

# PICIC INVESTMENT FUND (PIF)



Secured Investment,  
Increased Returns

Managed by:

**PICIC**  
Asset Management Company Ltd.

# c o n t e n t s

SCHEME'S INFORMATION	1
VISION STATEMENT	2
MISSION STATEMENT	3
DIRECTORS' REPORT	4
FUND MANAGER'S REPORT	17
STATEMENT OF ETHICS AND BUSINESS PRACTICES	19
CORE VALUES	21
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE	22
REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE	25
REPORT OF THE TRUSTEE	27
INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS	28
FINANCIAL STATEMENTS	30
INCOME STATEMENT OF PICIC ASSET MANAGEMENT COMPANY LTD. IN RELATION TO PICIC INVESTMENT FUND (SCHEME)	57

# Scheme's Information

## PICIC INVESTMENT FUND

<b>Management Company</b>	PICIC Asset Management Company Limited 1st Floor, Schon Centre, 11 Chundrigar Road, Karachi – 74000. Pakistan Tel: (021) 2274788-91 Fax:(021) 2274783 Email: info@picicamc.com URL: www.picicamc.com	
<b>Board of Directors of the Management Company</b> (As of June 30, 2009)	Mr. Asadullah Khawaja Mr. Shahid Ali Khan Mr. Muhammad Faraz Haider Mr. Nauman Hussain Mr. Yameen Kerai Mr. Mir Adil Rashid	Chairman     Chief Executive
<b>Head of Finance &amp; Company Secretary of the Management Company</b>	Ms. Qurat-ul-ain Jafari	
<b>Audit Committee of the Management Company</b>	Mr. Yameen Kerai Mr. Muhammad Faraz Haider Mr. Nauman Hussain	Chairman Member Member
<b>Investment Committee of the Management Company</b>	Mr. Asadullah Khawaja Mr. Shahid Ali Khan Mr. Yameen Kerai Mr. Mir Adil Rashid	Chairman Member Member Member
<b>Human Resource Committee of the Management Company</b>	Mr. Asadullah Khawaja Mr. Shahid Ali Khan Mr. Nauman Hussain Mr. Mir Adil Rashid	Chairman Member Member Member
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House: 99-B, Block B, S.M.C.H.S Main Shahrh-e-Faisal, Karachi-74400	
<b>Bankers</b>	Bank AlFalah Limited Habib Metropolitan Bank Limited NIB Bank Limited	
<b>Auditors</b>	A.F Ferguson & Co. Chartered Accountants	
<b>Legal Adviser</b>	Bawaney & Partners	
<b>Registrar and Share Transfer Office</b>	Noble Computer Services (Pvt) Limited Mezzanine Floor, House of Habib Building (Sidiqsons Tower) 3-Jinnah Cooperative Housing Society, Main Shahrh-e-Faisal, Karachi, 75350, Pakistan PABX: (92-21) 4325482-87 Fax: (92-21) 4325442	

# vision statement

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TO BE THE TOP PERFORMER OF THE MUTUAL FUND INDUSTRY THROUGH WEALTH MAXIMIZATION OF THE CERTIFICATE HOLDERS BY INVESTING IN THE BEST AVAILABLE OPPORTUNITIES WITH EMPHASIS ON CONSISTENT RETURNS, WHILE CONSIDERING RISK PARAMETERS AND APPLICABLE RULES.



# mission statement

TO PROVIDE INVESTORS LUCRATIVE INVESTMENT OPPORTUNITIES THROUGH AN INVESTMENT MIX OF BLUE CHIP SHARES HAVING THE POTENTIAL OF OFFERING HEALTHY DIVIDENDS AND GROWTH OPPORTUNITY.

# PICIC INVESTMENT FUND (PIF)

## Directors' Report

for the year ended June 30, 2009



## Directors' Report

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Investment Fund is pleased to present the Sixth Annual Report of the PICIC Investment Fund.

### PICIC ASSET MANAGEMENT COMPANY LIMITED

PICIC Asset Management Company Limited (PICIC AMC) is a wholly owned subsidiary of NIB Bank Limited (NIB). NIB is a subsidiary of Fullerton Financial Holdings Limited which is a wholly owned by Temasek Holdings, the investment arm of the Government of Singapore.

### FINANCIAL RESULTS

The financial results of PICIC Investment Fund for the year under review are summarized as under:

	(Rupees in '000')
Un-appropriated profit brought forward	103,266
(Loss)/Profit after taxation for the year	<u>(1,267,381)</u>
(Loss)/Profit available for appropriation	(1,164,115)
Appropriation:	
Final Dividend for the year ended June 30, 2008	-
Un-appropriated (loss)/profit carried forward	<u>(1,164,115)</u>
(Loss)/Earning per certificate (Rupees)	<u><u>(4.46)</u></u>

## MARKET REVIEW

During FY 2009, the KSE-100 Index fell by 41.72% from 12,289 to 7,162 as compared to a decline of 10.77% during FY 2008. Market capitalization during FY 2009 fell by 43.86% from Rs.3.777 trillion to Rs.2.12 trillion, as compared to a decline of 6.02% during FY 2008. During the year under review the KSE-100 Index reached a High of 12,221 and a Low of 4,815 showing extreme volatility. Average daily volume stood at 106 million shares as compared to 242 million shares in FY 2008. The total Index Points Movement (IPM) during the period under review was 7,406 points as compared to 4,514 points in FY 2008.



Sectors which contributed almost 67% of the market capitalization were Banking (-7% under-performance), Oil & Gas Exploration (8% out-performance) and Fertilizer (8% out-performance).

The top three out-performing sectors versus the KSE-100 Index during this period were Chemicals (26% out-performance), Power Generation & Distribution (25% out-performance) and Oil & Gas Exploration Companies (8% out-performance).

The top three under-performing sectors versus the KSE-100 Index during this period were Insurance (23% under-performance), Technology & Communication (13% under-performance) and Textile Spinning (12% under-performance).

The socio-political and macro-economic environment suffered a severe set back mainly due to the worsening law and order situation in the North West of the country coupled with fiscal and budgetary imbalances, as a consequence the risk-premium on equities scaled up and dwindling liquidity resulted in erosion in equity values. This culminated in the second worst annual decline in equity markets after 1998 (-44%).

## ECONOMIC REVIEW

Pakistan, in FY 2009, posted a real GDP growth of 2.1%, as compared to 4.1% in FY 2008. The crisis in the country was mainly due to internal problems including political upheaval and internal strife which compounded the drag from the weakening economy.





On the economic front, in FY 2009, the international oil price shock was the catalyst which led to rising inflation (21.5%), escalating deficit (4.1% of GDP), declining reserves (which made a low of USD6.7bn in October) and a weakening rupee shedding 26% to an average PKR78.6/USD from PKR62.6/USD in FY 2008.

This led to Pakistan seeking a recourse from the IMF, which came in with an assistance pledge of USD 7.6bn whilst the total amount pledged by International donors stood at approximately USD15bn.

Once again inflation management stifled growth, as discount rate stood at a high of 15% (for the larger part of the year), which consequently tightened liquidity as M2 growth slumped to 6.7% in FY 2009 versus 10.43% in FY 2008. Outward flow of capital further squeezed liquidity as there was an FPI outflow of USD1.1bn from the equity market.

With the aid injection, foreign reserves have swelled up to around USD 12bn, Inflation has finally slowed and the base impact further dampened the headline figure which declined to 13.1% in June 2009. This led to the first rate cut since November 2002 when SBP in its April review lowered the discount rate by 100bps to 14%.

### RESTRUCTURING OF PORTFOLIO

Under the new management, the fund has undergone major restructuring based upon redefined investment criteria with a focus on fundamentals, liquidity and benchmarking. This has resulted in a significant reduction in the number of stocks and a more focused outlook. This approach has already shown superior returns in the quarter by the Fund which has outperformed the benchmark KSE-100 Index and most of its peers. The KSE-100 Index increased by 22.11% during the period from December 31, 2008 to June 30, 2009 and during the same period PICIC Investment Fund outperformed the index by 8.59%. The portfolio restructuring and rebalancing is an on going exercise which is expected to yield even better performance going forward.

### OPERATING RESULTS

During the year under review total loss stood at Rs. 1,187 million as compared to total loss of Rs. 107 million in the corresponding year.

Realized capital loss during the year stood at Rs. 1,017 million as compared to a realized gain of Rs.179 million in the corresponding year. The dividend income during the year stood at Rs. 195 million, the same as for the corresponding period.

Total expenditure during the year showed a prominent downward trend and stood at Rs. 80 million as compared to Rs. 144 million in the corresponding year.

Tax provision for the current year amounted to NIL due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 63 of NBFC & NE Regulations, 2008.

The net loss for the year stood at Rs. 1,267 million as compared to net loss of Rs.252 million reported for the corresponding year. This translates into loss per certificate of Rs. 4.46 for the year as compared to loss per certificate of Re. 0.89 in the corresponding year.

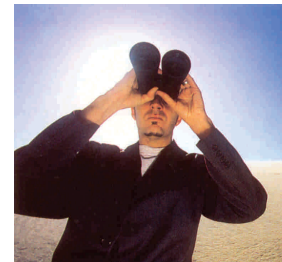
The net assets decreased from Rs. 5,066 million as on June 30, 2008 to Rs. 3,012 million as on June 30, 2009 and accordingly the net asset value per certificate decreased from Rs. 17.83 per certificate as on June 30, 2008 to Rs. 10.60 per certificate as on June 30, 2009.

## DIVIDEND

The Board of Directors of PICIC Asset Management Company Limited has declared 'NIL' dividend in PICIC Investment Fund for the financial year ended June 30, 2009.

## FUTURE OUTLOOK

As the economy stabilized with the help of aid injections propping up the reserves resulting in easing of balance of payments pressures, the market reclaimed substantial lost ground. It surged from a low of 4,815 on January 26, 2009 (39% decline) to a high of 7,902 on April 20, 2009 and recorded a 64% gain over the course of three months.



