance.

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/reclassifies its investments at fair value through profit or loss, available for sale and held to maturity.

All investments are initially recognized at cost, being the fair 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 profit and loss account when incurred.

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

4.4.1 Financial assets at fair value through profit and loss

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

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

4.4.2 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rate are considered as available-for-sale. Available for sale financial assets are non-derivative financial assets that are designated as available for sale are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction cost, subsequent to initial recognition, they are measured at fair value and changes there in, other than impairment loss (see note 10) are recognized in other comprehensive income and presented in the surplus / (deficit) on revaluation of available for sale in equity. When an investment is derecognized, the gain and loss accumulated in equity is reclassified to 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 amortized cost. Impairment in value, if any, is taken to profit and loss account.

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

4.5 Fair values

The fair value of financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets is determined by reference to their closing price at the reporting date (1 January 2010 values represents opening price of the date).

4.6 Taxation

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

4.6.1 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.

4.6.2 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.

4.7 Property and equipment

4.7.1 Tangible

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Maintenance and normal repairs are charged to profit and loss 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 property and equipment is charged to profit and loss 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 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 property and equipment is included in profit and loss in the current year.

4.7.2 Intangible

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

4.8 Impairment

4.8.1 Financial assets

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or 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 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 asset 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 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 other comprehensive income.

4.8.2 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 suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.9 Revenue recognition

4.9.1 Return on Investment

i) Dividend income and entitlement of bonus shares is recognised when the right to receive the dividend and bonus shares is established.
ii) Gain or loss on sale of investment is included in profit and loss in the current year.
iii) Income on held to maturity investments is recognised on time proportion basis using effective yield method.

4.9.2 Profit on bank accounts and deposits

Profit on bank accounts and deposits are recognised on time proportional basis using effective yield method.

4.10 Earnings per share

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

4.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the net premium basis.

4.12 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, premiums due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries against outstanding claims, accrued investment income, sundry receivables, amount due to other insurers / reinsurers, loan to employees, accrued expenses, other creditors and accruals and unclaimed dividends.

All the 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 comprises 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 its fair value 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.

4.13 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 into profit and loss account.

4.14 Off-setting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to off-set 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.

4.15 Dividend declaration and reserve appropriation

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

4.16 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.

4.16.1 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholder of a specified uncertain future event (the insured event) that adversely affects the policyholders are insurance policy contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company enters into fire and property damage, marine, motor, burglary, loss of cash in transit, personal accident, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts other than those which fall under Treaty.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

4.16.2 Provision for outstanding claims (including IBNR)

Insurance claims include all claims occurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

4.16.2.1 Provision for outstanding claims

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is based on the best estimate of the claims intimated or assessed on or before the end of the financial year and measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

4.16.2.2 Claims reported but not settled

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses, and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sum insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

4.16.2.3 Claims incurred but not reported (IBNR)

Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

4.16.3 Provision for unearned premium

The Company maintains unearned premium on all classes of business, determined as the ratio of the unexpired period of the policy and the total period of the policy.

4.16.4 Premium deficiency reserve

The Company is required to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recognised as an expense in the profit and loss account.

The management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

4.16.5 Commission

4.16.5.1 Commission expense

Commission expense incurred in obtaining and recording policies are deferred and recognised as an asset in relation with unearned premium revenue that will be recognised in the subsequent reporting period.

4.16.5.2 Commission income

Commission income from reinsurers is taken to profit and loss account as income in accordance with the pattern of recognition of the reinsurance premium to which they relate. Unearned portion of commission income relating to the unexpired period is recognised as a liability.

4.16.6 Reinsurance ceded

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance contracts as required by Insurance Ordinance, 2000.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the difference as impairment loss.

4.16.7 Premiums due but unpaid

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for impairment, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes the difference as impairment loss.

4.16.8 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from the re-insurers are recognised as an asset at the same time as the claims which give rise to the right of recoveries are recognised as a liability and are measured at the amount expected to be received.

4.16.9 Premium income

Premium income under a policy is recognised over the period of insurance from the date of inception of the policy to which it relates to its expiry as follows:

i) For direct business, evenly over the period of the policy.
ii) For proportional reinsurance business, evenly over the period of the underlying insurance policies.
iii) For non-proportional reinsurance business, in accordance with the pattern of reinsurance service.

4.16.10 Administrative surcharge

Administrative surcharge recovered from the insured is recognised as part of premium.

4.16.11 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written and on the basis of the effects of the management. Expenses not allocable to the insurance business (discontinued in the month of 30 November 2011 refer note 24.2) are charged as administrative and investment related expenses.

5. DISCONTINUED OPERATIONS

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

Comparative figures of profit and loss account have been re-presented to show discontinued operations separately from continuing operations.

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

Results from discontinued operations		2011	2010
		(Rupees in ‘000)	
Net premium revenue / (loss)	5.4	(4,503)	10,509
Net claims recovery / (expense)	5.5	9,588	(4,701)
Net expense	5.6	(17,920)	(1,812)
Results from operating activity		(12,835)	3,996
Taxation - deferred	26.2	(651)	(832)
(Loss) / income from discontinued operations - (net of tax)		(13,486)	3,164

	2011	2010 Restated
	(Rupees)	
Earning per share - basic and diluted	(0.35)	0.08

5.2 Cash flow from discontinued operations

	2011	2010
	(Rupees in ‘000)	
Net cash used in operating activities	(38,795)	(7,502)
Net cash used / generated from investing activities	(73)	233
Net cash used in discontinued operations	(38,868)	(7,269)

5.3 The carrying amount of these divisions' assets and liabilities are as follow:

	2011	2010	1 January 2010
	(Rupees in '000)		
Assets	50,176	105,718	178,026
Liabilities	39,001	136,987	147,516

