

Imagine Innovate Implement



Condensed Interim Financial Information (Un-audited)
for the half year ended June 30, 2013

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Company Information

Board of Directors

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

Board Audit Committee

Shahid Hamid Pracha (Chairman)
 Shafiq Ahmed
 Ruhail Yousuf Muhammad

Board HR & Remuneration Committee

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

Board Investment Committee

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

COO & Company Secretary

Sulaiman S. Mehdi

CFO

Faisal Nadeem Mangroria

Head of Compliance

Ghulam Haider

Executives*

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

Auditors

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

Tax Consultants

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

Internal Auditor

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

Share Registrar/Transfer Agent

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

Legal Advisors

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

Bankers

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

Registered Office

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

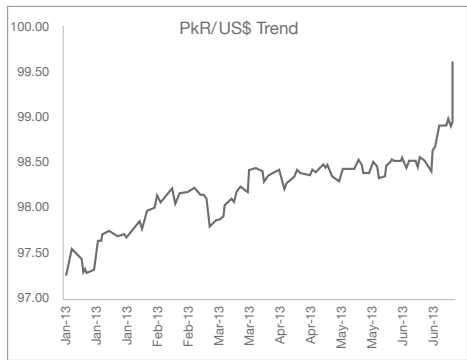
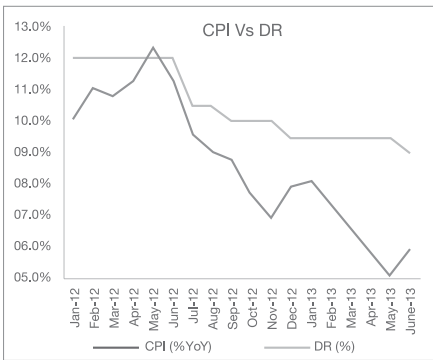
* As determined by the Board of Directors

Directors' Review

The Board of Directors of Cyan Limited is pleased to present the un-audited condensed interim financial information of the company for the half year ended June 30, 2013.

Economy Review

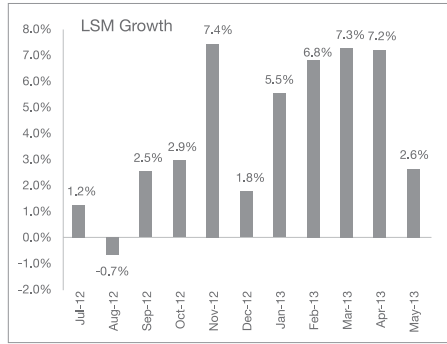
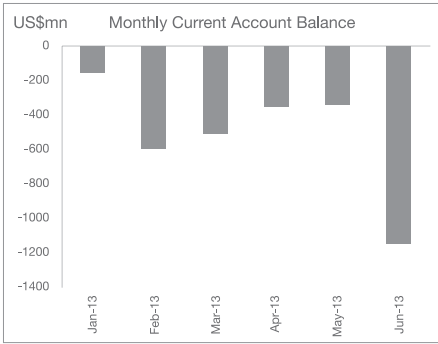
Headline inflation remained benign in 1HCY13 averaging just 6.5%YoY vs. 11.1%YoY in 1HCY12 with the downtick in price pressures largely coming about due to contained food inflation. At the same time, Core (trimmed mean) inflation remained on a downtrend despite a consistent increase in Money Supply (FY13: +15.9%YoY), giving room for SBP to cut the DR to 9% at end-June'13. That said, inflationary pressures are expected to pick pace in 2HCY13 where Jul'13 CPI logged in at 8.3%YoY building up to projections of 9.5%YoY+ average CPI across the fiscal year. This could lead to a round of monetary tightening in subsequent policy meets.



On the external front, the Current Account registered a deficit of US\$2,533mn (1% of GDP) in 1HCY13, up 12%YoY compared to a deficit of US\$2,259mn in the same period last year. This was underpinned by a 18%YoY increase in the trade deficit (goods services & income) and flattish remittances. Total foreign exchange reserves were at US\$15bn at the start of the fiscal year but with IMF repayments and pressure on the external account, end-Jun'13 reserves fell to US\$11bn, down 38%YoY. In this regard, the import cover has recently dropped to 2.7 months (1.4 months on SBP reserves), coinciding with recent pressure on the PKR (FYTD depreciation vs. the US\$: 3.2%). With a few months still to go before commencement of the IMF EFF program, import cover is likely to dwindle further, thereby keeping the currency under pressure in the near-term.