The Market has entered a recovery phase after absorbing the pressures resulting from Broker defaults. The daily volumes have shown improvement although still below previous levels. A number of positive triggers are lined up in the near to medium term as we expect further monetary easing and fresh inflows. June was the first month of net inflows in FY09 totaling US\$5.6mn.

Whilst Economic growth may remain muted in FY10, it is nonetheless on the path to recovery. Pakistani equities are amongst the cheapest in the region with an estimated 60% discount to regional multiples. Taking all this into account we feel that the market is likely to show improvement over the course of FY10.

### PERFORMANCE RANKING OF THE FUND

JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking of PICIC Investment Fund at 'MFR-2 Star' for the one year period ended March 31, 2009.

### MANAGEMENT QUALITY RATING OF THE MANAGEMENT COMPANY

In June 2009, JCR-VIS Credit Rating Company Limited has upgraded the Management Quality rating of PICIC Asset Management Company Limited from 'AM3-' to 'AM3'.

### TRANSACTION WITH CONNECTED PERSONS

Transactions between the Fund and its connected persons are carried out on an arm's length basis. The Fund has fully complied with the best practices on transfer pricing as contained in the Listing Regulation No.38 of the Karachi Stock Exchange.

### CORPORATE GOVERNANCE

PICIC Investment Fund is listed on all three Stock Exchanges and the Management Company is committed to observing Code of Corporate Governance prescribed for listed companies.

### DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The financial statements prepared by the Management Company of the Fund, present a fair state of affairs of the Fund, the result of its operations, cash flows and statement of movement in equity & reserves and distribution.
- b. The Fund has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking

Finance Companies & Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently applied in preparation of financial statements.

- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- h. Since all the thirteen funds of ICP Mutual Funds Lot 'B' were merged into PICIC Investment Fund in June, 2004, therefore, key operating and financial data of last five years is summarized on page No. 12 (Annexure-A)
- i. All trades during the year in the certificates of the Fund carried out by the Directors, CEO, Head of Finance & Company Secretary and their spouses and minor children has been annexed on page No. 13 (Annexure-B).
- j. There is no statutory payment on account of taxes, duties, levies and charges outstanding.
- k. The statement as to the value of investments of provident, gratuity and pension funds is not applicable in case of Fund as the Fund has no employees.
- l. A statement showing the number of Board meetings and attendance by each director has been annexed on page No. 13 (Annexure-C).
- m. The detailed pattern of certificate-holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is annexed on Page No. 14 (Annexure-D).

## AUDITORS

The Fund's external auditors A. F Ferguson & Co., Chartered Accountants have expressed their willingness to continue as the Fund's auditor for the ensuing year ending June 30, 2010. The Audit Committee of the Management Company has recommended the appointment of A. F Ferguson & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2010.

## ACKNOWLEDGEMENT

Finally, we once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support. We would also like to thank the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Central Depository Company of Pakistan Limited (Trustee), National Clearing Company of Pakistan Limited and other regulatory authorities, financial institutions and the auditors for their continued guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their unswerving commitment and hard work and to the certificate-holders for the trust and confidence reposed in us.

For and on behalf of the board

**MIR ADIL RASHID**  
Chief Executive Officer

Karachi  
August 19, 2009

## Annexure-A

**SUMMARIZED OPERATING AND FINANCIAL RESULTS  
FOR THE LAST SIX YEARS IN COMPARISON TO CURRENT YEAR**

YEAR ENDED	(Rupees in '000')						
	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003
<b>STATEMENT OF ASSETS &amp; LIABILITIES</b>							
Net Assets:							
Investment in HFT	1,985,236	3,031,192	4,021,406	3,983,476	3,535,617	4,397,356	1,348,124
Investment in AFS	867,604	1,653,804	1,615,931	1,351,098	1,809,212	1,230,398	995,561
Other Assets	234,239	457,193	1,017,715	758,447	715,715	412,950	152,144
Liabilities	(74,919)	(76,448)	(381,142)	(602,551)	(177,814)	(239,273)	(47,704)
<b>Total</b>	<b>3,012,160</b>	<b>5,065,741</b>	<b>6,273,910</b>	<b>5,490,470</b>	<b>5,882,730</b>	<b>5,801,431</b>	<b>2,448,125</b>
Financed By:							
Capital	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	2,841,250	1,150,000
Premium on issue of certificate	984,688	984,688	984,688	984,688	984,688	984,688	-
General Reserve	225	225	225	225	225	225	225
Reserver for issue of bonus certificate	-	-	-	-	-	-	112,500
Unappropriated (Loss) / profit	(1,164,116)	103,265	1,349,307	830,701	808,403	1,305,918	750,887
Suplus on revaluation of AFS Investment	350,113	1,136,312	1,098,440	833,606	1,248,164	669,350	434,513
<b>Total</b>	<b>3,012,160</b>	<b>5,065,740</b>	<b>6,273,910</b>	<b>5,490,470</b>	<b>5,882,730</b>	<b>5,801,431</b>	<b>2,448,125</b>
Net Asset Value per Certificate (Rupees)	10.60	17.83	22.08	19.32	20.70	20.42	21.29
<b>INCOME STATEMENT</b>							
Income:							
(Loss) / Gain on Sale of Investments - net	(1,017,195)	179,034	660,873	1,885,810	998,884	724,300	178,673
Unrealised (Diminution) / appreciation on remeasurement of investment - net	(401,392)	(518,426)	274,705	(313,482)	(517,351)	35,141	454,199
Dividend	194,800	194,769	260,111	302,402	311,484	254,700	174,517
Other Income	36,611	37,218	65,477	38,382	11,648	8,435	8,509
	(1,187,176)	(107,405)	1,261,166	1,913,112	804,665	1,022,576	815,898
Expenditure:							
Management Fee	62,426	111,802	110,963	122,463	111,370	119,979	44,495
Auditors' Remuneration	490	434	422	428	323	335	740
Other Expenses	17,289	31,963	62,925	57,274	53,987	61,481	6,184
	80,205	144,199	174,310	180,165	165,680	181,795	51,419
(Loss) / Profit Before Taxation	(1,267,381)	(251,604)	1,086,856	1,732,947	638,985	840,781	764,479
Taxation - Prior years	-	-	-	5,898	-	-	-
(Loss) / Profit After Taxation	(1,267,381)	(251,604)	1,086,856	1,727,049	638,985	840,781	764,479
(Loss) / Earnings per Certificate (Rupees)	(4.46)	(0.89)	3.83	6.08	2.25	4.16	5.91

Annexure-B

STATEMENT SHOWING CERTIFICATES TRADED/HELD BY DIRECTORS, CEO, HEAD OF FINANCE AND COMPANY SECRETARY OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY) AND THEIR SPOUSES AND MINOR CHILDREN FOR THE YEAR ENDED JUNE 30, 2009

S. NO.	NAME	DESIGNATION	SHARES HELD
01	Mr. Asadullah Khawaja	Chairman	-
02	Mr. Shahid Ali Khan	Director	-
03	Mr. Muhammad Faraz Haider	Director	-
04	Mr. Nauman Hussain	Director	-
05	Mr. Yameen Kerai	Director	-
06	Mr. Mir Adil Rashid	CEO	-
07	Ms. Qurat-ul-ain Jafari	Head of Finance & Company Secretary	-

Annexure-C

STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY) FOR PICIC INVESTMENT FUND FOR THE PERIOD FROM JULY 01, 2008 TO JUNE 30, 2009

S. NO.	NAME	DESIGNATION	MEETINGS		
			TOTAL	ATTENDED	LEAVE GRANTED
01	Mr. Asadullah Khawaja	Chairman	4	4	-
02	Maj. (R) Mohammad Fazal Durani*	Director	4	1	-
03	Mr. Masroor Ahmed Qureshi*	Director	4	1	-
04	Mr. Nauman Hussain	Director	4	4	-
05	Mr. Yameen Kerai	Director	4	4	-
06	Mr. Muhammad Faraz Haider	Director	4	2	-
07	Mr. Shahid Ali Khan	Director	4	2	-
08	Mr. Hussain A. Naqvi	Ex-CEO	4	2	-
09	Mr. Mir Adil Rashid	CEO	4	2	-

\* Resigned from Directorship of PICIC Asset Management Company Limited

## Annexure-D

*STATEMENT SHOWING PATTERN OF CERTIFICATES HELD BY THE  
CERTIFICATE-HOLDERS OF PICIC INVESTMENT FUND AS AT JUNE 30, 2009*

CERTIFICATES		NUMBER OF CERTIFICATE-HOLDERS	HOLDINGS
FROM	TO		
1	100	3,306	210,064
101	500	7,621	1,992,593
501	1,000	2,898	2,204,315
1,001	5,000	3,222	8,055,710
5,001	10,000	796	6,212,989
10,001	15,000	305	3,838,612
15,001	20,000	232	4,241,972
20,001	25,000	157	3,673,381
25,001	30,000	93	2,630,355
30,001	35,000	63	2,072,628
35,001	40,000	54	2,097,108
40,001	45,000	33	1,406,889
45,001	50,000	60	2,928,364
50,001	55,000	33	1,719,532
55,001	60,000	26	1,476,663
60,001	65,000	25	1,565,494
65,001	70,000	14	955,698
70,001	75,000	24	1,760,864
75,001	100,000	77	7,088,006
100,001	500,000	154	33,169,916
500,001	1,000,000	18	12,885,872
1,000,001	5,000,000	9	27,933,063
5,000,001	10,000,000	2	14,438,603
10,000,001	284,125,000	6	139,566,311
	TOTAL	<u>19,228</u>	<u>284,125,000</u>



PICIC INVESTMENT FUND (PIF)

*STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS  
OF PICIC INVESTMENT FUND AS AT JUNE 30, 2009*

