



# PICIC ENERGY FUND

3<sup>rd</sup>  
Annual Report  
FOR THE YEAR ENDED JUNE 30, 2008

Managed by



**PICIC**  
Asset Management Company Ltd.

# c o n t e n t s



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## Scheme's Information

### PICIC ENERGY FUND

<b>Management Company</b>	PICIC Asset Management Company Limited 5 <sup>th</sup> Floor State Life Building No. 1, II Chundrigar Road, Karachi – 74000. Pakistan Tel: (021) 2462806-10 Fax: (021)-2470378 Email: info@picicamc.com URL: www.picicamc.com	
<b>Board of Directors of the Management Company</b> (As of June 30, 2008)	Mr. Asadullah Khawaja Major (R) Mohammad Fazal Durani Mr. Masroor Ahmed Qureshi Mr. Nauman Hussain Mr. Yameen Kerai Mr. Hussain A. Naqvi	Chairman     Chief Executive
<b>CFO &amp; Company Secretary of the Management Company</b>	Mr. Zahoor Amanullah	
<b>Audit Committee of the Management Company</b>	Mr. Yameen Kerai Mr. Masroor Ahmed Qureshi Mr. Nauman Hussain	Chairman Member Member
<b>Investment Committee of the Management Company</b>	Mr. Asadullah Khawaja Mr. Masroor Ahmed Qureshi Mr. Yameen Kerai Mr. Hussain A. Naqvi	Chairman Member Member Member
<b>Human Resource Committee of the Management Company</b>	Major (R) Mohammad Fazal Durani Mr. Masroor Ahmed Qureshi Mr. Nauman Hussain Mr. Hussain A. Naqvi	Chairman Member Member Member
<b>Trustee</b>	Central Depository Company of Pakistan Limited Mezzanine Floor, Progressive Plaza Beaumont Road, Near P. I. D. C. House Karachi-75530	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited NIB Bank Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants	
<b>Legal Adviser</b>	Bawaney & Partners	
<b>Registrar and Share Transfer Office</b>	Noble Computer Services (Pvt) Limited 2 <sup>nd</sup> Floor Sohni Center BS 5 & 6, Main Karimabad, Block – 4, Federal “B” Area, Karachi, 75950, Pakistan Tel: (021) 6801880-2, 6802326 Fax: (021) 6801129	



# vision statement

TO BE PAKISTAN'S PREMIER  
ENERGY SECTOR DEDICATED  
MUTUAL FUND AND SERVE AS A  
MEDIUM FOR TAKING EXPOSURE  
ON THE DOMESTIC LISTED ENERGY  
SECTOR OF PAKISTAN THROUGH  
EXTENSIVE RESEARCH AND ACTIVE  
FUND MANAGEMENT

# mission statement

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TO PROVIDE RETAIL INVESTORS  
AN ACCESS TO HIGH QUALITY  
BLUE CHIP STOCKS IN THE  
ENERGY SECTOR SHARES HAVING  
THE POTENTIAL OF OFFERING  
HEALTHY DIVIDENDS AND  
GROWTH OPPORTUNITY.



# Directors' Report

for the year ended June 30, 2008





## Directors' Report

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

### PICIC ASSET MANAGEMENT COMPANY LIMITED

PICIC Asset Management Company Limited (PICIC AMC) was a wholly owned subsidiary of Pakistan Industrial Credit and Investment Corporation Limited (PICIC). Consequent to the merger of PICIC and PICIC Commercial Bank Limited with and into NIB Bank Limited (NIB) with effect from December 31, 2007, NIB became the seventh largest commercial bank in Pakistan measured by branch network. The majority shareholding of NIB is held by Temasek Holdings, the investment arm of the Government of Singapore which manages a portfolio of investments of approximately \$120 billion including significant investments in leading global companies such as Singapore Airlines, DBS Bank, Port Singapore Authority, SingTel, Standard Chartered Bank and ICICI Bank among others. Following the merger, PICIC AMC is now a wholly owned subsidiary of NIB.