Staying with the IMF program, the fiscal deficit in FY13 tagged in at 8.8% of GDP with sticky current expenditure and a chronically low Tax-to-GDP ratio. However, with reforms under IMF auspices expected soon (the GoP has already announced a 30%-70% increase in power tariffs through the National Energy Policy, it is anticipated that the quantum of subsidies will substantially reduce while additional measures to widen the tax net and revive the privatization program should also be witnessed. These should serve to curb the fiscal deficit going forward.

On the real side, modest improvement was seen in LSM growth which registered at 2.65%YoY in May'13. Sectors registering positive growth included Textile, Food, Beverages & Tobacco, Coke & Petroleum products, Paper & Board, & Pharmaceuticals. GDP growth (at new base 2005-06) registered at 3.6% in FY13 compared to 4.4% in FY12. It is estimated that growth of 2% was wiped out by the severe supply side bottlenecks and electricity shortages. Going forward, much depends on the GoP's resolve to address the energy sector's woes.



Stock Market Review 1HCY13 & Outlook

The market continued where it left off in CY12, gaining 24% in the six months ended Jun 30'13. This period marked a watershed moment in Pakistan's history with the first ever democratic transition in power. Accordingly, election fervor was a key driving force behind the market's robust performance, earlier on pre-election GoP spending and later on the promise of widespread economic reform particularly in the energy space. Other supportive factors for the market's rally included continued monetary easing (DR cut by 50bps to 9% in June'13), resilient corporate profitability and a Staff-level agreement on a fresh IMF program amounting to US\$5.3bn. Of key importance was sustained foreign participation, which tagged in a net inflow of US\$411mn in 1HCY13 (US\$326mn normalized for the ULEVER and KAPCO deals). Drilling down, among the major sectors the main gainers in the period under review included Cements (+60%), Autos (+39%), Food Producers (+37%), Electricity (+33%) and Fixed Line Telecom (+29%). On the flipside, major underperformers were Chemicals (+3%), Non Life Insurance (+11%) and Commercial Banks (+12%).

Outlook

The benchmark KSE-100 Index now trades at a forward P/E of 8.3x, which is the highest in 5yrs and which moreover implies that the Pakistan Market's discount to MSCI Asia Pacific ex-Japan is 29% vs. an 8yr average discount of 35%. Within the backdrop of a weakening PkR (depreciation of 3%MoM in July'13 vs. the US\$) and an uptick in price pressures (July'13 CPI at 8.3%YoY) it appears that the interest rate cycle is soon set to reverse. As such, any upside to the KSE-100 Index may not be as broad based and is likely to be driven by earnings growth rather than valuation multiples re-rating. Banks appear to be obvious beneficiaries of any increase in interest rates while sectors such as Cements, Fertilizers and OMCs still display attractive valuations.

Company Performance

As at June 30, 2013, the company's exposure towards public equities was contained at 51%, whereas 49% was vested in mutual funds & Debt. The objective of reduced exposure towards public equities is to create enough liquidity for investing in potential private equity transactions.

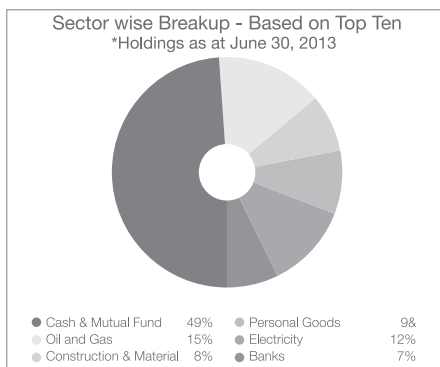
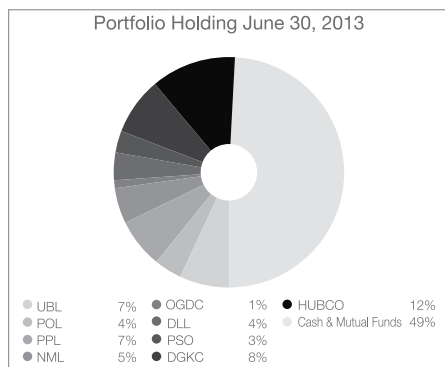
The alignment of company's portfolio towards limited blue chip stocks has resulted in un-realized gains of Rs.668 million during the half year as compared to Rs.295 million reported in the corresponding period in 2012. Dividends from our portfolio have decreased by 15% to Rs.92 million for the half year ended June 30, 2013 as opposed to Rs.108 million earned in the corresponding period last year due to overall reduction in exposure. The company also earned capital gains of Rs.119 million during the half year as opposed to Rs.692 million recorded in the corresponding period in 2012.