CATEGORY DESCRIPTION	NUMBER OF CERTIFICATE-HOLDERS	HOLDING	%
Individuals	18,934	90,812,821	31.96
Financial Institutions	16	11,780,248	4.15
Insurance Companies	22	8,434,406	3.00
Investment Bank/Companies	13	502,136	0.18
Joint Stock Companies	131	12,940,600	4.55
Modaraba	9	323,103	0.11
Custodian of Abandoned Properties Organization	1	190,132	0.07
Charitable Trusts	19	2,026,467	0.71
Cooperative Societies	1	14,000	0.01
Mutual Fund	4	16,895,208	5.95
Foreign Investors	18	29,599,720	10.42
ICP	20	62,942	0.02
NIL	2	10,168,848	3.58
NIUT	4	23,226	0.01
NIB Bank Limited	1	41,544,649	14.62
PICIC-AMC	1	55,159,172	19.41
Trustee- NIB Bank Limited Emp. Prov. Fund	1	350,196	0.12
Others	31	3,297,126	1.16
<b>TOTAL</b>	<b>19,228</b>	<b>284,125,000</b>	<b>100.00</b>

*PATTERN OF CERTIFICATE-HOLDING OF PICIC INVESTMENT FUND AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2009*

PARTICULARS	CERTIFICATES HELD
Individuals	90,812,027
Associated Company	
NIB Bank Limited.	41,544,649
Trustee NIB Bank Ltd. Employees Provident Fund	350,196
Management Company	
PICIC Asset Management Company Limited	55,159,172
National Investment Trust Limited	60,720
National Investment Unit Trust	10,108,128
Investment Corporation of Pakistan	62,942
Chief Executive	
Mir Adil Rashid	-
Directors & their spouses	
Mr. Asadullah Khawaja	794
Mr. Shahid Ali Khan	-
Mr. Muhammad Faraz Haider	-
Mr. Nauman Hussain	-
Mr. Yameen Kerai	-
Executives	-
Joint Stock Companies	12,940,600
Banks	11,780,248
Development Financial Institutions	23,226
Non- Banking Financial Institutions	502,136
Insurance Companies	8,434,406
Modaraba s	323,103
Mutual Funds	16,895,208
Foreign Investors	29,599,720
Others	5,527,725
	<u>284,125,000</u>

*DETAILS OF CERTIFICATE-HOLDERS HOLDING TEN PERCENT OR MORE CERTIFICATES OF PICIC INVESTMENT FUND AS AT JUNE 30, 2009*

PARTICULARS	HOLDING	%
PICIC Asset Management Company Ltd.	55,159,172	19.41
NIB Bank Limited	41,544,649	14.62

## Fund Manager's Report

PICIC Investment Fund (PIF) is a closed-end equity fund. The objective of the Fund is wealth maximization of the Certificate Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations and in this respect the Fund has achieved its objective.

### MARKET REVIEW

In FY 2009, the socio-political and macro-economic environment suffered a severe set back mainly due to the worsening law and order situation in the North West of the country along with fiscal and budgetary imbalances. As a result the risk-premium on equities scaled up which coupled with dwindling liquidity in the system resulted in erosion in equity values. This culminated in the second worst ever annual decline in equity markets after FY 1998 (-44%).

Sectors which contributed almost 67% of the market capitalization were Banking (-7% under-performance), Oil & Gas Exploration (8% out-performance) and Fertilizer (8% out-performance).

The top three out-performing sectors versus the KSE-100 Index during this period were Chemicals (26% out-performance), Power Generation & Distribution (25% out-performance) and Oil & Gas Exploration Companies (8% out-performance).

The top three under-performing sectors versus the KSE-100 Index during this period were Insurance (23% under-performance), Technology & Communication (13% under-performance) and Textile Spinning (12% under-performance).

### PERFORMANCE

Market capitalization during FY 2009 fell by 43.86% from Rs.3.777 trillion to Rs.2.12 trillion, as compared to a decline of 6.02% during FY 2008.

The KSE-100 Index made a High of 12,221 and a Low of 4,815 showing extreme volatility in FY 2009. Average daily volume stood at 106 million shares as compared to 242 million shares in FY 2008. The total Index Points Movement (IPM) during the period under review was 7,406 points as compared to 4,514 points in FY 2008.

During the year under review PIF recorded a return of -40.55% a 117bps over performance vs. the Benchmark KSE-100. The Index fell by 41.72% from 12,289 to 7,162 as compared to a decline of 10.77% during FY 2008. On an Ex-Frozen Basis PIF recorded a return of -37.16%.

The net assets decreased from Rs.5,066 million as on June 30, 2008 to Rs.3,012 million as on June 30, 2009 and accordingly the net asset value per certificate decreased from Rs.17.83 to Rs.10.60.

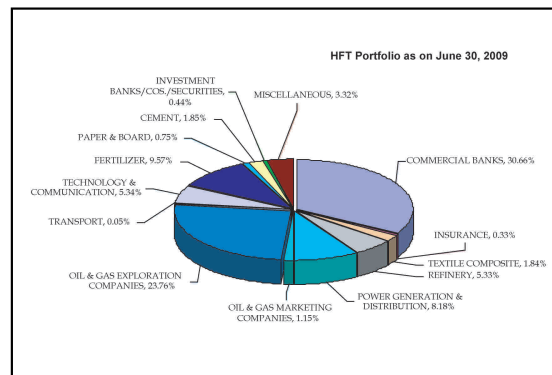
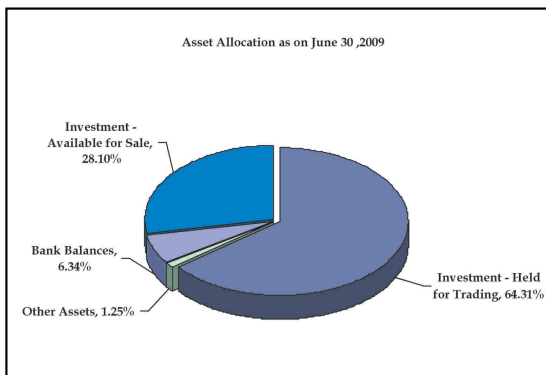
## STRATEGY

After the freeze had been lifted in the mid of December 2008, a new strategy was formulated which went in effect from January 2009. We focused on improving the composition of the portfolio with the key criteria being fundamentals. Essentially this meant retaining or accumulating scrips with high dividend yield and good prospective capital gains. Other key factors in consideration were benchmarking and focus on liquidity. Consequently we managed to reduce the number of stocks in the portfolio from 57 to 27. The configuration of stocks defined as per our core fundamental criteria has significantly increased the proportion of Index based and liquid stocks during the period between December, 2008 and June, 2009.

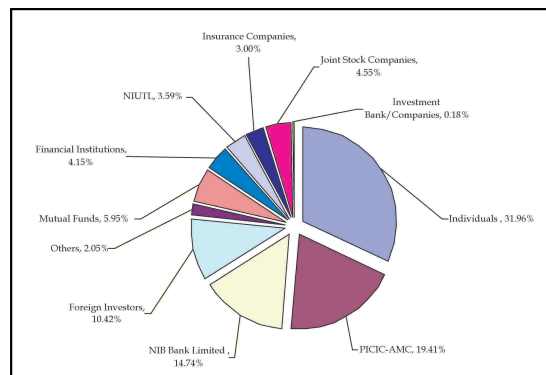
Currently we are focusing on reducing concentration to a few sectors by diversifying in wider set of sectors.

## ASSET ALLOCATION

Following charts give the fund's asset allocation as on June 30, 2009 are as follows:



## PATTERN OF CERTIFICATE HOLDERS



## Statement of Ethics and Business Practices



PICIC Asset Management Company Limited, a wholly owned subsidiary of NIB Bank Ltd. (the Management Company of PICIC Investment Fund) will be guided by the following principles in its pursuit of excellence in all activities for attainment of the organizational objectives:

### AS DIRECTORS:

- ❑ Formulate and monitor the objectives, strategies and overall business plan of the company.
- ❑ Oversee that the affairs of the company are being carried out prudently within the framework of existing laws & regulations and high business ethics.
- ❑ Ensure compliance of legal and regulatory requirements.
- ❑ Protect the interest and assets of the company.
- ❑ Maintain organizational effectiveness for the achievement of the organizational goals.
- ❑ Foster the conducive environment through responsive policies.
- ❑ Ensure that company's interest supersedes all other interest.
- ❑ Transparency in the functioning of the company.
- ❑ Ensure efficient and effective use of company's resources.
- ❑ Have capability to maintain independent judgment where there is potential for conflict of interest.
- ❑ Ensure that none of the director(s) involved either directly or indirectly in activities such as taking bribes, kickbacks and payoffs.
- ❑ Shall maintain secrecy of the material non-public information and proper disclosures in this regard should be made where deem mandatory.

### AS EXECUTIVES, MANAGERS AND STAFF:

- ❑ Follow the policy guidelines strictly adhering to the rules and procedures as approved by the Board.
- ❑ Strike and work diligently for profitable operations of the company.
- ❑ Provide direction and leadership to the company.
- ❑ Ensure shareholders satisfaction through excellent product and service.
- ❑ Promote a culture of excellence, conservation and continual improvement.
- ❑ Cultivate work ethics and harmony among colleagues and associates.
- ❑ Encourage initiatives and self-realization in employees.
- ❑ Ensure an equitable way of working and reward system.
- ❑ Institute commitment to a healthy environment.
- ❑ Productive devotion of time and efforts.
- ❑ Promote and protect the interest of the company and ensure that company's interest supersedes all other interest
- ❑ Exercise prudence in using company's resources.
- ❑ Observe cost effective practices in daily activities.
- ❑ Strive for excellence and quality.
- ❑ Avoid making personal gain (other than authorized salary and benefits) at the company's expense, participating in or assisting activities which compete with PICIC Asset Management Company Limited.
- ❑ Efforts to create succession in related areas would be appreciated/encouraged.
- ❑ In case of having material non-public information, shall not involve in insider trading.
- ❑ Report the matter to superior(s) or higher Authority where conflict of interest arises along with proper disclosure or evidence.
- ❑ Shall report the matter to superior(s) or higher Authority in case of observing the breach of fiduciary duty.
- ❑ Establish and monitor controls within the organization to prevent involvement of activities such as taking bribes, kickbacks and payoffs.