5.4 Statement of Premiums

	Class	Premiums written	Unearned premium reserve Opening	Unearned premium reserve Closing	Premiums earned	Re-insurance ceded	Prepaid Re-insurance Ceded Opening	Prepaid Re-insurance Ceded Closing	Re-insurance expense	**Net premium revenue 2011**	Net premium revenue 2010
		(Rupees in '000)									
Direct and Facultative	1. Fire and property damage	(13,652)	20,392	-	6,740	(13,595)	20,186	-	6,591	149	1,638
	2. Marine, aviation and transport	-	1,562	-	1,562	-	1,389	-	1,389	173	2,403
	3. Motor	(628)	1,195	-	567	162	85	-	247	320	5,891
	4. Miscellaneous	(3,440)	7,913	-	4,473	1,783	7,835	-	9,618	(5,145)	577
	Total	(17,720)	31,062	-	13,342	(11,650)	29,495	-	17,845	(4,503)	10,509

5.5 Statement of Claims

	Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Re-insurance and other recoveries revenue	**Net claims expense 2011**	Net claims expense 2010
		(Rupees in '000)									
Direct and Facultative	1. Fire and property damage	1,987	16,984	6,467	(8,530)	506	7,609	3,779	(3,324)	(5,206)	759
	2. Marine, aviation and transport	20,693	25,939	928	(4,318)	17,062	18,660	909	(689)	(3,629)	1,215
	3. Motor	1,909	5,511	1,111	(2,491)	39	346	310	3	(2,494)	2,520
	4. Miscellaneous	3,010	22,982	20,496	524	151	21,722	20,354	(1,217)	1,741	207
	Total	27,599	71,416	29,002	(14,815)	17,758	48,337	25,352	(5,227)	(9,588)	4,701

5.6 Statement of Expenses

	Class	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense 2011	Net underwriting expense 2010
		a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	
		(Rupees in '000)								
Direct and Facultative	1. Fire and property damage	5	251	-	256	14,451	14,707	286	14,421	42
	2. Marine, aviation and transport	-	-	-	-	-	-	389	(389)	(764)
	3. Motor	-	2	-	2	616	618	2	616	790
	4. Miscellaneous	-	-	-	-	4,580	4,580	1,308	3,272	1,744
	Total	5	253	-	258	19,647	19,905	1,985	17,920	1,812

6. PROPERTY AND EQUIPMENT

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

	2010							
	Cost			Accumulated depreciation			Written down value at 31 December 2010	Rate (%)
	As at 1 January 2010	Additions / (disposals)	As at 31 December 2010	As at 1 January 2010	For the year / (disposals)	As at 31 December 2010		
	(Rupees in '000)							
Furniture and fixtures	860	-	860	696	16	712	148	10%
Office equipment	3,153	265	3,418	2,547	228	2,775	643	15 % & 33%
Vehicles	4,861	20 (519)	4,362	3,091	285 (154)	3,222	1,140	20%
	8,874	285 (519)	8,640	6,334	529 (154)	6,709	1,931	

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

		2011					
	Model	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers / others
		(Rupees in '000)					
Honda Civic	2003	949	777	172	267	Company's practice	Mr. Yousuf A. Deshi
Motor Cycle	2008	20	7	13	20	Company's practice	Mr. Muhammad Furqan - employee
Laptop	Dell	66	42	24	25	Company's practice	Mr. Viquar Siddiqui - employee
		1,035	826	209	312		

7. INTANGIBLE

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

	2010							
	Cost			Accumulated amortization			Written down value at 31 December 2010	Rate (%)
	As at 1 January 2010	Additions / (disposals)	As at 31 December 2010	As at 1 January 2010	For the year / (disposals)	As at 31 December 2010		
	(Rupees in '000)							
Computer software	2,157	6	2,163	2,139	11	2,150	13	33.33%
	2,157	6	2,163	2,139	11	2,150	13	

8. LONG TERM LOAN

		2011	2010
		(Rupees in '000)	
Loan to employee - considered good	8.1	5,814	6,930

8.1 This represents present value of loan given to Chief Operating Officer of the Company at the mark-up of 6% per annum discounted at 12% (2010: 12.5%) (risk free rate of return). Loan is receivable in 107 monthly installments. Difference between present value and amount advanced is prepaid employee benefit and amortizable over the tenure of loan (note 14.1).

8.2 Following is the movement of loan to employee:

Opening balance	6,930	-
Present value of disbursed amount	-	7,154
Repayments	(1,116)	(224)
Closing balance	5,814	6,930

8.3 The maximum aggregate amount of loans and advances outstanding at any time since previous balance-sheet was Rs. 6.930 million.

9. DEFERRED TAXATION

	2011	2010 Restated	1 January 2010 Restated
	(Rupees in '000)		
Deductible temporary differences			
Staff gratuity	666	521	323
Provision against amount due from other insurers / reinsurers	-	-	26
Unused tax losses	4,592	5,929	-
Others	555	901	610
	5,813	7,351	959
Taxable temporary differences			
Revaluation of investments	(2,330)	(7,336)	-
Accelerated tax depreciation	(65)	(120)	(131)
	3,418	(105)	828

9.1 Reconciliation of deferred tax asset / (liability)

	2011	2010 Restated	1 January 2010 Restated
	(Rupees in '000)		
Opening balance	(105)	828	850
(Reversal) / recognised in profit and loss account	(1,483)	6,403	(22)
Recognised in equity	5,006	(7,336)	-
Closing balance	3,418	(105)	828

10. INVESTMENTS

The investments comprise of the following:

	Note	2011	2010 Restated	1 January 2010 Restated
Held-to-maturity investments				
Defence Saving Certificate	10.1.1	41	41	41
Pakistan Investment Bonds and Treasury Bills	10.1.2	27,899	28,934	18,908
		27,940	28,975	18,949
Available-for-sale investments	10.2	2,919,085*	3,898,374*	3,253,083
		2,947,025	3,927,349	3,272,032

* These have been classified as current assets, based on the intention of the management as per the restructuring plan.