The brief summary of the financial highlights for the half year ended June 30, 2013 and 2012 is as under:

	PAT/(LAT) Rs. '000	EPS/(LPS) Rupees
	June 30, 2013	
Continuing Operations	756,553	12.90
Discontinued Operations	(372)	(0.01)
Total	756,181	12.89

	Rs. '000		
CONTINUING OPERATIONS	June 30, 2013	June 30, 2012	Change
Return on Investments	94,099	109,919	(14%)
Gain on Sale of Investments - Net	119,126	692,176	(83%)
Other Income	4,078	3,845	6%
	217,303	805,940	(73%)
Unrealized appreciation on re-measurement of investments classified as financial assets at fair value through profit and loss-net	667,621	295,250	126%
Provision for Impairment in value of available-for-sale investment	-	(50,078)	100%
	884,924	1,051,112	(16%)
Operating & Administrative Expenses	(99,402)	(131,718)	25%
PBT	785,522	919,394	(15%)
Taxation	(28,969)	(24,234)	(20%)
PAT	756,553	895,160	(15%)
EPS - Rupees	12.90	15.27	(15%)

	Rs. '000		
DISCONTINUED OPERATIONS	June 30, 2013	June 30, 2012	Change
Net claims recovery/(expense)	-	(37)	100%
	-	(37)	100%
Net expense	(372)	(391)	5%
(LBT)	(372)	(428)	13%
Taxation	-	-	-
(LAT)	(372)	(428)	13%
(LPS)	(0.01)	(0.01)	-



*Top Ten Holding represent 99% of total portfolio

Earnings per Share

During the half year ended June 30, 2013 the company posted earnings per share of Rs.12.89 compared to Rs.15.26 (restated) in the corresponding period in 2012.

Private Equity Update

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

Cyan is currently conducting due diligence on two opportunities in the Telecommunication Sector, and is at the Term Sheet stage with an opportunity in the Pharmaceutical sector. In addition to the three opportunities in advanced stages, the company is at various stages of transaction evaluation with four additional opportunities in the Transportation, Logistics, Health-care and Manufacturing sectors. The average investment size of all transactions being currently evaluated is USD10 million. Majority of the transactions are growth capital or partial cash outs while one opportunity can be categorized as a Proprietary Deal in which the company has identified an opportunity and is in the process of assembling a platform to execute on the opportunity. All investment opportunities being evaluated have significant room for follow on investments.

Appropriation and Dividend

The Company's profit after tax for the half year stood at Rs.756.18 million and the Board has declared interim cash dividend of 50% (Rs. 5 per share) for the half year ended June 30, 2013.

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.

Related Party Transactions

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

Acknowledgement

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

On behalf of the Board

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Karachi: August 27, 2013

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Cyan Limited as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and June 30, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2013.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 28, 2013