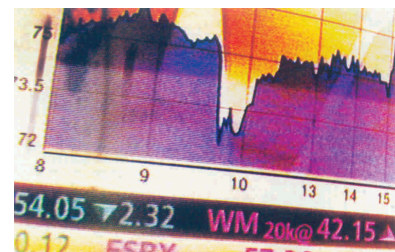
### FINANCIAL RESULTS

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

	(Rs. in '000')
Un-appropriated profit brought forward	77,010
Profit after taxation for the year	68,553
Profit available for appropriation	<u>145,563</u>
Appropriation:	
Final Dividend for the year ended June 30, 2007 @ 7.5% (Distributed on July 18, 2007)	<u>75,000</u> 75,000
Un-appropriated profit carried forward	<u>70,563</u>
Earning per certificate (Rupees)	0.69

### MARKET REVIEW

During FY 2008, the KSE-100 Index fell by 10.77% from 13,772 to 12,289 as compared to growth of 37.87% during FY 2007. Market capitalization during FY 2008 fell by 6.02% from Rs.4.019 trillion to Rs.3.777 trillion, as compared to increase of 43.48% during FY 2007. Volatile political and macro-economic developments impacted the market fundamentals across the board as the key factors for the



assumption of Required Rate of Return rose sharply thereby pulling the market prices downwards.

During the year under review the KSE-100 Index reached a High of 15,676 and a Low of 11,162. Average daily volume stood at 242 million shares as compared to 212 million shares in FY 2007. Higher volumes were primarily due to increased foreign based activity and enhanced market volatility.

The total Index Points Movement (IPM) during the period under review was 4,514 points as compared to 4,267 points in FY 2007. The average daily volatility stood at 0.44% against 0.59% in FY 2007. Lower volatility is purely reflective of the higher base effect as at the beginning of the period.

Performance of the sectors which contribute almost 73% of the market capitalization are Banking (12.13% out-performance), Oil & Gas Exploration (31.24% out-performance) and Fertilizer (57.95% out-performance).

## ECONOMIC REVIEW

Pakistan, in FY08, posted real GDP growth of 5.8%, as compared to 7% in FY 2007. Slow down in growth is mainly attributed to the rupee weakness arising from fiscal anomalies and the tight monetary policy. Year 2007-2008 was a politically volatile year also as government transition, regional developments and political accidents fueled market as well as macro-economic volatility.



The attempt by the government to protect local consumers from the meteoric surge in global crude oil prices through borrowing from SBP led to an unmanageable expansion in budget deficit (almost 9% of GDP). However, this attempt proved futile as the global crude oil prices kept their march upwards and finally government had to reverse this policy. In response to the government borrowing, the SBP accelerated monetary tightening to control surging inflation. In effect the development budget remained unutilized and the budgeted subsidy skyrocketed eventually bloating the Budget Deficit. Therefore, inflation management choked the growth impetus for the year.

Due to the rising global crude oil prices external indicators continued to worsen. The country's trade deficit widened to US\$21 billion in FY08 compared to US\$14 billion in FY07. Although the remittances flow financed the trade deficit partially, the current account deficit widened to US\$13bn (7% of GDP) compared to US\$7.4 billion last year (5% of GDP). Even FDI to an extent of USD 3.94 billion could not ward off the pressure from the foreign exchange reserves, which fell to USD 11 billion from an all time high in excess of USD 16 billion. Falling reserves took their toll on the Rupee which depreciated by 15% during the year.



### OPERATING RESULTS

We are pleased to report that your fund has out-performed the benchmark KSE-100 Index by 17.66% during the period under review. The KSE-100 Index declined by 10.77% while on dividend adjusted basis the fund increased by 6.89%. After the new management took over on July 01, 2007, it was decided to maximize portfolio returns over the long-term in a manner that is consistent with the Investment objectives of the Fund.