10.1 Held-to-maturity investments

10.1.1

Number of Certificates 2011	2010	1 January 2010	Particulars	2011	2010 Restated	1 January 2010 Restated
1	1	1	Defence Saving Certificate	9	9	9
			Accrued interest	32	32	32
				41	41	41

This represents statutory deposit kept with State Bank of Pakistan (SBP), in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

10.1.2

Face value (Rupees)	Coupon rate %	Profit payment	Particulars	Maturity Date	2011	2010 Restated	1, January 2010 Restated
					(Rupees in '000)		
20,000,000	8	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	6-Oct-2013	18,348	17,564	16,876
2,000,000	11	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	18-Jun-2012	2,006	2,020	2,032
1,500,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	1,470	1,467	-
6,000,000	12	Semi-annually	Pakistan Investment Bond Tenure - 10 Years	30-Aug-2018	6,075	6,082	-
1,920,000	13	Semi-annually	Treasury Bills Tenure - 6 Months	30-Jun-2011	-	1,801	-
					27,899	28,934	18,908

Market value as at 31 December 2011 of Pakistan Investment Bond (PIB) and Treasury Bills is Rs.30.563 million (2010: 30.999 million). These are placed with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

10.2 Available-for-sale investments

	Note	Market Value 2011	2010	1 January 2010
		(Rupees in '000)		
Quoted shares	10.2.1	842,279	790,281	394,414
Un-quoted shares	10.2.2	-	-	-
Mutual funds	10.2.3	692,506	25,211	56,708
Un-quoted debentures	10.2.4	-	-	-
Government bonds	10.2.5	54	54	54
Quoted shares - related parties	10.2.6	1,384,246	3,082,828	2,801,907
		2,919,085	3,898,374	3,253,083

10.2.1 Quoted shares

Number of shares 2011	2010	1 January 2010	Name of investee company	Cost 2011	Market value 2011	2010	1 January 2010
				(Rupees in '000)			
			Fertilizers				
1,000,000	400,000	75,000	Fauji Fertilizer Company Limited	191,775	149,540	50,344	7,719
			Chemicals				
1,000	1,000	1,000	Pakistan PVC Limited	5	4	5	5
-	-	500,000	Descon Oxychem Limited	-	-	-	3,635
			Fuel and Energy				
43	43	43	Pakistan Refinery Limited	4	3	4	5
			Oil and Gas Exploration				
427,000	200,000	175,000	Pakistan Oilfields Limited	139,473	147,934	59,192	40,384
209,263	250,000	166,160	Pakistan Petroleum Limited	35,731	35,223	54,288	31,502
-	-	200,000	Oil & Gas Development Company Limited	-	-	-	22,122
			Technology and Communication				
-	-	1,007,600	Pakistan Telecommunication Company Limited	-	-	-	17,784
-	-	25,000	Telecard Limited	-	-	-	657
			Insurance				
-	-	300,000	Adamjee Insurance Company Limited	-	-	-	36,990
12	12	12	PICIC Insurance Limited	-	-	-	-
			Cement				
550,000	-	100,000	Lucky Cement Limited	44,319	41,272	-	6,624
-	-	187,570	D.G Khan Cement Limited	-	-	-	6,107
-	-	1,000,000	Lafarage Pakistan Cement Limited	-	-	-	2,190
			General Industries				
-	75,000	-	Packages Limited	-	-	9,646	-
			Power Generation & Distribution				
10,000,000	14,500,000	3,800,000	The Hub Power Company Limited	341,193	342,000	542,445	118,104
1,500,000	-	-	Nishat Chunian Power Limited	23,928	19,125	-	-
-	-	375,000	Nishat Power Limited	-	-	-	4,774
			Automobiles Assemblers				
1,700	1,700	1,700	Ghandhara Industries Limited	16	12	20	12
			Commercial Banks				
1,135	900,000	4,814	NIB Bank Limited	4	2	2,655	23
-	1,225,000	-	Bank Al Habib Limited	-	-	44,418	-
-	-	280,537	Bank Alfalah Limited	-	-	-	3,862
-	-	30	MCB Bank Limited	-	-	-	7
-	-	242,500	United Bank Limited	-	-	-	14,174
-	-	430,579	Meezan Bank Limited	-	-	-	6,777
			Textile Composite				
1,700,000	-	325,000	Nishat Mills Limited	100,443	68,765	-	22,717
2,150,000	1,200,000	-	Nishat (Chunian) Limited	53,163	38,399	27,264	-
			Jute				
9	9	9	Crescent Jute Product Limited *	-	-	-	-
			Investment Banks/Cos./Securities				
-	-	750,000	Jahangir Siddiqui & Company Limited	-	-	-	22,552
-	-	2,000,000	JS Bank Limited	-	-	-	10,160
-	-	550,000	JS Investments Limited	-	-	-	7,903
-	-	1,000,000	IGI Investment Bank Limited	-	-	-	3,530

Number of shares			Name of investee company	Cost	Market value		
2011	2010	1 January 2010		2011	2011	2010	1 January 2010
				(Rupees in '000)			
			Miscellaneous				
-	-	700,000	Pace (Pakistan) Limited	-	-	-	4,095
				930,054	842,279	790,281	394,414
			Provision for impairment in value of investment	(93,429)			
			Surplus on revaluation of investments	5,654			
				842,279			

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

10.2.2 Un-quoted shares

Number of shares			Name of investee company	Cost		
2011	2010	1 January 2010		2011	2010	1 January 2010
				(Rupees in '000)		
28,600	28,600	28,600	Aslo Electrical Industries Limited	162	162	162
1,800	1,800	1,800	Adamjee Paper and Boards Limited	7	7	7
1,700	1,700	1,700	Adamjee Floorings Limited	13	13	13
13,465	13,465	13,465	Bankers Equity Limited	117	117	117
45,900	45,900	45,900	Electric Lamp Manufacturers	305	305	305
500	500	500	Punjab Lamp Works Limited	2	2	2
8,900	8,900	8,900	Saifi Development Corporation Limited	34	34	34
			Cost as on 31 December	640	640	640
			Provision for impairment in value of investment	(640)	(640)	(640)
				-	-	-