Karachi

Condensed Interim Statement of Financial Position

As at June 30, 2013

	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited) (Restated)
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	22,290	22,393
Intangible assets	6	3,345	3,801
Long term loan		5,851	6,376
Long term investments	7	7,372	26,783
Long term deposits		2,500	2,500
		<u>41,358</u>	<u>61,853</u>
CURRENT ASSETS			
Short term investments	7	5,166,694	4,507,082
Short term deposit		-	2,000
Long term loan - current portion		1,116	1,116
Trade and other receivables		42,982	51,450
Advances and short term prepayments		1,935	1,825
Cash and bank balances	8	9,689	13,494
		<u>5,222,416</u>	<u>4,576,967</u>
TOTAL ASSETS		<u><u>5,263,774</u></u>	<u><u>4,638,820</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2012: 100,000,000)			
Ordinary shares of Rs 10/- each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up share capital		586,277	586,277
Unappropriated profit		4,268,155	3,687,858
Reserves		133,088	133,088
Surplus on revaluation of available-for-sale investments		116,989	56,566
		<u>5,104,509</u>	<u>4,463,789</u>
NON-CURRENT LIABILITIES			
Deferred liability - Gratuity		5,960	4,824
Deferred taxation		33,062	20,112
		<u>39,022</u>	<u>24,936</u>
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities		108,928	134,222
Taxation - net		11,315	15,873
		<u>120,243</u>	<u>150,095</u>
TOTAL EQUITY AND LIABILITIES		<u><u>5,263,774</u></u>	<u><u>4,638,820</u></u>
CONTINGENCIES AND COMMITMENTS			

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The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Condensed Interim Profit and Loss Account

For the half year ended June 30, 2013 - (Un-audited)

Note	Half Year Ended		Quarter Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
----- (Rupees in '000) -----				
CONTINUING OPERATIONS				
Return on investments	94,099	109,919	8,830	9,686
Capital gain on sale of investments - net	119,126	692,176	33,028	496,041
Other income	4,078	3,845	3,685	2,108
	<u>217,303</u>	<u>805,940</u>	<u>45,543</u>	<u>507,835</u>
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	667,621	295,250	457,277	272,981
Provision for impairment in value of available-for-sale investments	-	(50,078)	-	(35,245)
	<u>884,924</u>	<u>1,051,112</u>	<u>502,820</u>	<u>745,571</u>
EXPENSES				
Operating and administrative expenses	(99,402)	(131,718)	(50,548)	(76,043)
	<u>(99,402)</u>	<u>(131,718)</u>	<u>(50,548)</u>	<u>(76,043)</u>
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS	<u>785,522</u>	<u>919,394</u>	<u>452,272</u>	<u>669,528</u>
Taxation - current year	(16,019)	(23,689)	(1,222)	(12,884)
- prior year	-	35,143	-	35,143
- deferred	(12,950)	(35,688)	(14,809)	(28,661)
	<u>(28,969)</u>	<u>(24,234)</u>	<u>(16,031)</u>	<u>(6,402)</u>
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS	<u>756,553</u>	<u>895,160</u>	<u>436,241</u>	<u>663,126</u>
DISCONTINUED OPERATIONS				
Loss from discontinued operations - net of tax	12	(372)	(428)	(192)
				(278)
NET PROFIT FOR THE PERIOD	<u>756,181</u>	<u>894,732</u>	<u>436,049</u>	<u>662,848</u>
----- (Rupees) -----				
Basic and diluted earning / (loss) per share	10	Re-Styled	Re-Styled	Re-Styled
From continuing operations		12.90	15.27	7.44
From discontinued operations		(0.01)	(0.01)	(0.01)
Total		<u>12.89</u>	<u>15.26</u>	<u>7.43</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Condensed Interim Statement of Comprehensive Income

For the half year ended June 30, 2013 - (Un-audited)

	Half Year Ended		Quarter Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----			
Profit after taxation	756,181	894,732	436,049	662,848
Other Comprehensive Income				
Surplus / (deficit) on revaluation of available-for-sale investments - net of tax	60,423	139,562	38,336	(193,234)
Total comprehensive income for the period	<u>816,604</u>	<u>1,034,294</u>	<u>474,385</u>	<u>469,614</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2013 - (Un-audited)