During the year under review the investment decisions were based purely on fundamentals and entry and exit strategy was driven by market opportunity. Sector weightings were adjusted accordingly throughout the year given changing company and sector fundamentals.

During the year under review total income stood at Rs. 114 million as compared to income of Rs.110 million in the corresponding year.

Realized capital gain during the year stood at Rs. 183 million as compared to Rs.37 million in the corresponding year. The dividend income during the year stood at Rs. 46 million as compared to Rs.30 million in the corresponding year.

Total expenditure during the year stood at Rs. 45 million as compared to Rs.52 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 72 of NBFC & NE Regulations, 2007.

The net profit for the year stood at Rs. 69 million as compared to Rs.58 million reported for the corresponding year. This translates into earnings per certificate of Re. 0.69 for the year as compared to Re.0.58 in the corresponding year.

The net assets decreased from Rs.1,077 million on June 30, 2007 to Rs. 1,071 million on June 30, 2008 and accordingly the net asset value per certificate decreased from Rs. 10.77 per certificate on June 30, 2007 to Rs. 10.71 per certificate on June 30, 2008.

### DIVIDEND

By the grace of Almighty Allah, the Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared a final cash dividend of 7% (i.e. Re.0.70 per certificate) of PICIC Energy Fund for the year ended June 30, 2008. The total dividend for the year ended June 30, 2008 amounts to 7% (i.e. Re.0.70 per certificate) resulting in total cash payout of Rs.70 million.

### FUTURE OUTLOOK

PICIC Energy Fund is the only sector specific closed-end scheme in Pakistan. The current portfolio of the fund is a mix of growth as well as defensive stocks. Our strategy to focus on stock selection demands careful study before taking position in a stock and then hold it till its fair value is attained.

The current macro-economic environment is definitely challenging for the government as well as the industry since the macro-decisions bear significant impact on the micro-economy. The country has significant potential in terms of opportunities to mitigate macro-

economic challenges. The potential in energy, agriculture and IT sectors can be unlocked through better policies and implementation. With an elected parliament the expectation with respect to development of strong institutional environment is justified and we feel that the country will achieve its true economic potential. The stock market is the barometer of economy and is expected to respond positively towards the adoption of growth oriented economic policies.

We at PICIC Asset Management Company Limited would Insha-Allah continue to emphasize on maximizing certificate-holders value and are optimistic for seizing all emerging opportunities to ameliorate the certificate-holders interest.

### PERFORMANCE RANKING OF THE FUND

Due to specialised nature of the Fund, performance ranking of the Fund is not taken, as the comparable benchmark is not available.

### MANAGEMENT QUALITY RATING OF THE MANAGEMENT COMPANY

Management Quality rating of 'AM2' to PICIC Asset Management Company Limited assigned by JCR-VIS Credit Rating Company Limited has been placed under 'Rating Watch-Developing' status.

### TRANSACTION WITH CONNECTED PERSONS

Transactions between the Fund and its connected persons are carried out on an arm's length basis and the relevant terms of the transaction are determined in accordance with the 'Comparable Uncontrolled Price Method'. 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 Energy Fund being listed on all three Stock Exchanges, the Management Company is committed to observe 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 fairly 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, 2007, 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.

## PICIC ENERGY FUND (PEF)

- 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 operations of the fund started on January 20, 2006, therefore, key operating and financial data of last three years is summarized on page No. 10 (Annexure-A)
- i. All trades during the year in the certificates of the Fund carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children has been annexed on page No. 11 (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. 11 (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. 12 (Annexure-D).

### AUDITORS

The Fund's external auditors M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible have expressed their willingness to continue as the Fund's auditor for the ensuing year ending June 30, 2009. The Audit Committee of the Management Company has recommended the appointment of M. Yousuf Adil Saleem & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2009.