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

10.2.3. Mutual funds

Number of units			Name of investee	Cost	Market value		
2011	2010	1 January 2010		2011	2011	2010	1 January 2010
				(Rupees in '000)			
240,500	240,500	240,500	National Investment Unit Trust (NIT)	3,131	6,239	7,780	7,323
-	-	4,440,335	ABL Income Fund	-	-	-	44,445
21,413,134	-	-	ABL Cash Fund - related party	200,381	214,534	-	-
-	1,000,000	1,000,000	JS Growth Fund	-	-	5,550	4,940
-	2,490,796	-	JS Value Fund	-	-	11,881	-
2,405,532	-	-	Golden Arrow Selected Stock Fund	8,798	6,519	-	-
740	-	-	UBL Liquidity Plus Fund - related party	74	74	-	-
2,393,491	-	-	PICIC Cash Fund	234,137	240,153	-	-
1,569,738	-	-	HBL Money Market Fund	162,000	161,968	-	-
627,083	-	-	Askari Sovereign Cash Fund	63,000	63,019	-	-
				671,521	692,506	25,211	56,708
			Provision for impairment in value of investment	(2,279)			
			Surplus on revaluation of investments	23,264			
				692,506			

10.2.3.1 NIT units amounting to Rs. 6.239 million, are under lien against a bank guarantee issued by Habib Bank Limited (refer note 21.1).

10.2.4 Un-quoted debenture

Number of units			Name of investee company	Cost		
2011	2010	1 January 2010		2011	2010	1 January 2010
				(Rupees in '000)		
240,500	240,500	240,500	Hyson Sugar Mills Limited	60	60	60
			Provision for impairment in value of investment	(60)	(60)	(60)
				-	-	-

10.2.5 Government bonds

Number of bonds			Name of investee company	Cost		
2011	2010	1 January 2010		2011	2010	1 January 2010
				(Rupees in '000)		
5	5	5	Government Bonds	52	52	52
17	17	17	Government Bonds	2	2	2
				54	54	54

10.2.6 Quoted shares - related parties

Number of share			Name of investee company	Cost	Market value		
2011	2010	1 January 2010		2011	2011	2010	1 January 2010
				(Rupees in '000)			
			Chemicals				
7,281,245	3,574,940	3,249,946	Dawood Hercules Corporation Limited (formerly Dawood Hercules Chemicals Limited) Equity held: 1.51% (2010: 2.97%)	436,777	308,652	709,125	584,373
10,510,586	11,608,251	10,780,229	Engro Corporation Limited (formerly Engro Chemical Pakistan Limited) Equity held: 2.67% (2010: 3.54%)	1,654,379	974,331	2,249,795	1,975,693
			Textile Composite				
3,215,095	2,795,735	2,853,778	Dawood Lawrencepur Limited Equity held: 5.44% (2010: 5.44%)	240,837	101,147	121,531	168,430
			Oil and gas				
7,409	88,900	2,960,138	Sui Northern Gas Pipelines Limited Equity held: 0.00% (2010: 0.02%)	416	116	2,377	73,411
				2,332,409	1,384,246	3,082,828	2,801,907
			Provision for impairment in value of investment	(959,260)			
			Surplus on revaluation of investments	11,097			
				1,384,246			

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

	2011	2010	1 January 2010
	(Rupees in '000)		
Opening provision	(654,481)	(738,144)	(15,022)
Charge for the year			
- Quoted shares	(93,429)	-	(21,244)
- Mutual funds	(2,279)	-	(4)
- Quoted shares - related parties	(505,389)	(43,474)	(716,196)
	(601,097)	(43,474)	(737,444)
Adjusted / released on disposals	199,906	127,137	14,322
Closing provision	(1,055,672)	(654,481)	(738,144)

11. SHORT TERM DEPOSITS

	Note	2011	2010
		(Rupees in '000)	
Deposits maturing within 12 months	11.1	2,000	2,000

11.1 This represents deposit under lien with National Bank of Pakistan in respect of fire claims lodged by M/s Safdar Cotton Ginner settlement of which is pending in High Court. This deposit carries profit rate of 5.8% (2010: 5.8%) per annum.

12. TRADE RECEIVABLES

	Note	2011	2010
Premium due but unpaid	12.1	24	1,440
Amounts due from other insurers / reinsurers	12.2	17,638	13,692
		17,662	15,132

12.1 Premium due but unpaid, unsecured, considered good

	2011	2010
Related parties		
Dawood Corporation (Private) Limited	13	347
Inbox Business Technologies (Private) Limited	11	884
Pebbles (Private) Limited	-	137
	24	1,368
Others	-	72
	24	1,440

12.2 Amounts due from other insurers / reinsurers - unsecured

	2011	2010
Considered good - foreign	5,363	2,674
- local	12,275	11,018
Considered doubtful	74	74
	17,712	13,766
Provision against amounts due from other insurers / reinsurers	(74)	(74)
	17,638	13,692

13. ADVANCES AND SHORT TERM PREPAYMENTS

	2011	2010
Prepaid reinsurance premium ceded	-	29,495
Advances and deposits	100	100
	100	29,595

14. OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in '000)	
Accrued investment income		691	657
Reinsurance recoveries against outstanding claims		25,352	48,337
Deferred commission expense		-	253
Sundry receivable	14.1	174,661	2,309
		200,704	51,556

14.1 Sundry receivable

	Note	2011	2010
Profit on bank deposits			
- Saving accounts		90	79
- Term deposits		105	82
Prepaid employee benefits	14.1.1	2,078	2,078
Receivable against sale of investments		169,021	-
Others		3,367	70
		174,661	2,309

14.1.1 This represents difference between present value and book value of loan.

15. CASH AND BANK BALANCES

	Note	2011	2010
Cash and other equivalents			
Cash in hand		27	3
Stamps in hand		63	63
		90	66
Current and other accounts			
Current accounts		553	541
PLS saving accounts		7,687	7,321
		8,240	7,862
Statutory deposit with State Bank of Pakistan	15.2	10,900	368
		19,230	8,296

15.1 These accounts carry effective mark-up rate, ranging between 5% to 8.50% (2010: 5% to 9.75%) per annum.

15.2 This represents statutory deposit kept with State Bank of Pakistan (SBP), previously kept in the form of treasury bills in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2011	2010		2011	2010
(Number of shares)				
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
38,835,148	27,667,963	Ordinary shares of Rs. 10 each issued as bonus shares	388,351	276,679
39,085,148	27,917,963		390,851	279,179

16.1 Movement in share capital during the year

2011	2010		2011	2010
(Number of shares)			(Rupees in '000)	
27,917,963	20,303,973	At 1 January	279,179	203,039
		Ordinary shares of Rs. 10 each		
11,167,185	7,613,990	issued during the year as bonus shares	111,672	76,140
39,085,148	27,917,963		390,851	279,179

16.2 As at 31 December 2011, related parties hold 28,336,031 (2010: 20,522,094) ordinary shares of Rs. 10/- each.

17. RESERVES

Capital reserves			
- Reserve for exceptional losses	17.1	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

17.1 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.