	Share Capital	Capital reserves		Revenue reserves		Surplus / (deficit) on revaluation of available for sale investments	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Capital gain reserve	General reserve	Unappropriated profit		
----- (Rupees in ,000) -----							
Balance as at January 1, 2012 as previously reported	390,851	10,535	2,553	120,000	2,592,494	37,670	3,154,103
Effect of change in accounting policy with respect to accounting for re-measurement losses on defined benefit plan - net of tax (note 2.2)	-	-	-	-	(36)	-	(36)
Balance as at January 1, 2012 - restated	390,851	10,535	2,553	120,000	2,592,458	37,670	3,154,067
Final dividend @ Rs.2.5 per share for the year ended Dec 31, 2011	-	-	-	-	(97,713)	-	(97,713)
Net profit for the half year ended June 30, 2012	-	-	-	-	894,732	-	894,732
Other comprehensive income	-	-	-	-	-	139,562	139,562
Balance as at June 30, 2012 - restated	<u>390,851</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>3,389,477</u>	<u>177,232</u>	<u>4,090,648</u>
Balance as at December 31, 2012 as previously reported	586,277	10,535	2,553	120,000	3,688,477	56,566	4,464,408
Effect of change in accounting policy with respect to accounting for re-measurement losses on defined benefit plan - net of tax (note 2.2)	-	-	-	-	(619)	-	(619)
Balance as at December 31, 2012 - restated	<u>586,277</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>3,687,858</u>	<u>56,566</u>	<u>4,463,789</u>
Final dividend @ Rs.3 per share for the year ended Dec 31, 2012	-	-	-	-	(175,884)	-	(175,884)
Net Profit for the half year ended June 30, 2013	-	-	-	-	756,181	-	756,181
Other comprehensive income	-	-	-	-	-	60,423	60,423
Balance as at June 30, 2013	<u>586,277</u>	<u>10,535</u>	<u>2,553</u>	<u>120,000</u>	<u>4,268,155</u>	<u>116,989</u>	<u>5,104,509</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Condensed Interim Statement of Cash Flows

For the half year ended June 30, 2013 - (Un-audited)

	Half Year Ended	
	June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation (including Discontinued Operations)	785,150	918,966
Adjustment for non cash charges and other items:		
Depreciation / Amortization	2,868	283
Gain on sale of property and equipment	-	(328)
Provision for impairment in value of investments	-	50,078
Capital gain on sale of investments - net	(119,126)	(692,176)
Amortization income on government securities	(965)	(755)
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(667,621)	(295,250)
	(784,844)	(938,148)
Operating profit / (loss) before working capital changes	306	(19,182)
Decrease / (Increase) in operating assets		
Trade and other receivables	8,468	144,864
Long term loan	525	(1,408)
Short term deposits	2,000	(2,500)
Advances and short term prepayments	(110)	(800)
	10,883	140,156
(Decrease) / Increase in trade and other payables	(27,907)	54,135
Increase in deferred liability	1,136	590
Net cash (used in) / generated from operations	(15,582)	175,699
Taxes paid	(20,577)	(10,899)
Dividend paid	(173,271)	(96,236)
Net cash (used in) / generated from operating activities	(209,430)	68,564
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,599,000	6,802,042
Investment in securities	(4,391,066)	(6,844,504)
Capital expenditure incurred	(2,329)	(12,856)
Proceeds from sale of property and equipment	20	530
Net cash generated from / (used in) investing activities	205,625	(54,788)
Net (decrease) / increase in cash and cash equivalents	(3,805)	13,776
Cash and cash equivalents at the beginning of the period	13,494	8,330
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9,689	22,106

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
CEO

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended June 30, 2013 - (Un-audited)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

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

2.2 Change in accounting policy and disclosure

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

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

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

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

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

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

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

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Rounding off

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

2.6 CORRESPONDING FIGURES

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

	June 30, 2013 (Un-audited)	December 31, 2012 (audited)
	----- (Rupees in '000) -----	
5 PROPERTY AND EQUIPMENT		
Opening book value	22,393	1,586
Additions during the six months period / year	2,029	23,111
	24,422	24,697
Less: Written down value (WDV) of disposal during the six months period / year	(20)	(465)
Less: Depreciation for the six months period / year	(2,112)	(1,839)
	(2,132)	(2,304)
	<u>22,290</u>	<u>22,393</u>

The details of additions and disposals during the six months period / year are as follows:

Additions-Cost

Furniture & Fixtures	1,287	14,511
Office Equipment	742	7,012
Vehicles	-	1,588
	<u>2,029</u>	<u>23,111</u>

Disposal-Cost

Furniture & Fixtures	-	846
Office Equipment	22	2,771
Vehicles	-	1,889
	<u>22</u>	<u>5,506</u>