### FINANCIAL INTEGRITY:

- ❑ Compliance with accepted accounting rules and procedures.
- ❑ In addition to being duly authorized, all transactions must be properly and fully recorded. No record entry or document may be false or misleading and no undisclosed and unrecorded account, fund or asset may be established or maintained. No company payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it.
- ❑ All information supplied to the auditors must be complete and not misleading.
- ❑ PICIC Asset Management Company Limited will not knowingly assist fraudulent activities by others.

## Core Values



### PICIC ASSET MANAGEMENT COMPANY LIMITED (MANAGEMENT COMPANY OF PICIC INVESTMENT FUND) BELIEVES IN:

- ❑ Highest standards of personal & professional ethics and integrity.
- ❑ Providing impeccable services to its certificate-holders.
- ❑ Maximizing certificate-holders' value through meeting their expectations.
- ❑ Innovation and technology as rewarding investments.
- ❑ Training, development & recognition as employees' key motivators.
- ❑ Democratic leadership & candor as key ingredients for effective teamwork.
- ❑ These Core Values are the manifestation of its claim of being **"The Trusted Name"**.

*STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009*

This statement is being presented by the Board of Directors of PICIC Asset Management Company Limited (Company), the Management Company of PICIC Investment Fund (Fund) to comply with the Best Practices of the Code of Corporate Governance (Code) contained in Regulation No.35, Chapter XIII and Chapter XI of the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges respectively 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.



PICIC Asset Management Company Limited, though an un-listed company complies with the Code as the fund under its management is listed on all three Stock Exchanges.

*The Company has applied the principles contained in the Code in the following manner:*

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board comprises of six (6) directors of which five (5) are non-executive and only the Chief Executive Officer (CEO) is an executive director. The Company, being an un-listed company, does not have any minority interest.
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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board 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 significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.



7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. Although no orientation courses were held, the directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company & Fund, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
11. The Board has approved appointment of Head of Finance & Company Secretary, including remuneration and terms and conditions of employment, as determined by the CEO.
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 the CEO and Head of Finance before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the certificates of the Funds other than that disclosed in the pattern of certificate-holding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. 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.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the Audit Committee has been approved by the Board.
18. The Asset Management Company has outsourced the internal audit function of the Company to M/s Ford Rhodes Sidat Hyder & Co, Chartered Accountants, Karachi, for the period April to June 30, 2009, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund. For the period July 1, 2008 to March 31, 2009, the internal audit function of the Company was outsourced to M/s Anjum Asim Shahid Rahman, Chartered Accountants, Karachi, who were considered suitably qualified and experienced for the purpose and were conversant with the policies and procedures of the Fund.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program 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 certificates of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the board

MIR ADIL RASHID  
Chief Executive Officer

Karachi  
August 19, 2009

**A.F.FERGUSON & CO.**

A member firm of

**PRICEWATERHOUSECOOPERS** 

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Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938

**REVIEW REPORT TO THE CERTIFICATE HOLDERS ON THE STATEMENT  
OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF  
CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PICIC Asset Management Company Limited** (the Management Company) of **PICIC Investment Fund** to comply with the Listing Regulation No. 35 (Chapter XI), No. 43 (Chapter XIII) and No. 36 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges respectively where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. 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 Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

The Code of Corporate Governance requires the Board of Directors to approve related party transactions bifurcating 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. In this connection we are only required and have ensured compliance of the requirement to the extent of the Board of Directors approving the related party transactions in the aforesaid manner.

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 Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

**Karachi**  
August 19, 2009

**Chartered Accountants**

# PICIC INVESTMENT FUND (PIF)

## Financial Statements

for the year ended June 30, 2009





**TRUSTEE REPORT TO THE CERTIFICATE HOLDERS  
PICIC INVESTMENT FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V  
of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

PICIC Investment Fund (Fund), a closed-end scheme was established under a trust deed executed between Pakistan Industrial Credit and Investment Corporation Limited (PICIC) as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee on April 02, 2004. Thereafter, the first supplemental trust deed was executed by and amongst PICIC, PICIC Asset Management Company Limited (PICIC AMC) as the management company and CDC as the trustee on June 28, 2004 for transfer of management rights from PICIC to PICIC AMC.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the investment powers of the management company under the constitutive documents of the Fund; and
- (ii) the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Mohammad Hanif**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi  
August 19, 2009

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PRICEWATERHOUSECOOPERS 

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Karachi-74000, Pakistan  
Telephone: (021) 2426682-6 / 2426711-5  
Facsimile: (021) 2415007 / 2427938

## INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of PICIC Investment Fund, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, cash flow statement, statement of movement in certificate holders fund and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management Company's responsibility for the financial statements*

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

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but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

***Other matters***

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**Karachi :  
August 19, 2009**

**Chartered Accountants**

## PICIC INVESTMENT FUND

STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2009

	Note	2009	2008
-----Rupees in '000'-----			
<b>ASSETS</b>			
Bank balances	5	195,804	425,377
Investments	6	2,852,840	4,684,995
Receivable against sale of investments		15,906	-
Prepayments		-	28
Dividend receivable		10,813	19,720
Taxation - net		6,474	6,474
Accrued income on bank deposits		1,543	1,895
Security deposits		3,700	3,700
Total Assets		3,087,080	5,142,189
<b>LIABILITIES</b>			
Fee payable to Management Company		5,020	8,442
Fee payable to Trustee		217	302
Fee payable to SECP		2,965	5,590
Payable against purchase of investments		6,711	-
Accrued expenses		2,668	2,417
Dividend		57,338	59,697
Total Liabilities		74,919	76,448
<b>NET ASSETS</b>		<u>3,012,161</u>	<u>5,065,741</u>
<b>CAPITAL AND RESERVES</b>			
Capital	7	2,841,250	2,841,250
Premium on issue of certificates		984,688	984,688
General reserve		225	225
(Accumulated loss) / unappropriated profit		(1,164,115)	103,266
Unrealised appreciation on re-measurement of investments classified as 'available for sale' - net		350,113	1,136,312
Total certificate holders' funds		<u>3,012,161</u>	<u>5,065,741</u>
<b>NET ASSETS VALUE PER CERTIFICATE - Rupees</b>	8	<u>10.60</u>	<u>17.83</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director



PICIC INVESTMENT FUND

*INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009*

	Note	2009	2008
----Rupees in '000'----			
<b>INCOME</b>			
Capital (loss) / gain on sale of investments - net		(1,017,195)	179,034
Dividend income		194,800	194,769
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(401,392)	(518,426)
Profit on bank deposits		28,938	37,218
Gain on sale of letter of rights		7,674	-
		<u>(1,187,175)</u>	<u>(107,405)</u>
<b>OPERATING EXPENSES</b>			
Fee to Management Company	9	62,426	111,802
Fee to Trustee	10	2,748	4,170
Fee to S.E.C.P		2,965	5,590
Securities transaction costs	11	8,175	18,032
Auditors' remuneration	12	560	509
Other expenses	13	3,332	4,096
		<u>80,206</u>	<u>144,199</u>
Loss before taxation		<u>(1,267,381)</u>	<u>(251,604)</u>
Taxation	14	-	-
Loss after taxation		<u>(1,267,381)</u>	<u>(251,604)</u>
(Loss) / Earnings per certificate (Rupees)	15		
With unrealised diminution on re-measurement of investments		<u>(4.46)</u>	<u>(0.89)</u>
Without unrealised diminution on re-measurement of investments		<u>(3.05)</u>	<u>0.94</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

## PICIC INVESTMENT FUND

*DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009*

	2009	2008
	----Rupees in '000'----	
Unappropriated profit brought forward	103,266	1,349,308
Loss after taxation for the year	(1,267,381)	(251,604)
Final cash dividend @ 27.5% for the year ended June 30, 2007 (Rs.2.75 per certificate) (Distributed on July 18, 2007)	-	(781,344)
Interim cash dividend @ 7.5% for the year ended June 30, 2008 (Re. 0.75 per certificate) (Distributed on February 14, 2008)	-	(213,094)
(Accumulated loss) / unappropriated profit carried forward	<u>(1,164,115)</u>	<u>103,266</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

PICIC INVESTMENT FUND

STATEMENT OF MOVEMENTS IN NET ASSETS  
AS AT JUNE 30, 2009

	Note	2009	2008
		----- Rupees -----	
Net assets value per certificate at the beginning of the year		17.83	22.08
Movement in net assets value per certificate from operating activities			
Capital (loss) / gain on sale of investments - net		(3.58)	0.63
Dividend income		0.69	0.69
Unrealised diminution on re-measurement of investment classified as financial assets at 'fair value through profit or loss' - net		(1.41)	(1.82)
Profit on bank deposits		0.10	0.13
Gain on sale of letter of rights		0.03	-
		(4.17)	(0.37)
Operating expenses		(0.28)	(0.51)
Net decrease in net assets value per certificate from operating activities		(4.45)	(0.88)
Movement in net assets value per certificate from financing and investing activities			
Dividends paid		(0.01)	(3.50)
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale' - net		(2.77)	0.13
Net decrease in net assets value per certificate from financing and investing activities		(2.78)	(3.37)
Net asset value per certificate at the end of the year	8	<u>10.60</u>	<u>17.83</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