### 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

Hussain A. Naqvi  
Chief Executive Officer

Karachi  
July 28, 2008

Annexure-A

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

YEAR ENDED	(Rupees in '000')		
	JUNE 30, 2008	JUNE 30, 2007	JUNE 30, 2006
<b>STATEMENT OF ASSETS &amp; LIABILITIES</b>			
Net Assets:			
Investment in quoted shares	939,203	617,107	481,326
Other Assets	143,396	517,426	605,765
Liabilities	(12,036)	(57,523)	(67,970)
Total	<u>1,070,563</u>	<u>1,077,010</u>	<u>1,019,121</u>
Financed By:			
Capital	1,000,000	1,000,000	1,000,000
Unappropriated profit	70,563	77,010	19,121
Total	<u>1,070,563</u>	<u>1,077,010</u>	<u>1,019,121</u>
Net Asset Value per Certificate (Rupees)	<u>10.71</u>	<u>10.77</u>	<u>10.19</u>
<b>INCOME STATEMENT</b>			
Income:			
Gain on Sale of Investments -net	182,949	37,224	57,018
Diminution on remeasurement of investment - net	(128,877)	(12,086)	(60,687)
Dividend	46,258	30,330	14,280
Other Income	13,595	54,314	31,610
	113,925	109,782	42,221
Expenditure:			
Management Fee	33,571	31,684	14,293
Auditors' Remuneration	305	280	200
Other Expenses	11,496	19,930	8,607
	45,372	51,894	23,100
Profit Before Taxation	68,553	57,888	19,121
Taxation	-	-	-
Profit After Taxation	<u>68,553</u>	<u>57,888</u>	<u>19,121</u>
Earnings per Certificate (Rupees)	<u>0.69</u>	<u>0.58</u>	<u>0.19</u>

Annexure-B

STATEMENT SHOWING CERTIFICATES OF PICIC ENERGY FUND  
HELD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY OF  
PICIC ASSET MANAGEMENT COMPANY LTD. (THE MANAGEMENT COMPANY)  
AND THEIR SPOUSES AND MINOR CHILDREN AS AT JUNE 30, 2008

S. NO.	NAME	DESIGNATION	SHARES HELD
01	Mr. Asadullah Khawaja	Chairman	-
02	Maj (R) Mohammad Fazal Durrani	Director	-
03	Mr. Masroor Ahmed Qureshi	Director	-
04	Mr. Nauman Hussain	Director	-
05	Mr. Yameen Kerai	Director	-
06	Mr. Hussain A. Naqvi	CEO	-
07	Mr. Zahoor Amanullah	CFO & Company Secretary	-

Annexure-C

STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF  
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)  
FOR PICIC ENERGY FUND FOR THE PERIOD FROM JULY 01, 2007 TO JUNE 30, 2008

S. NO.	NAME	DESIGNATION	MEETINGS		
			TOTAL	ATTENDED	LEAVE GRANTED
01	Mr. Asadullah Khawaja	Director	4	4	-
02	Maj. (R) Mohammad Fazal Durrani	Director	4	4	-
03	Mr. Masroor Ahmed Qureshi	Director	4	3	1
04	Mr. Nauman Hussain	Director	4	4	-
05	Mr. Yameen Kerai	Director	4	3	1
06	Mr. Hussain A. Naqvi	CEO	4	4	-