6 INTANGIBLE ASSETS

Opening book value	3,801	4
Additions during the six months period / year	300	4,269
	4,101	4,273
Less: Written down value (WDV) of disposal during the six months period / year	-	-
Less: Amortisation for the six months period / year	(756)	(472)
	(756)	(472)
	<u>3,345</u>	<u>3,801</u>

The details of additions and disposals during the six months period / year are as follows:

Additions-Cost

Computer software	300	4,269
	<u>300</u>	<u>4,269</u>

7	INVESTMENTS	Note	June 30,	December 31,
			2013 (Un-audited)	2012 (Audited)
			----- (Rupees in '000) -----	
Held-to-maturity investments - Long term				
Pakistan Investment Bonds			7,372	26,783
			<u>7,372</u>	<u>26,783</u>
Held-to-maturity investments - Short term				
Treasury Bills			14,801	14,811
Pakistan Investment Bonds			19,700	-
Available-for-sale investments			244,580	184,159
7.1				
Investments carried at fair value through profit or loss			4,887,613	4,308,112
			5,166,694	4,507,082
			<u>5,174,066</u>	<u>4,533,865</u>
7.1	Available-for-sale investments			
Un-quoted shares			-	-
7.1.1				
Mutual funds			30,045	22,656
7.1.2				
Un-quoted debentures			-	-
7.1.3				
Quoted shares - related parties			214,535	161,503
7.1.4				
			<u>244,580</u>	<u>184,159</u>

7.1.1 Un-quoted Shares

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

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

7.1.2 Mutual Funds

Name of fund	Note	Number of Units		Cost	Market value	
		31-Dec-12	30-Jun-13	30-Jun-13	30-Jun-13	31-Dec-12
----- Rupees '000' -----						
National Investment Unit Trust (NIT)	7.1.2.1	240,500	240,500	3,131	10,200	7,982
Golden Arrow Selected Stock Fund		2,405,532	2,405,532	8,798	19,845	14,674
				11,929	30,045	22,656
Less: Provision for Impairment Carrying Value				(2,279)		
				9,650		
Market Value as at 30 June 2013				30,045		
Unrealised Gain on Mutual Funds				20,395		

7.1.2.1 NIT units amounting to Rs.10.2 million (2012: 7.982 million), are under lien against a bank guarantee issued by Habib Bank Limited

7.1.3 Un-quoted debentures

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

7.1.4 Quoted Shares - Related Parties

	Number of Shares		Cost	Market value	
	31-Dec-12	30-Jun-13	30-Jun-13	30-Jun-13	31-Dec-12
	-----Rupees '000'-----				
Name of investee company					
Chemicals					
Dawood Hercules Corporation Limited (formerly Dawood Hercules Chemicals Ltd.) Equity held: 0.17% (2012: 0.17%)	794,380	794,380	47,652	36,629	25,850
Personal Goods					
Dawood Lawrencepur Limited Equity held: 5.02% (2012: 5.02%)	2,965,095	2,965,095	222,110	177,906	135,653
			269,762	214,535	161,503
Less: Provision for Impairment			(151,821)		
Carrying Value			117,941		
Market Value as at 30 June 2013			214,535		
Unrealised Gain on Quoted Shares			96,594		

	Note	Market Value	
		June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
		----- Rupees '000' -----	
7.2 Investment Carried at fair value through profit or loss			
Quoted shares	7.2.1	2,452,550	2,782,812
Mutual funds	7.2.2	2,435,063	1,525,300
		<u>4,887,613</u>	<u>4,308,112</u>