## PICIC INVESTMENT FUND

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Note	2009	2008
Rupees in '000'		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,267,381)	(251,604)
Adjustments for :		
Capital loss / (gain) on sale of investments - net	1,017,195	(179,034)
Dividend income	(194,800)	(194,769)
Unrealised diminution on re-measurement of investments classified as financial assets at ' fair value through profit or loss' - net	401,392	518,426
Operating cash out flows before working capital changes	<u>(43,594)</u>	<u>(106,981)</u>
Increase / decrease in assets / liabilities		
Investments - net	(372,631)	650,821
Receivable against sale of investments	(15,906)	194,600
Prepayments	28	-
Accrued income on bank deposits	352	4,905
Security deposits	-	(2,500)
Fee payable to Management Company	(3,422)	(102,521)
Fee payable to Trustee	(85)	(64)
Fee payable to S.E.C.P.	(2,625)	42
Payable against purchase of investments	6,711	(210,838)
Accrued expenses	251	848
Cash (utilised in) / generated from operations	<u>(430,921)</u>	<u>428,312</u>
Dividends received	203,707	200,483
Net cash (utilised in) / generated from operating activities	<u>(227,214)</u>	<u>628,795</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,359)	(986,597)
Net cash used in financing activities	<u>(2,359)</u>	<u>(986,597)</u>
Net decrease in cash and cash equivalents	(229,573)	(357,802)
Bank balances at the beginning of the year	425,377	783,179
Bank balances at the end of the year	5 <u>195,804</u>	<u>425,377</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

PICIC INVESTMENT FUND

*STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009*

	Issued, subscribed and paid up capital	Premium on issue of certificates	Reserve for issue of bonus certification	Unappropriated Profit / (accumulated loss)	Unrealised appreciation on re-measurement of investments classified as 'available for sale' - net	Total
----- Rupees in '000' -----						
Balance as at June 30, 2007	2,841,250	984,688	225	1,349,308	1,098,438	6,273,909
Final cash dividend for the year ended June 30, 2007 @ 27.5% (Rs. 2.75 per certificate)	-	-	-	(781,344)	-	(781,344)
Loss for the year	-	-	-	(251,604)	-	(251,604)
Interim cash dividend for the year ended June 30, 2008 @ 7.5% (Re. 0.75 per certificate)	-	-	-	(213,094)	-	(213,094)
Unrealised appreciation on re-measurement of investments classified as 'available for sale' - net	-	-	-	-	37,874	37,874
Balance as at June 30, 2008	2,841,250	984,688	225	103,266	1,136,312	5,065,741
Loss for the year	-	-	-	(1,267,381)	-	(1,267,381)
Unrealised diminution on re-measurement of investments classified as 'available for sale' - net	-	-	-	-	(786,199)	(786,199)
Balance as at June 30, 2009	<u>2,841,250</u>	<u>984,688</u>	<u>225</u>	<u>(1,164,115)</u>	<u>350,113</u>	<u>3,012,161</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

## PICIC INVESTMENT FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

#### 1 STATUS AND NATURE OF BUSINESS

- 1.1 PICIC Investment Fund (the Fund) is a closed end scheme. The registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on all the Stock Exchanges of Pakistan. The principal business of the Fund is to invest in listed equity securities with an objective to generate capital growth.

The Fund is being managed by PICIC Asset Management Company Limited which is the Management Company. Central Depository Company of Pakistan Limited is the Trustee of the Fund.

JCR-VIS Credit Rating Company Limited has assessed the fund's performance ranking at 'MFR - 2' Star for the one year period ended March 31, 2009. Management quality rating of 'AM 3' has been assigned by JCR-VIS Credit Rating Company Limited to PICIC Asset Management Company Limited.

- 1.2 The Securities and Exchange Commission of Pakistan (SECP) notified the Non-Banking Finance Companies and Notified Entities Regulations, 2008 during the year. As per clause 65 of these regulations a closed end fund shall, upon expiry of every 5 years from November 21, 2007, hold a meeting of certificate holders to seek the approval of the certificate holders (by special resolution) to convert into an open end scheme or revoke the closed end scheme. However, as the Funds 'Available for sale' portfolio is frozen as a result of an agreement with the Privatization Commission, Government of Pakistan, the Fund is required to hold the aforementioned meeting on the completion of one year from the date of removal of freezing of the portfolio or five years from November 21, 2007 whichever is later.

#### 2 STATEMENT OF COMPLIANCE

- 2.1 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, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.
- 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and disclosure requirements of

IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 17 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (Effective from January 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the Fund's financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Fund's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

### 3 BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except for investments which are stated at fair values.
- 3.2 These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.
- 3.3 Critical accounting estimates and judgments

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

The significant areas where judgments were made by the management in the application of accounting policies relate to classification and measurement of its investment portfolio as disclosed in notes 4.2 and 6 of these financial statements.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### 4.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash and cash equivalents are carried in the balance sheet at cost.

#### 4.2 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets. The Management Company determines the appropriate classification of the Fund's investments in accordance with the requirements of International Accounting Standard (IAS) 39; 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification on a regular basis.

Investments of the Fund are categorised as follows:

- a) Financial assets at fair value through profit or loss

These financial assets are classified as held for trading or are designated by the management as at fair value through profit or loss at inception. Financial assets held for trading are those acquired principally for the purpose of selling in the near



term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. The fair value of financial instruments traded in active market is based on quoted market prices. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

### b) Available for sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices, are classified as 'available for sale'.

Investment categorised as available for sale are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, 'available for sale' investments are measured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity until the available for sale investment is derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset classified as available for sale is impaired. If evidence of impairment exists, the cumulative loss recognised in equity is removed from equity and recognised in the income statement.

## 4.3 Derivatives

Derivative instruments held by the Fund generally comprise of unpaid letters of right and future contracts in the capital market. Derivative instruments are initially measured at fair value and are subsequently marked to market at each balance sheet date. The resultant gain or loss is recognized in the income statement.

## 4.4 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

## 4.5 Provisions

Provisions are recognised when the Fund 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.6 Dividend distribution

Dividend distribution to the Fund's certificate holders is recognised as a liability at the time of its declaration.

4.7 Financial assets and financial liabilities

Financial assets carried on the statement of assets and liabilities include bank balances, investments, receivable against sale of investments, dividend receivable and accrued income on bank deposits. Financial liabilities carried on the statement of assets and liabilities include fee payable to the Management Company and Trustee, payable against purchase of investments, accrued expenses and dividend payable.

At the time of initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition methods adopted for measurement of financial assets and financial liabilities subsequent to initial recognition are disclosed in the individual policy statements associated with each item.

4.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.9 Revenue recognition

- Gains / ( losses ) arising on sale of investments are included in the income statement in the period in which they arise.
- Dividend income on equity securities are recognised in the income statement when the entity's right to receive payment is established.
- Profit bank deposit is recognised on accrual basis

**5. BANK BALANCES**

In deposit accounts  
In current accounts

	2009	2008
	-----Rupees in '000'-----	
	195,804	422,158
	-	3,219
	<u>195,804</u>	<u>425,377</u>

**6. INVESTMENTS**

Investments in marketable securities:  
At fair value through profit or loss  
Available for sale

Note	2009	2008
	-----Rupees in '000'-----	
6.1	1,985,236	3,031,191
6.2	867,604	1,653,804
	<u>2,852,840</u>	<u>4,684,995</u>

6.1 Investment in marketable securities - 'at fair value through profit or loss'

Shares of Listed Companies - Fully paid up ordinary shares of Rs. 10 each unless otherwise stated

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2009			PERCENTAGE IN RELATION TO		
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
<b>INVESTMENT BANKS / COS / SECURITIES</b>											
Arif Habib Investment Bank Limited	-	143,589	-	143,589	-	-	-	-	-	-	-
Arif Habib Securities Limited	210,000	-	52,500	262,500	-	-	-	-	-	-	-
IGI Investment Bank Limited	2,500,000	-	-	250,500	2,249,500	22,607	17,794	9,403	0.31%	1.06%	0.47%
Jahangir Siddiqui & Company Limited	182,500	-	444,895	627,395	-	-	-	-	-	-	-
JS Investment Limited	632,900	-	-	632,900	-	-	-	-	-	-	-
	<b>3,525,400</b>	<b>143,589</b>	<b>497,395</b>	<b>1,916,884</b>	<b>2,249,500</b>	<b>22,607</b>	<b>17,794</b>	<b>9,403</b>	<b>0.31%</b>		<b>0.47%</b>
<b>INSURANCE COMPANIES</b>											
Adamjee Insurance Company Limited	-	85,500	-	-	85,500	7,330	7,330	7,181	0.24%	0.08%	0.36%
	-	85,500	-	-	85,500	7,330	7,330	7,181	0.24%		0.36%
<b>COMMERCIAL BANKS</b>											
Bank Alfalah Limited	3,662,300	1,216,000	519,787	5,398,087	-	-	-	-	-	-	-
The Bank of Punjab Limited	502,500	-	-	502,500	-	-	-	-	-	-	-
BankIslami Pakistan Limited	3,086,500	-	-	3,086,500	-	-	-	-	-	-	-
Habib Bank Limited	-	1,562,600	190,580	-	1,753,180	145,312	145,312	150,879	5.01%	0.19%	7.60%
MCB Bank Limited	-	2,711,200	74,120	1,600,000	1,185,320	173,059	173,059	183,760	6.10%	0.17%	9.26%
Meezan Bank Limited	2,240,500	-	192,683	2,433,183	-	-	-	-	-	-	-
National Bank of Pakistan	463,100	3,391,500	-	713,100	3,141,500	227,345	227,345	210,575	6.99%	0.29%	10.61%
Standard Chartered Bank (Pakistan) Limited	1,204,500	-	-	1,204,500	-	-	-	-	-	-	-
United Bank Limited	1,039,100	3,511,200	420,030	2,040,000	2,930,330	177,113	143,617	112,202	3.73%	0.26%	5.65%
	<b>12,198,500</b>	<b>12,392,500</b>	<b>1,397,200</b>	<b>16,977,870</b>	<b>9,010,330</b>	<b>722,829</b>	<b>689,333</b>	<b>657,416</b>	<b>21.83%</b>		<b>33.12%</b>
<b>TEXTILE COMPOSITE</b>											
Artistic Denim Mills Limited	1,760,500	-	-	-	1,760,500	123,029	74,944	39,541	1.31%	2.10%	1.99%
Azgard Nine Limited	315,000	-	-	315,000	-	-	-	-	-	-	-
Nishat (Chunian) Limited	462,000	-	46,200	508,200	-	-	-	-	-	-	-
Nishat Mills Limited	160,000	750,000	-	910,000	-	-	-	-	-	-	-
	<b>2,697,500</b>	<b>750,000</b>	<b>46,200</b>	<b>1,733,200</b>	<b>1,760,500</b>	<b>123,029</b>	<b>74,944</b>	<b>39,541</b>	<b>1.31%</b>		<b>1.99%</b>
<b>JUTE</b>											
Thal Limited (Rs. 5 per share)	526,000	-	210,400	736,400	-	-	-	-	-	-	-
	<b>526,000</b>	<b>-</b>	<b>210,400</b>	<b>736,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