## Annexure-D

STATEMENT SHOWING PATTERN OF CERTIFICATES HELD BY THE  
CERTIFICATE-HOLDERS OF PICIC ENERGY FUND AS AT JUNE 30, 2008

CERTIFICATES		NUMBER OF CERTIFICATE TOTAL HOLDINGS	
FROM	TO	HOLDERS	
1	100	4	145
101	500	4,520	2,257,705
501	1,000	1,104	1,103,664
1,001	5,000	1,448	4,179,926
5,001	10,000	368	3,215,000
10,001	15,000	97	1,274,700
15,001	20,000	93	1,787,500
20,001	25,000	60	1,434,000
25,001	30,000	45	1,309,000
30,001	35,000	18	602,500
35,001	40,000	19	744,500
40,001	45,000	10	439,000
45,001	50,000	66	3,289,000
50,001	55,000	8	422,000
55,001	60,000	9	537,500
60,001	65,000	7	442,000
65,001	70,000	8	546,500
70,001	75,000	6	442,500
75,001	80,000	7	551,000
80,001	85,000	4	340,000
85,001	90,000	5	446,500
90,001	95,000	1	92,000
95,001	100,000	22	2,194,500
100,100	200,000	43	6,952,300
200,001	1,000,000	36	17,680,880
1,000,001	16,045,000	11	47,715,680
	TOTAL	<u>8,019</u>	<u>100,000,000</u>



## PICIC ENERGY FUND (PEF)

### STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS OF PICIC ENERGY FUND AS AT JUNE 30, 2008

CATEGORY DESCRIPTION	NUMBER OF CERTIFICATE-HOLDERS	HOLDING	%
INDIVIDUALS	7,902	44,872,620	44.87
FINANCIAL INSTITUTION	4	7,515,248	7.50
INSURANCE COMPANIES	3	348,840	0.35
INVESTMENT BANKS/COMPANIES	2	1,064,500	1.06
JOINT STOCK COMPANIES	66	3,474,500	3.47
MODARABA COMPANIES	2	21,000	0.02
CHARITABLE TRUST	3	366,000	0.37
LEASING COMPANIES	1	320	0.00
ICP	-	-	-
NITL	1	761,040	0.76
NIUT	1	1,477,772	1.48
NIB BANK LIMITED	1	11,130,160	11.13
PICIC AMC	1	16,042,000	16.04
FOREIGNERS	11	8,821,500	8.82
CO-OPERATIVE SOCIETY	1	100,000	0.10
OTHERS	20	4,004,500	4.00
TOTAL	<u>8,019</u>	<u>100,000,000</u>	<u>100.00</u>

PATTERN OF CERTIFICATE-HOLDING OF PICIC ENERGY FUND AS PER REQUIREMENT OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2008

PARTICULAR	CERTIFICATE HELD
Individuals	44,872,620
Associated Company NIB Bank Limited	11,130,160
Management Company PICIC Asset Management Company Limited	16,042,000
National Investment Trust Limited (NITL)	761,040
National Investment Unit Trust (NIUT)	1,477,772
Investment Corporation of Pakistan (ICP)	-
Chief Executive Hussain A. Naqvi	-
Directors & their Spouses	
Mr. Asadullah Khawaja	-
Maj (R) Mohammad Fazal Durrani	-
Mr. Masroor Ahmed Qureshi	-
Mr. Nauman Hussain	-
Mr. Yameen Kerai	-
Executives	-
Joint Stock Companies	3,474,500
Banks	5,993,020
Development Financial Institutions	1,522,228
Non-Banking Finance Institutions	1,064,820
Insurance Companies	348,840
Modarabas	21,000
Mutual Funds	-
Foreign Investors	8,821,500
Others	4,470,500
TOTAL	100,000,000

DETAILS OF CERTIFICATE-HOLDERS HOLDING TEN PERCENT OR MORE CERTIFICATES OF PICIC ENERGY FUND AS AT JUNE 30, 2008

PARTICULARS	HOLDING	%
PICIC Asset Management Company Limited	16,042,000	16.04
NIB Bank Limited	11,130,160	11.13

## PICIC ENERGY FUND

### FUND MANAGER'S REPORT

PICIC Energy Fund is a close-ended equity fund. The objective of the Fund is to capture significant return from an actively managed portfolio by investing in listed equity securities of energy sector in Pakistan and in this respect the Fund has achieved its objective.