18. DEFERRED LIABILITY

18.1 Staff retirement benefits

The latest actuarial valuation of the gratuity scheme was carried out as of 31 December 2011. The principal actuarial assumptions used for the purpose of the valuation were as follows:

- Valuation discount rate is 12.5 % (2010: 13%) per annum.
- Expected rate of increase in salaries is 11.5% (2010: 12%) per annum.
- Average expected service length of the employees is 14 years (2010: 13 years).

18.2 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligation	1,958	1,110
Net actuarial gains not recognised	(54)	26
Balance at the end of the year	1,904	1,136

18.3 Movement in net liability recognised in the balance sheet

Balance at the beginning of the year	1,136	923
Charge for the year	1,104	260
Payments during the year	(336)	(47)
Balance at the end of the year	1,904	1,136

18.4 Amount recognised in the profit and loss account

Current service cost	960	133
Interest cost	144	127
Amount charged to profit and loss account	1,104	260

18.5 Historical information

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined benefit obligation	1,958	1.110	845	707	334
Unrecognised actuarial (losses) / gains	(54)	26	78	138	446
Net liability in balance sheet	1,904	1,136	923	845	780

18.6 The expected charge to gratuity scheme for the year 2012 amounts to Rs.1.265 million.

19. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

		2011	2010
		(Rupees in '000)	
Amounts due to other insurers / reinsurers	19.1	3,038	5,782
Commission income unearned*		-	1,974
Accrued expenses		4,870	8,438
Provision for outstanding claims		29,002	71,416
Provision for unearned premium*		-	31,062
Other creditors and accruals	19.2	383	17,179
Unclaimed dividend		9,347	8,808
		46,640	144,659

* Reversed on discontinuation of insurance business.

19.1 Amounts due to other insurers / reinsurers

	2011	2010
Foreign companies	347	2,761
Local companies	2,691	3,021
	3,038	5,782

19.2 Other creditors and accruals

	2011	2010
Workers' welfare fund	-	10,023
Premium refundable to policy holders	187	947
Commission payable	-	2,704
Payable against purchase of investments	-	3,399
Sundry creditors	196	106
	383	17,179

20. SHORT TERM RUNNING FINANCE

	2011	2010
Short term running finance	-	33,852

21. CONTINGENCIES AND COMMITMENTS

	2011	2010
21.1 Guarantees issued on behalf of the Company by commercial banks	5,205	5,205

22. RETURN ON INVESTMENTS

	Note	2011	2010
		(Rupees in '000)	
Held-to-maturity			
Return on Pakistan investment bonds		2,720	2,331
Amortisation on:			
- Pakistan investment bonds		766	902
- Treasury bills		746	-
		1,512	902
Available-for-sale			
Dividend income:			
- Related parties		65,385	88,324
- Others		111,410	58,904
		176,795	147,228
		181,027	150,461

23. OTHER INCOME

	Note	2011	2010
Income from financial assets			
Profit on bank deposits		772	3,274
Income from non-financial assets			
Gain on sale of property and equipment		103	159
Fee income		1,722	-
		2,597	3,433

24. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries, wages and other benefits	24.1	32,650	12,907
Levy, cess and insurance		310	509
Rent, rates and taxes		3,976	3,458
Depreciation	6	521	529
Amortisation	7	9	11
Legal and professional charges		2,932	1,675
Printing and stationery		1,064	458
Utilities		602	522
Vehicle running expenses		277	398
Advertisement expenses		2,832	88
Security guards expenses		424	407
Auditors’ remuneration	24.3	500	500
Entertainment		460	309
Medical expenses		55	103
Travelling expenses		1,336	-
Fees and subscription		3,730	1,450
Postage and telegram		102	211
Books and periodicals		9	11
Repairs, renewal and decoration		1,019	293
Workers' welfare fund		-	9,937
Brokerage and commission expense		4,436	1,999
Business restructuring expense		1,821	-
Service charges		-	2,105
Others		775	1,519
		59,840	39,399

24.1 This include Rs.1.389 million (2010: Rs. 0.399 million) in respect of employees' provident fund.

24.2 Expenses are allocated as under

	Note	2011	2010
		(Rupees in '000)	
Allocated to discontinued operations (Insurance business)	5.6	19,647	15,315
Allocated to continue operations		40,193	24,084
		59,840	39,399

24.3 Auditors' remuneration

Annual audit fee	250	250
Review and certifications	250	250
	500	500

25. FINANCIAL CHARGES

Bank charges	67	319
Mark-up on short term running finance	158	4,784
	225	5,103

26. TAXATION

Tax returns have been filed up to Tax year 2011 (Accounting year 2010) which are deemed as assessment completed in terms of section 120(1) of the Income Tax Ordinance 2001 (ITO). However, the Company and department has 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 ITO for the tax year 2004 on account of apportionment of management and general expenses against capital gain and dividend income resulting in an additional tax liability of Rs.2.289 million. The matter was contested at learned Commissioner of Inland Revenue (Appeals-I) LTU and the addition was deleted. The department had gone in appeal on this issue before Hon'ble Appellate Tribunal Inland Revenue. The Company tax consultant and management is confident that the department's appeal on this issue is likely to be rejected.

The Additional Commissioner of Inland Revenue has issued notice for explanation under Section 122 (5A) (9) of the ITO for the tax year 2006 on taxing of dividend income and capital gain. The explanation has already been submitted and the hearing of the case is in progress.