PICIC INVESTMENT FUND (PIF)

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2009			PERCENTAGE IN RELATION TO		
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
<b>CEMENT</b>											
Attock Cement Pakistan Limited	337,000	-	-	337,000	-	-	-	-	-	-	-
D G Khan Cement Company Limited	-	350,000	-	-	350,000	10,330	10,330	10,378	0.34%	0.12%	0.52%
Kohat Cement Limited	3,774,500	-	377,450	2,365,500	1,786,450	88,152	59,489	13,005	0.43%	1.39%	0.66%
Lucky Cement Limited	-	680,000	-	400,000	280,000	16,315	16,315	16,388	0.54%	0.09%	0.83%
Maple Leaf Cement Limited	2,304,000	-	-	2,304,000	-	-	-	-	-	-	-
Pioneer Cement Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
	6,415,500	1,080,000	377,450	5,456,500	2,416,450	114,797	86,134	39,771	1.31%		2.01%
<b>REFINERIES</b>											
National Refinery Limited	487,000	39,000	-	6,400	519,600	190,622	151,539	114,322	3.80%	0.65%	5.76%
	487,000	39,000	-	6,400	519,600	190,622	151,539	114,322	3.80%		5.76%
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited	2,041,000	6,941,000	-	2,510,000	6,472,000	141,705	135,544	175,326	5.82%	0.56%	8.83%
Kot Addu Power Company Limited	579,000	-	-	579,000	-	-	-	-	-	-	-
	2,620,000	6,941,000	-	3,089,000	6,472,000	141,705	135,544	175,326	5.82%		8.83%
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Attock Petroleum Limited	127,000	-	25,400	75,000	77,400	35,389	27,882	24,653	0.82%	0.13%	1.24%
Pakistan State Oil Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Shell (Pakistan) Limited	70,500	-	17,625	88,125	-	-	-	-	-	-	-
	197,500	50,000	43,025	213,125	77,400	35,389	27,882	24,653	0.82%		1.24%
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>											
Mari Gas Company Limited	195,000	-	-	195,000	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	2,107,700	3,375,000	-	2,100,000	3,382,700	287,283	286,305	266,016	8.83%	0.08%	13.40%
Pakistan Oilfields Limited	281,000	909,500	76,200	1,266,700	-	-	-	-	-	-	-
Pakistan Petroleum Limited	1,342,200	1,205,000	134,220	1,396,200	1,285,220	247,963	249,285	243,601	8.09%	0.15%	12.27%
	3,925,900	5,489,500	210,420	4,957,900	4,667,920	535,246	535,590	509,617	16.92%		25.67%
<b>AUTO ASSEMBLERS</b>											
Indus Motors Company Limited	-	55,800	-	55,800	-	-	-	-	-	-	-
	-	55,800	-	55,800	-	-	-	-	-	-	-
<b>TRANSPORT &amp; COMMUNICATION</b>											
Pakistan International Container Limited	130,500	-	-	-	130,500	1,305	1,240	1,044	0.03%	0.73%	0.05%
Pakistan National Shipping Corp Limited	368,100	-	-	368,100	-	-	-	-	-	-	-
	498,600	-	-	368,100	130,500	1,305	1,240	1,044	0.03%		0.05%

PICIC INVESTMENT FUND (PIF)

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2009			PERCENTAGE IN RELATION TO		
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
<b>TECHNOLOGY AND COMMUNICATION</b>											
Eye Television Network Limited	1,738,500	-	-	-	1,738,500	91,026	102,398	49,982	1.66%	3.48%	2.52%
Netsol Technologies	1,501,000	-	300,200	1,801,200	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited "A"	1,685,000	2,052,000	-	-	3,737,000	116,631	99,632	64,426	2.14%	0.10%	3.24%
TRG Pakistan Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-
	<b>5,924,500</b>	<b>2,052,000</b>	<b>300,200</b>	<b>2,801,200</b>	<b>5,475,500</b>	<b>207,657</b>	<b>202,030</b>	<b>114,408</b>	<b>3.80%</b>		<b>5.76%</b>
<b>FERTILIZER</b>											
Dawood Hercules Chemicals Limited	120,000	-	12,000	132,000	-	-	-	-	-	-	-
Engro Chemical (Pakistan) Limited	506,400	159,000	202,560	867,960	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	6,609,500	-	100,000	6,509,500	117,842	117,842	115,153	3.82%	0.70%	5.80%
Fauji Fertilizer Company Limited	253,000	1,975,000	182,375	1,375,000	1,035,375	83,965	84,695	90,026	2.99%	0.15%	4.54%
	<b>879,400</b>	<b>8,743,500</b>	<b>396,935</b>	<b>2,474,960</b>	<b>7,544,875</b>	<b>201,807</b>	<b>202,537</b>	<b>205,179</b>	<b>6.81%</b>		<b>10.34%</b>
<b>CHEMICALS</b>											
Descon Oxychem Limited	-	1,840,330	-	1,840,330	-	-	-	-	-	-	-
Nimir Resins Limited	500,000	-	-	500,000	-	-	-	-	-	-	-
	<b>500,000</b>	<b>1,840,330</b>	<b>-</b>	<b>2,340,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PAPER &amp; BOARD</b>											
Packages Limited	176,400	-	-	73,600	102,800	33,463	25,894	16,144	0.54%	0.12%	0.81%
	<b>176,400</b>	<b>-</b>	<b>-</b>	<b>73,600</b>	<b>102,800</b>	<b>33,463</b>	<b>25,894</b>	<b>16,144</b>	<b>0.54%</b>		<b>0.81%</b>
<b>MISCELLANEOUS</b>											
Pace (Pakistan) Limited	5,664,000	-	-	-	5,664,000	161,817	160,518	31,605	1.05%	2.43%	1.59%
Siddiqsons Tin Plate Limited	1,793,500	-	-	1,793,500	-	-	-	-	-	-	-
Ti-Pack films Limited	398,000	-	-	1,300	396,700	67,801	68,319	39,626	1.32%	1.32%	2.00%
	<b>398,000</b>	<b>-</b>	<b>-</b>	<b>1,300</b>	<b>396,700</b>	<b>67,801</b>	<b>68,319</b>	<b>71,231</b>	<b>2.37%</b>		<b>2.00%</b>
<b>SUSPENDED / DELISTED COMPANIES</b>											
Sunshine Cloth	50,000	-	-	-	50,000	-	-	-	-	-	-
Mohib Textile Mills Limited	40,820	-	-	-	40,820	-	-	-	-	-	-
	<b>90,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>41,061,020</b>	<b>39,662,719</b>	<b>3,479,225</b>	<b>43,202,569</b>	<b>41,000,395</b>	<b>2,405,587</b>	<b>2,226,110</b>	<b>1,985,236</b>	<b>65.91%</b>		<b>100.00%</b>

6.1.1 The shares of following companies have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange:

- 500,000 shares of The Hub Power Company Limited.
- 200,000 shares of Oil and Gas Development Company of Pakistan Limited.
- 250,000 shares of United Bank Limited.
- 400,000 shares of Habib Bank Limited.
- 200,000 shares of Pakistan Petroleum Limited

6.2 Investment in marketable securities - 'available for sale'

Shares of Listed Companies - Fully paid up ordinary shares of Rs. 10 each unless otherwise stated

NAME OF THE INVESTEE COMPANY	BALANCE AS AT JUNE 30, 2009					PERCENTAGE IN RELATION TO					
	As at July 1, 2008	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2009	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
<b>OIL &amp; GAS MARKETING COMPANIES</b>											
Pakistan State Oil Company Limited	3,738,731	-	-	-	3,738,731	484,438	484,438	798,780	26.52%	2.18%	92.07%
Sui Northern Gas Pipeline Company Limited	2,154,134	-	-	-	2,154,134	33,053	33,053	68,824	2.28%	0.39%	7.93%
	<u>5,892,865</u>	-	-	-	<u>5,892,865</u>	<u>517,491</u>	<u>517,491</u>	<u>867,604</u>	<u>28.80%</u>		<u>100.00%</u>

6.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus/ right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC & NE Regulations shall not apply to frozen shares.

## 7. CAPITAL

### 7.1 Issued, subscribed and paid up capital

2009	2008		2009	2008	
No. of Certificates in '000'		Fully paid ordinary certificates of Rs.10 each	----- Rupees in '000' -----		
272,875	272,875		Issued for cash	2,728,750	2,728,750
11,250	11,250		Issued as bonus certificates	112,500	112,500
<u>284,125</u>	<u>284,125</u>			<u>2,841,250</u>	<u>2,841,250</u>

7.2 PICIC Asset Management Company Limited (PICIC-AMC) hold 55,159,172 certificates of Rs.10/- each as at June 30, 2009 (June 30, 2008 : 55,159,172 certificates)

NIB Bank holds 41,894,845 certificates of Rs.10/- each as at June 30, 2009 (June 30, 2008: 41,894,845 certificates).