#### MARKET REVIEW

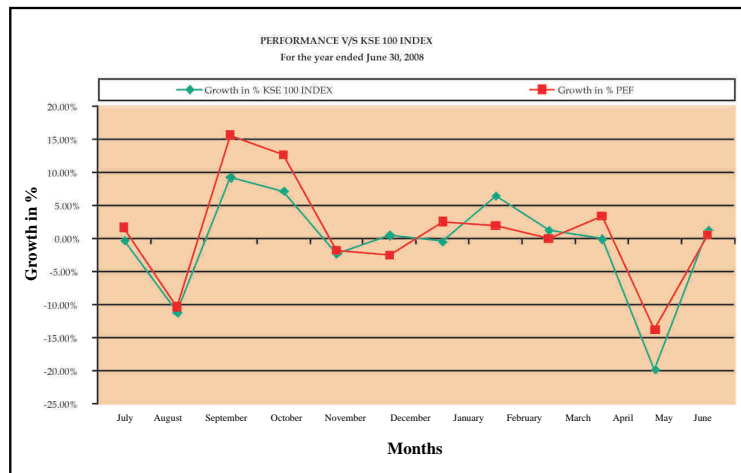
The stock market is the barometer of economy as is evident from its behavior last year whereby out of twelve months for six months the market remained down and the average daily volatility was at 0.44%. In fact the market movements portrayed a perfect picture of the socio-political developments inside the country. Unrest in tribal region, Presidential election, judicial activism, emergency, assassination, elections, global as well as domestic energy crisis and the government borrowing from SBP eventually took their toll on the macro-economy and rupee lost 15% of its value. In response, SBP tightened the screw on monetary expansion and the stock market discounted all these developments and readjusted itself in a sharp manner i.e. a decline of 36% in less than three months. Performance of the sectors which contribute almost 73% of the market capitalization are Banking (12.13% out-performance versus Benchmark), Oil & Gas Exploration (31.24% out-performance versus Benchmark) and Fertilizer (57.95% out-performance versus Benchmark).

#### PERFORMANCE

During FY 2008, the KSE-100 Index fell by 10.77% from 13,772 to 12,289 as compared to growth of 37.87% during FY 2007. Market capitalization during FY 2008 fell by 6.02% from Rs.4.019 trillion to Rs.3.777 trillion, as compared to increase of 43.48% during FY 2007. During the year under review the KSE-100 Index reached a High of 15,676 and a Low of 11,162. Average daily volume stood at 242 million shares as compared to 212 million shares in FY 2007. Higher volumes were primarily due to increased foreign based activity and enhanced market volatility.

During FY2008 PICIC Energy Fund has out-performed the benchmark KSE-100 index by 17.66%. The KSE-100 Index declined by 10.77% while on dividend adjusted basis the fund increased by 6.89%.

Furthermore, please find below the chart of the Fund's performance versus the Benchmark (KSE-100 Index):



We adopted the stock selection strategy for the generation of out-performance instead of trying to time the market. The shares we thought are likely to out-perform the market were accumulated in our portfolio till the time we assessed that the fair values have been attained or some fundamental change warranted liquidation of that particular position.

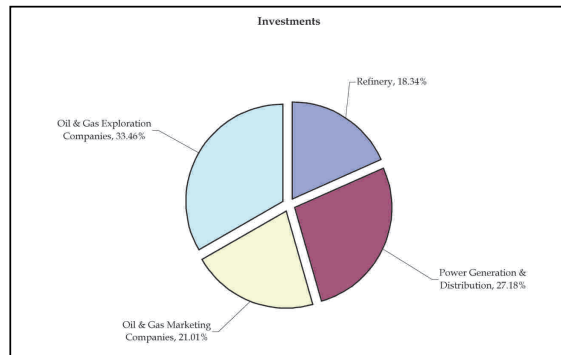
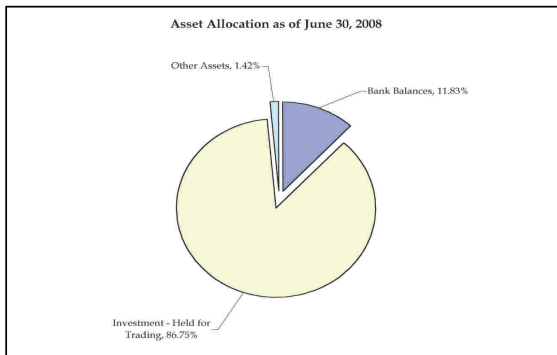
The net assets decreased from Rs.1,077 million on June 30, 2007 to Rs. 1,071 million on June 30, 2008 and accordingly the net asset value per certificate decreased from Rs. 10.77 per certificate on June 30, 2007 to Rs. 10.71 per certificate on June 30, 2008.