The Deputy Commissioner of Inland Revenue (DCIR) has finalized the Tax year 2007 under Section 122 (4) (5) of the ITO and has disallowed management and general expenses, amortization of intangibles assets, financial charges, retirement benefits, commission expenses and provision for IBNR; being pro rata share of investment income under Section 67 of ITO and a demand of Rs.13.025 million has been created. Against the said order an appeal has been filed before the Commissioner Inland Revenue, (Appeals-I) LTU Karachi and he had deleted the various addition on which the Department had gone in appeal before Hon'ble Appellate Tribunal Inland Revenue. The Commissioner Inland Revenue referred back various additions to the assessing officer to re-examine the matter. Against this the Company has filled appeal before Hon'ble Tribunal Inland Revenue.

The Additional Commissioner Inland Revenue has issued notice for explanation under Section 122 (5A) (9) of the ITO in respect of Tax year 2010 whereby he has proposed to disallow provision for IBNR, commission income unearned, reinsurance premium paid to non-resident companies, management and general expenses apportioned against capital gain and dividend income. The Company submitted explanation however no demand has been made till the year end.

26.1 Provision for taxation

	2011	2010
	(Rupees in '000)	
Current	(23,500)	(15,500)
Prior	(437)	3,141
Deferred	(1,482)	6,403
	(25,419)	(5,956)

26.2

Tax expense from continuing operations	(24,768)	(5,124)
Tax expense from discontinued operation	(651)	(832)
	(25,419)	(5,956)

26.3 Relationship between tax expense and accounting profit

(Loss) / profit for the year before taxation (including discontinued operation)	(172,089)	114,268
Tax at the applicable rate of 35% (2010: 35%)	(60,231)	174,013
Tax effect of capital loss / (gain) exempt from tax	(98,088)	(9,391)
Tax effect of dividend income taxed at a lower rate	(45,204)	(36,807)
Reversal of prior year charge	(437)	(3,141)
Tax effect of (income) / expenses that are not considered in determining taxable income	229,271	(118,803)
Others	108	85
	25,419	5,956

27. REMUNERATION OF EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)							
Fees	-	-	550	14	-	-	550	14
Managerial remuneration	7,290	1,392	-	-	8,730	3,460	16,020	4,852
House rent, conveyance, gratuity etc.	5,183	932	-	-	6,360	2,356	11,543	3,288
Medical expenses	729	139	-	-	873	347	1,602	486
Bonus for the year	-	-	-	-	-	647	-	647
Contribution to provident fund	607	-	-	-	674	68	1,281	68
	13,809	2,463	550	14	16,637	6,878	30,996	9,355
Number of persons	1	1	3	3	5	2	9	6

27.1 Out of five executives three executives are provided with free use of Company vehicles for official and personal use.

28. 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 at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagements. Transactions with related parties other than those which have been disclosed elsewhere in the financial statements are as follows:

	2011	2010
	(Rupees in '000)	
Premium (refunded) / under-written	(14,045)	90,601
Premium collected	5,767	102,918
Claims paid	17,718	11,985
Rent paid	3,976	3,458
Dividend received	65,385	88,324
Dividend paid	29,290	31,951
Bonus shares/units received (face value)	135,498	14,030
Bonus shares issued (face value)	78,105	53,253
Brokerage	5,276	1,999
Purchase of units	144,277	-
Sale of units	443,500	-
Fee income	1,277	-
Contribution to provident fund	1,389	399
Contribution to staff retirement	1,104	613
Key management personnel and close family members		
Dividend paid	1,475	2,053
Bonus shares issued	3,937	3,423
Remuneration	30,446	9,341
Director fee	550	14
Premium (refunded) / under-written	(11)	68
Premium collected	-	83
Claims paid	-	13
Loan to employees	-	6,930
Employee loan recovery	1,116	224

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

29. SEGMENT INFORMATION

In the previous years, segments were classified as per the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 (i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous). The following tables present information regarding segment revenue, expenses, assets and liabilities as per the requirements:

	Discontinued operations								Continuing operations			
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Strategic and portfolio investment business		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)											
Net premium revenue	6,740	54,692	1,562	13,884	567	7,989	4,473	40,527	-	-	13,342	117,092
Net claims	5,206	(759)	3,629	(1,215)	2,494	(2,520)	(1,741)	(207)	-	-	9,588	(4,701)
Net commission	30	8,013	389	1,539	-	112	1,308	3,839	-	-	1,727	13,503
Reinsurance expense	(6,591)	(53,054)	(1,389)	(11,481)	(247)	(2,098)	(9,618)	(39,950)	-	-	(17,845)	(106,583)
Investment income	-	-	-	-	-	-	-	-	482,261	182,933	482,261	182,933
Insurance related expenses	(14,451)	(8,055)	-	(775)	(616)	(902)	(4,580)	(5,583)	-	-	(19,647)	(15,315)
Investment related expenses	-	-	-	-	-	-	-	-	(40,418)	(29,187)	(40,418)	(29,187)
Total profit and loss for reportable segment	(9,066)	837	4,191	1,952	2,198	2,581	(10,158)	(1,374)	441,844	153,746	429,009	157,742

	Discontinued operations								Continuing operations			
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Strategic and portfolio investment business		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)											
Segment assets	16,320	32,353	3,815	26,368	1,365	15,923	28,676	31,074	2,947,716	3,928,006	2,997,892	4,033,724
Unallocated corporate assets											204,761	30,555
Consolidated corporate assets											3,202,653	4,064,279
Segment liabilities	11,518	43,770	2,099	35,329	1,536	24,955	23,848	32,933	-	-	39,001	136,987
Unallocated corporate liabilities											9,543	42,660
Consolidated corporate liabilities											48,544	179,647
Capital expenditure	194	45	45	67	16	163	129	16	-	-	385	291
Depreciation / amortisation	268	84	62	123	23	303	178	30	-	-	530	540

30. 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 stock market. The Company consistently manages its exposure to financial risk in the manner described in notes below.

30.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over sight 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.