### 7.3 Pattern of certificate holding at June 30, 2009

Category	Number of certificate holders	Certificates held	Percentage
Individuals	18,933	90,812,027	31.96%
Associated Companies / Directors	4	97,054,811	34.16%
Insurance Companies	22	8,434,406	2.97%
Banks / DFIs	20	11,803,474	4.15%
NBFCs	13	502,136	0.18%
Retirement Funds	31	3,122,822	1.10%
Public Limited Companies	131	12,940,600	4.55%
Others	74	59,454,724	20.93%
	<u>19,228</u>	<u>284,125,000</u>	<u>100.00%</u>

### 7.4 Pattern of certificate holding at June 30, 2008

Category	Number of certificate holders	Certificates held	Percentage
Individuals	19,083	94,767,523	33.35%
Associated Companies / Directors	3	97,054,811	34.16%
Insurance Companies	22	8,533,906	3.00%
Banks / DFIs	20	12,349,449	4.35%
NBFCs	11	533,680	0.19%
Retirement Funds	20	2,047,852	0.72%
Public Limited Companies	117	4,498,826	1.58%
Others	87	64,338,953	22.65%
	<u>19,363</u>	<u>284,125,000</u>	<u>100.00%</u>

## 8. NET ASSET VALUE PER CERTIFICATE

	2009	2008
Total net assets - Rupees in thousand	<u>3,012,161</u>	<u>5,065,741</u>
Total certificates in issue - in thousand	<u>284,125</u>	<u>284,125</u>
Net assets value per certificate - Rupees	<u>10.60</u>	<u>17.83</u>

## 9 . FEE TO MANAGEMENT COMPANY

In accordance with the NBFC Regulations an asset management company is entitled to remuneration as consideration for managing the assets under management. The fee of the Management Company has been determined at the rate of two percent per annum of the average annual net assets of the Fund.

## 10. FEE TO TRUSTEE

In accordance with the Trust Deed, the Trustee is entitled to a monthly remuneration as consideration out of the net assets of the Fund. Based on the Trust Deed the tariff structure applicable to the Fund in respect of the trustee fee is Rs. 2.075 million plus 0.06 % per annum on the net assets value of the Fund exceeding Rs. 2,000 million but less than Rs. 5,000 million.

## 11. SECURITIES TRANSACTION COSTS

Transaction costs associated with  
-initial recognition of financial assets  
Transaction costs associated with  
-derecognition of financial assets

	2009	2008
	----- Rupees in '000' -----	
	4,316	9,491
	<u>3,859</u>	<u>8,541</u>
	<u>8,175</u>	<u>18,032</u>

### 11.1 List of top ten brokers by percentage of commission paid

For the year ended June 30,2009

	%
(i) Global Securities Pakistan Limited	19.68%
(ii) AL Falah Securities (Private) Limited	14.55%
(iii) First Capital Equities Limited	9.42%
(iv) WE Financial Services Limited	8.18%
(v) DJM Securities (Private) Limited	7.02%
(vi) AKD Securities Limited	4.47%
(vii) Invisor Securities (Private) Limited	4.12%
(viii) JS Global Capital Limited	3.96%
(ix) Invest & Finance Securities Limited	3.74%
(x) Fortune Securities Limited	3.35%

For the year ended June 30,2008

	%
(i) Fortune Securities Limited	4.81%
(ii) Global Securities Pakistan Limited	4.35%
(iii) Invest Capital & Securities (Pvt) Limited	4.03%
(iv) Invest & Finance Securities (Pvt) Limited	3.76%
(v) AKD Securities Limited	3.74%
(vi) Invisor Securities Limited	3.66%
(vii) KASB Securities Limited	3.62%
(viii) First National Equities Limited	3.50%
(ix) Ismail Iqbal Securities (Pvt) Limited	3.45%
(x) Al-Habib Capital Markets (Pvt) Limited	3.38%



**12. AUDITORS' REMUNERATION**

Annual statutory audit fee	250	225
Half yearly review fee	150	125
Fee for review of statement of compliance with best practices of Code of Corporate Governance	50	50
Tax services	70	75
Other certifications	10	10
Out of pocket expenses	30	24
	<u>560</u>	<u>509</u>

2009	2008
----- Rupees in '000' -----	
250	225
150	125
50	50
70	75
10	10
30	24
<u>560</u>	<u>509</u>

**13. OTHER EXPENSES**

Printing and stationery	1,864	1,547
Advertising	-	66
CDS charges	511	868
Free and subscription charges	150	100
Annual listing fee	208	208
Postage	374	1,062
Professional tax	100	100
Bank charges	4	57
Other	121	88
	<u>3,332</u>	<u>4,096</u>

2009	2008
----- Rupees in '000' -----	
1,864	1,547
-	66
511	868
150	100
208	208
374	1,062
100	100
4	57
121	88
<u>3,332</u>	<u>4,096</u>

**14. TAXATION**

The Fund is exempt from tax under clause 99 of part 1 of Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realized or unrealized, is distributed among its certificate holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

**15. EARNINGS PER CERTIFICATE**

There is no dilutive effect on earnings per certificate as computed below :-

Net loss after taxation (with unrealised diminution)	(1,267,381)	(251,604)
Net loss profit after taxation (without unrealised diminution)	<u>(865,989)</u>	<u>266,822</u>
Weighted average number of certificates - in thousand	<u>284,125</u>	<u>284,125</u>
Basic loss per certificate (with unrealised diminution) - Rupees	(4.46)	(0.89)
Basic (loss) / earnings per certificate (without unrealised diminution) - Rupees	<u>(3.05)</u>	<u>0.94</u>

2009	2008
----- Rupees in '000' -----	
(1,267,381)	(251,604)
<u>(865,989)</u>	<u>266,822</u>
<u>284,125</u>	<u>284,125</u>
(4.46)	(0.89)
<u>(3.05)</u>	<u>0.94</u>

- 15.1 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC regulation has not been disclosed as such bifurcation is not practicable.

## 16. TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES

Among others, connected persons include PICIC Asset Management Company Limited being the Management Company of the Fund, NIB Bank Limited being the holding Company of the Management Company and Central Depository Company of Pakistan Limited being the trustee of the Fund.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

	For the year ended June 30,2009	For the year ended June 30,2008
	----- Rupees in '000' -----	
<b>Transactions during the year</b>		
PICIC Asset Management Company Limited - Management Company Remuneration to Management Company	62,426	111,802
NIB Bank Limited Return on bank deposit accounts	11,569	511
Central Depository Company of Pakistan Limited Fee to Trustee	2,748	4,170
Global Securities Pakistan Limited Brokerage expense	1,524,177	731,053
	June 30,2009	June 30,2008
	----- Rupees in '000' -----	
<b>Transactions outstanding at the year end</b>		
PICIC Asset Management Company Limited - Management Company Fee payable to Management Company Certificates issued (No. of certificates 55,159,172)	5,020 551,592	8,442 551,592
NIB Bank Limited Bank Balance -deposit and Current accounts Certificates issued (No. of certificates 41,894,845)	7,376 418,948	108,719 418,948
Central Depository Company of Pakistan Limited Fee Payable to Trustee	217	302
Director/ Executives of the Management Company Certificates issued (No. of certificates 794)	8	8
Global Securities Pakistan Limited Brokerage payable	104,207	151,400

## 17. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

17.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

17.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

17.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

Exposed to interest rate risk as at June 30, 2009					
	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate risk	Total
----- (Rupees in '000') -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	195,804	-	-	-	195,804
Investments	-	-	-	2,852,840	2,852,840
Receivable against sale of investments	-	-	-	15,906	15,906
Dividend receivable	-	-	-	10,813	10,813
Accrued income on bank deposits	-	-	-	1,543	1,543
Security Deposit	-	-	-	3,700	3,700
	195,804	-	-	2,884,802	3,080,606
Financial Liabilities					
Fee payable to Management Company	-	-	-	5,020	5,020
Fee payable to Trustee	-	-	-	217	217
Payable against purchase of investments	-	-	-	6,711	6,711
Accrued expenses	-	-	-	2,668	2,668
Dividend	-	-	-	57,338	57,338
	-	-	-	71,954	71,954
On-balance sheet gap	195,804	-	-	2,812,848	3,008,652
Off-balance sheet financial instruments					
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	195,804	-	-		
Cumulative interest rate sensitivity gap	195,804	195,804	195,804		

Exposed to interest rate risk as at June 30, 2008					
	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate risk	Total
----- (Rupees in '000') -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial Assets</b>					
Bank balances	422,158	-	-	3,219	425,377
Investments	-	-	-	4,684,995	4,684,995
Receivable against sale of investments	-	-	-	-	-
Dividend receivable	-	-	-	19,720	19,720
Accrued income on bank deposits	-	-	-	1,895	1,895
Security Deposit	-	-	-	3,700	3,700
	<u>422,158</u>	<u>-</u>	<u>-</u>	<u>4,713,529</u>	<u>5,135,687</u>
<b>Financial Liabilities</b>					
Fee payable to Managements Company	-	-	-	8,442	8,442
Fee payable to Trustee	-	-	-	302	302
Payable against purchase of investments	-	-	-	-	-
Accrued expenses	-	-	-	2,417	2,417
Dividend	-	-	-	59,697	59,697
	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,858</u>	<u>70,858</u>
<b>On-balance sheet gap</b>	<u>422,158</u>	<u>-</u>	<u>-</u>	<u>4,642,671</u>	<u>5,064,829</u>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>	<u>422,158</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>	<u>422,158</u>	<u>422,158</u>	<u>422,158</u>		

17.2 The rates of return on financial instruments are as follows:

Balance with banks - in deposit accounts

	2009	2008
	Percentage per annum	
	10% to 14.5%	8% to 11%

### 17.1.3 Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as financial assets at fair value through 'profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to

25% of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as 'available for sale' as disclosed in note 6.2.1.