**DIVIDEND DISTRIBUTION:**

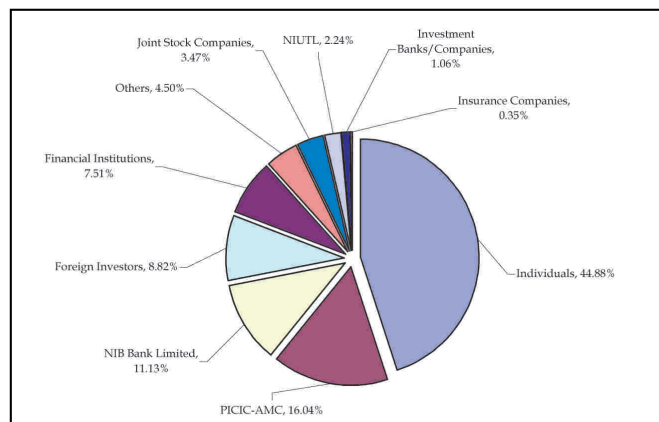
PICIC Asset Management Company Limited (the Management Company) has declared a final cash dividend of 7% (i.e. Re.0.70 per certificate) for the year ended June 30, 2008.

**ASSET ALLOCATION:**

Following charts give the fund’s asset allocation as on June 30, 2008 are as follows and there are no significant changes during the year.



**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 Energy 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 supercedes all other interests.
- ⦿ Transparency in the functioning of the company.
- ⦿ Ensure efficient and effective use of company's resources.

#### 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 the company's interest supercedes all other interests.
- ⊙ Exercise prudence in using the 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 AMC Limited.
- ⊙ Efforts to create succession in related areas would be appreciated/encouraged.

#### 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 AMC Limited will not knowingly assist fraudulent activities by others.



## Core Values



PICIC ASSET MANAGEMENT COMPANY LIMITED (MANAGEMENT COMPANY OF PICIC ENERGY 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, 2008*

This statement is being presented by the Board of Directors of PICIC Asset Management Company Limited (Company), the Management Company of PICIC Energy Fund (Fund) to comply with the Best Practices of Code of Corporate Governance (Code) contained in Regulation No.37, 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.

## PICIC ENERGY FUND (PEF)

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 directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2007, 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.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. 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.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO before approval of the Board.
13. 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.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors, including the chairman of the committee.

16. 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.
17. The Asset Management Company has outsourced the internal audit function of the Fund to M/s Anjum Asim Shahid Rahman, Chartered Accountants, Karachi, for the year ended June 30, 2008, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
18. 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.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the board

Hussain A. Naqvi  
Chief Executive Officer

Karachi  
July 28, 2008



M. Yousuf Adil Saleem & Co  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
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**REVIEW REPORT TO THE CERTIFICATE HOLDERS ON 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 the **PICIC ENERGY FUND** to comply with the Listing Regulation No.37 (Chapter XI), No.43 (Chapter XIII) and No.36 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges 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.