30.2 Credit risk

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

30.2.1 Exposure to credit risk

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

Financial assets	2011	2010
	(Rupees in '000)	
Long term loan	5,814	6,930
Short term deposits	2,000	2,000
Trade receivables	17,662	15,132
Other receivables	200,704	51,556
Cash and bank balances	19,140	8,230
	245,320	83,848

Investment amounting to Rs.27.899 million (2010: Rs.28.934 million) relates to PIB's and treasury bills are not considered as credit risk due to government guarantee.

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

	2011			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
	------------------------------------ (Rupees in '000) ------------------------------------					
Not past due	218,366	-	200,704	66,688	-	66,688
Past due but not impaired	-	-	-	-	-	-
Past due and impaired						
- More than one year	74	74	-	74	74	-
	218,440	74	200,704	66,762	74	66,688

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

	2011	2010
	(Rupess in '000)	
Foreign	5,363	2,674
Domestic	12,299	12,458
	17,662	15,132

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

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

2010	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Barclays Bank PLC	A-1+	AA-	Standard & Poor's	2,494
Bank AL Habib Limited	A1+	AA+	PACRA	821
Summit Bank Limited (formerly Atlas Bank Limited)	A2	A	JCR-VIS	3,914
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	278
MCB Bank Limited	A1+	AA+	PACRA	263
Meezan Bank Limited	A-1	AA-	JCR-VIS	92
				7,862

30.2.4 Concentration of credit risk

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

Industry / sector	2011		2010	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Insurance (Re / co-insurance)	42,990	19.69%	62,282	93.39%
Receivable against sale of securities	169,021	77.40%	-	0.00%
Miscellaneous	6,355	2.91%	4,406	6.61%
	218,366	100.00%	66,688	100.00%

30.3 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 balance sheet liquidity ratios, debtors and creditors concentration in terms of the overall funding mix.

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

	2011					
	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	1,904	1,904	-	-	-	(1,904)
Creditors, accrued expenses and other liabilities	46,640	46,640	(32,157)	-	-	(14,483)
	48,544	48,544	(32,157)	-	-	(16,387)

	2010					
	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	1,136	1,136	-	-	-	(1,136)
Creditors, accrued expenses and other liabilities	144,659	144,659	(130,199)	-	-	(14,460)
Short term running finance	33,852	33,852	(33,852)	-	-	-
	179,647	179,647	(164,051)	-	-	(15,596)

30.4 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 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.

30.4.1 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 Company's interest-bearing financial instruments was:

	Carrying amounts (Rupees in '000)		Effective interest rate in %	
Financial Assets	2011	2010	2011	2010
Fixed rate instruments				
- Government Securities	27,899	28,934	11% to 14.31%	11.5% to 13.35%
Variable rate instruments				
- PLS saving accounts	7,687	7,321	5% to 8.50%	5% to 9.75%
- Term deposits	2,000	2,000	5.80%	5.80%
Financial Liabilities				
- Short term running finance	-	33,852	-	13.14% to 13.94%

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit after tax for the year would have been Rs.0.01 million (2010: Rs.0.02 million).

30.4.1.1 Maturity profile of financial assets and liabilities

	2011							
	Profit rate % per annum	Interest / mark-up bearing			Non-Interest / non-mark-up bearing			
		Maturity up to 1 year	Maturity after 1 year	Sub total	Maturity up to 1 year	Maturity after 1 year	Sub total	Total
		(Rupees in '000)						
Financial assets								
Long term loan	6%	-	5,814	5,814	-	-	-	5,814
Investments	11% to 14.31%	-	27,940	27,940	2,919,085	-	2,919,085	2,947,025
Short term deposits	5.80%	2,000	-	2,000	-	-	-	2,000
Trade receivables		-	-	-	17,662	-	17,662	17,662
Other receivables		-	-	-	200,704	-	200,704	200,704
Cash and bank balances	5% to 8.50%	7,687	-	7,687	11,543	-	11,543	19,230
		9,687	33,754	43,441	3,148,994	-	3,148,994	3,192,435
Financial liabilities								
Deferred liability		-	-	-	-	1,904	1,904	1,904
Creditors, accrued expenses and other liabilities		-	-	-	32,157	14,483	46,640	46,640
		-	-	-	32,157	16,387	48,544	48,544
31 December 2011		9,687	33,754	43,441	3,116,837	(16,387)	3,100,450	3,143,891

	2010							
	Profit rate % per annum	Interest / mark-up bearing			Non-Interest / non-mark-up bearing			
		Maturity up to 1 year	Maturity after 1 year	Sub total	Maturity up to 1 year	Maturity after 1 year	Sub total	Total
	(Rupees in '000)							
Financial assets								
Long term loan	6%	-	6,930	6,930	-	-	-	6,930
Investments	11.5% to 13.35%	-	28,975	28,975	3,898,374	-	3,898,374	3,927,349
Short term deposits	5.80%	2,000	-	2,000	-	-	-	2,000
Trade receivables		-	-	-	15,132	-	15,132	15,132
Other receivables		-	-	-	51,556	-	51,556	51,556
Cash and bank balances	5% to 9.75%	7,689	-	7,689	607	-	607	8,296
		9,689	35,905	45,594	3,965,669	-	3,965,669	4,011,263
Financial liabilities								
Deferred liability		-	-	-	-	1,136	1,136	1,136
Creditors, accrued expenses and other liabilities		-	-	-	130,199	14,460	144,659	144,659
Short term running finance	13.14% to 13.94%	33,852	-	33,852	-	-	-	33,852
		33,852	-	33,852	130,199	15,596	145,795	179,647
31 December 2010		(24,163)	35,905	11,742	3,835,470	(15,596)	3,819,874	3,831,616

30.4.2 Equity price risk

Equity price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted securities amounting to Rs.2.919 million (2010: Rs.3.898 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long term. Thus management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation, consequently, the amount realized by the sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2011 and 2010 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees in '000)				
31 December 2011	2,919,085	10% increase	3,210,994	262,718	-
		10% decrease	2,627,177	(262,718)	-
31 December 2010	3,898,374	10% increase	4,288,211	350,854	-
		10% decrease	3,508,537	(350,854)	-

30.4.3 Foreign currency risk

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

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

32. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safe guard 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.