7.2.1 Quoted Shares

Name of investee company	Note	Number of Shares		Carrying Value	Market value	
		31-Dec-12	30-Jun-13	30-Jun-13	30-Jun-13	31-Dec-12
----- Rupees '000' -----						
Oil & Gas						
Pakistan Oil Fields Limited (POL)	7.2.1.2	500,000	400,000	175,016	198,948	218,770
Pakistan Petroleum Limited (PPL)	7.2.1.2	1,725,000	1,725,000	304,963	364,976	304,963
Pakistan State Oil Limited (PSO)	7.2.1.2	400,000	400,000	77,403	128,152	92,884
Oil & Gas Development Company Limited (OGDCL)	7.2.1.2	450,000	225,000	43,337	51,469	86,675
Chemicals						
Fatima Fertilizer Company Limited (FATIMA)		5,000,000	-	-	-	132,000
Construction & Materials						
D.G Khan Cement Limited (DGKC)	7.2.1.2	6,000,000	5,072,000	276,831	424,476	327,480
Fauji Cement Company Limited (FCCL)		10,043,500	-	-	-	65,684
Electricity						
The Hub Power Company Limited (HUBCO) - (related party)	7.2.1.1	10,000,000	10,000,000	452,400	616,500	452,400
Equity held: 0.86% (2012: 0.86%)	7.2.1.2					
Nishat Power Limited (NPL)		2,504,000	-	-	-	48,828
Karachi Electric Supply Corporation (KESC)		1,334,000	-	-	-	7,684
Kot Addu Power Company Limited (KAPCO)		4,440,500	-	-	-	219,316
Personal Goods						
Nishat Mills Limited (NML)		2,700,000	2,950,000	188,027	277,920	172,395
Household Goods						
Tariq Glass Industries Limited (TGL)		1,100,000	1,100,000	23,199	24,200	23,199
Financial Services						
Jahangir Siddiqui and Company Limited (JSCL)		2,500,000	-	-	-	40,350
Commercial Banks						
National Bank of Pakistan (NBP)		2,170,000	-	-	-	107,176
Askari Bank Limited (AKBL)		2,525,000	-	-	-	43,481
JS Bank Limited (JSBL)		3,054,000	-	-	-	17,927
United Bank Limited (UBL)	7.2.1.2	1,033,239	3,368,239	279,070	362,355	86,451
Non Life Insurance						
Adamjee Insurance Company Limited (AICL)		880,501	-	-	-	59,997
Technology Hardware and Equipment						
TPL Trakker Limited (TPL)		431,847	431,847	3,904	3,554	3,904
Equity Investment Instruments						
PICIC Growth Fund (PGF)		908,500	-	-	-	14,899
Fixed Line Telecommunication						
Pakistan Telecommunication Company Ltd. (PTCL)		13,915,500	-	-	-	241,434
Wateen Telecom Limited (WTCL)		5,005,000	-	-	-	14,915
Carrying Cost as at 30 June 2013				<u>1,824,150</u>	<u>2,452,550</u>	<u>2,782,812</u>
Market Value as at 30 June 2013				2,452,550		
Unrealised Gain on Quoted Shares				<u>628,400</u>		

7.2.1.1 5 million (December 31, 2012: 5 million) shares of The Hub Power Company Limited having market value of Rs. 308.25 million (December 31, 2012: Rs. 226.20 million) as at June 30, 2013 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

7.2.1.2 The Company has running finance facility of Rs.500 million (December 2012: Rs.500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 month KIBOR plus 0.85% and will expire on March 31, 2014.

The facility is secured against pledge of 4.50 million (market value: Rs. 277 million), 4.00 million (market value: Rs. 335 million), 2.50 million (market value: Rs. 269 million), 1.00 million (market value: Rs. 212 million), 0.3 million (market value: Rs. 96 million), 0.2 million (market value: Rs. 99 million) and 0.1 million (market value: Rs. 23 million) ordinary shares of HUBCO, DGKC, UBL, PPL, PSO, POL and OGDCL respectively.

7.2.2 Mutual Funds

Name of fund	Note	Number of Units		Cost	Market value	
		31-Dec-12	30-Jun-13	30-Jun-13	30-Jun-13	31-Dec-12
----- Rupees '000' -----						
ABL Cash Fund (related party)		7,041,903	25,814,701	255,676	258,198	70,491
Askari Sovereign Cash Fund		-	3,513,016	350,000	353,258	-
UBL Liquidity Plus Fund (related party)		1,509,577	-	-	-	151,377
PICIC Cash Fund		2,802,537	2,561,808	250,633	257,068	281,447
HBL Money Market Fund		497,482	-	-	-	50,390
MCB Cash Management Optimizer Fund		2,017,667	-	-	-	202,312
IGI Money Market Fund		2,532,559	-	-	-	255,045
NAFA Government Securities Liquid Fund	7.2.2.1	199,452	207,371	2,005	2,081	2,005
NAFA Money Market Fund		30,558,881	50,349,352	493,830	504,254	306,622
AKD Cash Fund		102,092	707,705	35,105	35,639	5,104
Faysal Money Market Fund		1,948,178	1,927,628	190,989	197,004	200,507
Pakistan Cash Management Fund		-	7,029,849	347,604	354,768	-
Primus Daily Reserve Fund		-	2,005,089	200,000	200,875	-
Lakson Money Market Fund		-	501,250	50,000	50,450	-
First Habib Cash Fund		-	1,002,179	100,000	100,928	-
Meezan Cash Fund		-	401,740	20,000	20,103	-
UBL Financial Sector Bond Fund (related party)		-	982,161	100,000	100,437	-
Carrying Cost as at 30 June 2013				2,395,842	2,435,063	1,525,300
Market Value as at 30 June 2013				2,435,063		
Unrealised Gain on Mutual Funds					39,221	