In case of 1% increase / decrease in KSE 100 index on June 30, 2009, post-tax profit for the period would be affected by Rs 14,202 thousand as a result of gains / losses on equity securities classified at fair value through profit or loss. Other components of equity would increase / decrease by Rs 6,718 thousand as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

### 17.3 Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Credit risk arises from deposits with banks and financial institutions, and credit exposures arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein .

The maximum exposure to credit risk is the carrying amount of the financial assets. None of these assets are impaired .

The Fund enters into transactions with diverse credit worthy counter parties thereby mitigating any significant concentration of credit risk.

### 17.4 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Fund is not materially exposed to liquidity risk as all obligations/commitments of the Fund are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

As at June 30, 2009				
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
<b>Liabilities</b>				
Fee payable to Management Company	5,020	5,020	-	-
Fee payable to Trustee	217	217	-	-
Fee payable to S.E.C.P	2,965	2,965	-	-
Payable against purchase of investments	6,711	6,711	-	-
Accrued expenses	2,668	2,668	-	-
Dividend	57,338	57,338	-	-
	<u>74,919</u>	<u>74,919</u>	<u>-</u>	<u>-</u>

As at June 30, 2008				
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
<b>Liabilities</b>				
Fee payable to Management Company	8,442	8,442	-	-
Fee payable to Trustee	302	302	-	-
Fee payable to S.E.C.P	5,590	5,590	-	-
Payable against purchase of investments	-	-	-	-
Accrued expenses	2,417	2,417	-	-
Dividend	59,697	59,697	-	-
	<u>76,448</u>	<u>76,448</u>	<u>-</u>	<u>-</u>

## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The Management Company is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying values.

### 18.1 Financial instruments by category

As at June 30, 2009				
	loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- (Rupees in '000) -----				
<b>Assets</b>				
Bank balances	195,804	-	-	195,804
Investments	-	1,985,236	867,604	2,852,840
Receivable against sale of investments	15,906	-	-	15,906
Dividend receivable	10,813	-	-	10,813
Accrued income on bank deposits	1,543	-	-	1,543
Security deposits	3,700	-	-	3,700
	<u>227,766</u>	<u>1,985,236</u>	<u>867,604</u>	<u>3,080,606</u>

## PICIC INVESTMENT FUND (PIF)

As at June 30, 2009			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in '000') -----			
<b>Liabilities</b>			
Fee payable to Management Company	-	5,020	5,020
Fee payable to Trustee	-	217	217
Payable against purchase of investments	-	6,711	6,711
Accrued expenses	-	2,668	2,668
Dividend	-	57,338	57,338
	<u>-</u>	<u>71,954</u>	<u>71,954</u>

As at June 30, 2008				
	loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- (Rupees in '000') -----				
<b>Assets</b>				
Bank balances	425,377	-	-	425,377
Investments	-	3,031,191	1,653,804	4,684,995
Receivable against sale of investments	-	-	-	-
Dividend receivable	19,720	-	-	19,720
Accrued income on bank deposits	1,895	-	-	1,895
Security deposits	3,700	-	-	3,700
	<u>450,692</u>	<u>3,031,191</u>	<u>1,653,804</u>	<u>5,135,687</u>

As at June 30, 2008			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in '000') -----			
<b>Liabilities</b>			
Fee payable to Management Company	-	8,442	8,442
Fee payable to Trustee	-	302	302
Payable against purchase of investments	-	-	-
Accrued expenses	-	2,417	2,417
Dividend	-	59,697	59,697
	<u>-</u>	<u>70,858</u>	<u>70,858</u>

## 19. CAPITAL MANAGEMENT

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and to maintain a strong capital base to meet unexpected losses or opportunities.

In order to maintain or adjust the capital structure, the Fund may adjust dividends paid to certificate holders or issue new certificates.

## 20. FUND MANAGEMENT

PICIC AMC has constituted a Management Investment Committee for obtaining investment advisory services in respect to the different classes of the securities in which the fund (i.e. PICIC Growth Fund, PICIC Investment Fund and PICIC Energy Fund) are either to invest, disinvest and re-invest from time to time.

### 20.1 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Mir Adil Rashid

Mir Adil Rashid is the CEO of PICIC AMC, who brings with him more than ten years of diversified professional experience in the fields of portfolio management . His last job assignment was as CEO of Global Securities Pakistan Limited. He has attended various conferences and workshops on strategic planning, team building and business development. He holds a Bachelor of Science degree.

Mr. Khashe Lodhi

Mr. Khashe Lodhi is the Chief Investment Officer at PICIC Asset Management Company Limited. He is responsible for devising investment strategies and managing portfolios of PICIC Growth Fund, PICIC Investment Fund and PICIC Energy Fund. Before joining PICIC AMC, he was with UBL Fund Managers in the capacity of Head of Islamic Funds. He has sixteen years of professional experience in Treasury, Fund Management and Portfolio Management. He holds a masters degree in Business Administration from the Institute of Business Administration (IBA).

Syed Shahnawaz Nadir Shah

Syed Shahnawaz Nadir Shah is serving as the Head of Research at PICIC Asset Management Company. He holds vast & rich experience in the areas of equity research, equity broking, fund management and corporate finance. Prior to joining PICIC AMC, he was working as the Chief Investment Officer at AMZ Asset Management Limited . He holds masters degrees in Business Administration from the Institute of Business Administration (IBA) and in Economics.



Mr. Ali Sibtain

Mr. Ali Sibtain has a vast experience of more than five years in the field of capital market. He started his profession as a Research Analyst at Echo Research, UK . Before joining PICIC AMC he was working in KASB Funds in the capacity of Fund Manager. He holds a Masters degree in International Securities & Investment Banking from University of Reading, UK.

Mr. Muhammad Faraz Khan

Mr. Faraz has a rich experience of more than three years in the field of capital market. Prior to joining PICIC AMC, he was associated with National Asset Management Co. where he was responsible for looking after the research and portfolio management of funds under management. He holds a Masters Degree in Finance & Banking from College of Business Management.

## 21. ATTENDANCE AT MEETING OF BOARD OF DIRECTORS

The Board of Directors of PICIC Asset Management Company Limited met on July 28, 2008, October 22, 2008, February 16, 2009 and April 16, 2009 during the year. The number of meetings attended by each director are set out below

Name of Director	Number of meetings		
	Held	Attended	Leave granted
Mr.Asadullah Khawaja	4	4	-
Major (Retd) Muhammad Fazal Durani *	4	1	-
Mr.Nauman Hussain	4	4	-
Mr.Yameen Kerai	4	4	-
Mr.Muhammad Faraz Haider **	4	2	-
Mr.Masroor Ahmed Qureshi *	4	1	-
Mr.Shahid Ali Khan **	4	2	-
Mr.Hussain A Naqvi *	4	2	-
Mr.Mir Adil Rashid **	4	2	-

\* Resigned from the directorship of PICIC Asset Management Company during the year.

\*\* Elected as director of PICIC Asset Management Company during the year.

## 22. PERFORMANCE TABLE

	2009	2008	2007	2006
Net Assets at June 30 - ex final distribution (Rupees in million)	3,012	5,066	5,493	5,206
Net Assets Value per certificate - ex final distribution (Rupees)	10.60	17.83	19.33	18.32
Distribution per certificate				
Cash Dividend				
1st Interim	-	0.75	1.00	1.00
2nd Interim	-	-	-	1.50
3rd Interim	-	-	-	1.50
Final	-	-	2.75	1.00
Stock Dividend				
1st Interim	-	-	-	-
Distribution dates				
Cash Dividend				
1st Interim	-	14-Feb-08	16-Feb-07	26-Oct-05
2nd Interim	-	-	-	19-Jan-06
3rd Interim	-	-	-	21-Apr-06
Final	-	-	18-Aug-07	29-Jul-06
Stock Dividend				
1st Interim	-	-	-	-
KSE 100 Index Growth percentage	-41.72%	-10.77%	37.87%	34.08%
Return of Fund as a percentage of average NAV				
Total return	-63.23%	-3.82%	24.36%	21.43%
Capital growth	-63.23%	10.22%	5.16%	-1.77%
Income distribution	3.81%	14.20%	19.20%	23.20%
Average Annual Return				
Current Year	-63.23%			
last two years	-25.11%			
last three years	-586%			

- 22.1 The breakdown of the Fund's investment portfolio between industry sectors has been disclosed in note 6 of the financial statements.
- 22.2 Past performance is not necessarily indicative of future performance and investment returns may go up or down.

## 23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2009 by the Board of Directors of the Management Company.

## 24. FIGURES

Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

PICIC ASSET MANAGEMENT COMPANY LIMITED

*INCOME STATEMENT  
IN RELATION TO PICIC INVESTMENT FUND (SCHEME)  
FOR THE YEAR ENDED JUNE 30, 2009*

	Rupees in '000'
<b>INCOME</b>	
Management fee	62,426
Dividend income	-
Unrealised diminution in the value of investments classified as 'held for trading'	(215,845)
Impairment in the value of investments classified as available for sale	(114,645)
	<u>(268,064)</u>
<b>EXPENSES</b>	
Salaries, allowances and other benefits	8,200
Charge for defined benefit plan	99
Contributions to defined contribution plan	156
Directors' fee	153
Rent, rates and taxes	569
Fees and subscription	3,486
Vehicle running and maintenance cost	200
Travelling and conveyance	64
Repairs and maintenance	246
Legal and professional charges	1,467
Telephone and utilities	359
Insurance	348
Depreciation	568
Amortisation of intangible assets - management rights	33,930
Others	696
	<u>(50,541)</u>
Loss before taxation	(318,605)
Taxation - current	(19,378)
Loss after taxation	<u><u>(337,983)</u></u>

Note: Other revenue and expenses not relating to the scheme have not been included in the above statement.



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UAN Number: 1111-PICIC (1111 74242) Toll Free Number: 0800-PICIC (0800-74242)