33. EARNINGS / (LOSS) PER SHARE – basic and diluted

	Continuing Operations		Discontinued Operations		Total Operations	
	2011	2010 Restated	2011	2010 Restated	2011	2010 Restated
	(Rupees in '000)					
Net (loss) / profit for the year attributable to ordinary shareholders	(184,022)	105,148	(13,486)	3,164	(197,508)	(108,312)
	(Number of shares)					
Weighted average number of ordinary shares outstanding during the year	39,085,148	39,085,148	39,085,148	39,085,148	39,085,148	39,085,148
	(Rupees)					
Basic (loss) / earnings per share	(4.71)	2.69	(0.35)	0.08	(5.06)	2.77

34. UNAVAILED CREDIT FACILITIES

As at the balance sheet date, the Company has following unavailed credit facilities:

	2011	2010
	(Rupees in '000)	
In respect of short term running finance:		
Bank Al Habib Limited	-	166,148

35. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on March 27, 2012 has announced a final cash dividend of Rs.2.50 per share (2010: Rs.1.50 per share) in respect of the year ended 31 December 2011 amounting to Rs.97.71 million (2010: Rs.41.88 million). These financial statements for the year ended 31 December 2011 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 27, 2012 by the Board of Directors of the Company.

Shabbir H. Hashmi
Chairman

A. Samad Dawood
Chief Executive

Pattern of Shareholding

As at 31 December 2011
Disclosure Requirement Under the Code of Corporate Governance

S. No.	Categories of Shareholders	Shares held	Percentage
1.	Directors, Chief Executive Officer, (including holding of their spouses and minor children)	1,199,401	3.07%
	Mr. Samad Dawood - CEO	1,199,401	
2.	Associated Companies, undertakings and related parties.	26,794,410	68.55%
	Dawood Corporation (Pvt) Ltd.	19,347,098	
	Dawood Industries (Pvt) Ltd.	2,289	
	Sach International (Pvt) Ltd.	3,512,663	
	Patek (Pvt) Ltd.	3,550,334	
	Pebbles (Pvt) Ltd.	382,026	
3.	NIT & ICP		
	Investment Corporation of Pakistan	37	0.00%
4.	Banks Development Financial Institutions, Non Banking Financial Institutions and Joint Stock Companies	527,189	1.35%
5.	Insurance Companies	7,772	0.02%
6.	Modarabas and Mutual Funds	605,527	1.55%
7.	General Public	9,608,566	24.58%
	a. Local	9,608,566	
	b. Foreign	-	
8.	Others		
	Cooperative Societies	342,246	0.88%
	TOTAL	39,085,148	100%
9.	Shareholders holding 10% or more shares		
	Dawood Corporation (Pvt) Ltd.	19,347,098	49.50%

Pattern of Shareholding

As at 31 December 2011

Number of Shareholders	Shareholding Range From		Shareholding Range To	Total Shares Held
174	1	-	100	5,006
137	101	-	500	39,027
80	501	-	1,000	62,892
162	1,001	-	5,000	385,152
53	5,001	-	10,000	387,542
26	10,001	-	15,000	314,970
21	15,001	-	20,000	350,043
6	20,001	-	25,000	131,279
4	25,001	-	30,000	108,909
9	30,001	-	40,000	306,882
2	40,001	-	50,000	91,002
2	50,001	-	55,000	106,504
1	55,001	-	60,000	56,000
2	60,001	-	65,000	123,288
2	70,001	-	75,000	149,392
1	100,000		150,000	114,714
1	230,001	-	235,000	233,209
1	275,001	-	280,000	280,000
1	340,001	-	345,000	342,220
1	370,001	-	375,000	372,318
2	380,001	-	400,000	773,052
4	1,195,001	-	1,200,000	4,797,601
1	3,140,001	-	3,145,000	3,144,051
1	3,510,001	-	3,515,000	3,512,663
1	3,550,001	-	3,555,000	3,550,334
1	19,345,001	-	19,350,000	19,347,098
696				39,085,148

S.No.	Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
1	Cooperative Societies	2	342,246	0.88%
2	Financial Institutions	7	18,162	0.05%
3	Individuals	658	11,097,062	28.39%
4	Insurance Companies	1	7,772	0.02%
5	Joint Stock Companies	25	26,979,379	69.03%
6	Mutual Funds	2	605,527	1.55%
7	Others	1	35,000	0.09%
		696	39,085,148	100.00%

cyan Limited

Formerly Central Insurance Company Limited

I/We ____ of ___________________________

being a member of Cyan Limited (Formerly Central Insurance Company Limited) and holder of ____________ ordinary shares, as per:

Share Register Folio No. ___________ and/or

CDC participant ID No. ________ and Sub Account No. ___________,

hereby appoint Mr./Ms. ____ of

____________________________________, another member of the Company* (or failing him/her Mr./Ms.__________________ of __________________, another member of the Company*) as my/our proxy to attend, speak and vote for me/us and on my/our behalf, at the Fifty Second Annual General Meeting of the company to be held on Saturday 28 April 2012 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi and at any adjournment thereof.

Signed this ________________ day of ___________ 2012

Witness 1

Signature ____________________________

Name ____________________________

CNIC No. or ____________________________

Passport No. ____________________________

Address ____________________________

____

Signature on Revenue Stamps of Rupees Five

Signature should agree with specimen signature with the Company.

Witness 2

Signature ____________________________

Name ____________________________

CNIC No. or ____________________________

Passport No. ____________________________

Address ____________________________

* Proxy representing a Corporation may or may not himself be a member of the Company

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IMPORTANT

1. This Proxy Form, duly completed, must be deposited at the Company's registered office, not less than forty eight hours before the meeting.
2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the company.
3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

Please
affix correct
postage

Company Secretary

cyan Limited

Formerly Central Insurance Company Limited

Dawood Centre, M.T. Khan Road,
Karachi-75530
Ph: (92-21) 35686001-16, 35684019, 35681491
Fax: (92-21) 35684768, 35680218
Website: www.cyanlimited.com

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