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

8	CASH AND BANK BALANCES	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
----- (Rupees in '000) -----			
	Cash in hand	50	41
	Stamps in hand	63	63
	Cash at bank	9,576	13,390
		<u>9,689</u>	<u>13,494</u>
9	CONTINGENCIES AND COMMITMENTS		
	Guarantees issued on behalf of the Company by commercial banks against court decree.	5,205	5,205
10	EARNINGS PER SHARE - BASIC AND DILUTED	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)
----- (Rupees in '000) -----			
	Profit after tax for the period		
	Continuing Operations	756,553	895,160
	Discontinued Operations	(372)	(428)
	Net profit for the period	<u>756,181</u>	<u>894,732</u>
(Number of shares)			
	Weighted average number of ordinary shares outstanding as at the period end	<u>58,627,722</u>	<u>58,627,722</u> (Restated)
----- (Rupees) -----			
	Earnings per share		
	Continuing Operations	12.90	15.27
	Discontinued Operations	<u>(0.01)</u>	<u>(0.01)</u>
		<u>12.89</u>	<u>15.26</u>

11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, staff retirement fund, directors and key management personnel. Transactions with related parties are entered into at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagement. Transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial information are as follows:

Transactions	Half Year Ended		Quarter Ended	
	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)
------(Rupees in '000)-----				
Premiums (refund) /underwritten	(16)	-	-	-
Premiums collected	13	65	-	65
Claims paid	-	47,917	-	39,100
Rent expense	2,615	4,148	1,308	3,085
Dividend income	50,620	30,832	-	3,215
Dividend distribution	120,396	70,842	-	70,842
Bonus shares received (face value)	7,429	41,284	4,069	8,824
Brokerage expense	452	1,553	168	850
Purchase of units of mutual funds	1,023,038	1,008,545	282,419	458,491
Sale of units of mutual funds	897,694	1,237,367	709,287	1,021,291
Other Income	-	735	-	590
Services charges	491	-	491	-
Contribution to provident fund	1,532	874	776	504
Charge for staff retirement gratuity scheme	1,136	633	563	317
Key Management Personnel				
Dividend distribution	3,777	2,999	-	2,999
Remuneration excluding bonus	24,130	18,377	12,631	10,642
Director fee	700	700	300	400
Principal received against loan to employee	670	670	335	335
June 30, December 31, 2013 2012 (Un-audited) (Audited) ----- (Rupees in '000) -----				
Balances				
Loan to executive			6,967	7,492

	Half Year Ended		Quarter Ended	
	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)
----- Rupees in '000'-----				
12 DISCONTINUED OPERATIONS				
Results of discontinued operations:				
Net Claim expenses	-	(37)	-	(2)
Net Expenses	(372)	(391)	(192)	(195)
Loss before tax	(372)	(428)	(192)	(197)
Taxation - deferred	-	-	-	(81)
Loss after tax	(372)	(428)	(192)	(278)

13 AUTHORISATION FOR ISSUE

- 13.1 This condensed interim financial information was authorised for issue on August 27, 2013 by the Board of Directors of the Company.
- 13.2 The Board of Directors in their meeting held on August 27, 2013 have announced an interim cash dividend of Rs. 5 (2012: Rs. 1) per share amounting to Rs. 293.138 million (2012: 39.085 million). The condensed interim financial information for the half year ended June 30, 2013 does not include the effect of these appropriations which will be accounted for subsequent to the half year end.



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