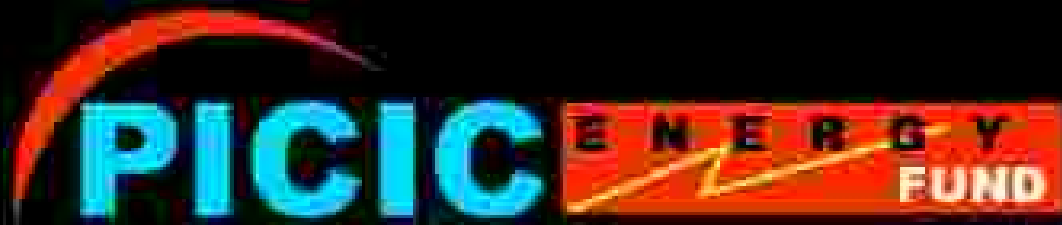
As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express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

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 compliance of the management company of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2008.

**Karachi**  
July 28, 2008

**Chartered Accountants**

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The background of the cover features a night cityscape with illuminated buildings and streets. In the foreground, several large, semi-transparent yellow gears are overlaid, suggesting a theme of industry or finance.

# Financial Statements

for the year ended June 30, 2008





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

**Report of the Trustee pursuant to Regulation 58(f) and Clause 9 of Schedule IV  
of the Non-Banking Finance Companies and Notified Entities Regulations, 2007**

PICIC Energy Fund (Fund), a closed-end scheme was established under a trust deed dated March 16, 2005 executed between PICIC Asset Management Company Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the fund during the year ended June 30, 2008 in accordance with the provisions of the following:

- (i) 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, 2007 and the constitutive documents of the Fund.

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

Karachi  
September 12, 2008



M. Yousuf Adil Saleem & Co  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
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## INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of **PICIC Energy Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2008, and the income statement, distribution statement, statement of movements in net assets / reserves per certificate, cash flow statement, statement of movement in equity and reserves and a summary of significant accounting policies with other explanatory notes.

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

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and 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.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial

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M. Yousuf Adil Saleem & Co  
Chartered Accountants

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, 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, 2008 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 Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2007.

**Karachi**  
July 28, 2008

**Chartered Accountants**

A member firm of  
Deloitte Touche Tohmatsu

## PICIC ENERGY FUND

STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2008

	Note	2008	2007
-----Rupees in '000'-----			
<b>ASSETS</b>			
Bank balances		128,035	502,776
Investments - at fair value through profit or loss	5	939,203	617,107
Dividend receivable		5,964	2,200
Accrued income on bank deposits		662	4,250
Security deposits		3,700	1,200
Preliminary and floatation costs	6	5,000	7,000
Other receivable		35	-
<b>Total Assets</b>		<b>1,082,599</b>	<b>1,134,533</b>
<b>LIABILITIES</b>			
Fee payable to Management Company		2,489	31,684
Preliminary and floatation costs payable to Management Company		7,000	9,000
Fee payable to Trustee		106	110
Fee payable to S.E.C.P.		1,119	1,056
Payable against purchase of investments		-	14,952
Accrued expenses		801	721
Dividend payable		521	-
<b>Total Liabilities</b>		<b>12,036</b>	<b>57,523</b>
<b>NET ASSETS</b>		<b><u>1,070,563</u></b>	<b><u>1,077,010</u></b>
<b>CAPITAL AND RESERVES</b>			
Capital	7	1,000,000	1,000,000
Unappropriated profit		70,563	77,010
<b>TOTAL CERTIFICATE HOLDER'S FUND</b>		<b><u>1,070,563</u></b>	<b><u>1,077,010</u></b>
<b>NET ASSET VALUE PER CERTIFICATE - Rupees</b>	8	<b><u>10.71</u></b>	<b><u>10.77</u></b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director

PICIC ENERGY FUND

*INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2008*

	Note	2008	2007
		-----Rupees in '000'-----	
<b>INCOME</b>			
Capital gain on sale of investments - net		182,949	37,224
Dividend income		46,258	30,330
Unrealised diminution on re-measurement of investments to fair value - net		(128,877)	(12,086)
Income from Continuous Funding System		-	2,107
Return on bank deposits		<u>13,595</u>	<u>52,207</u>
		<u>113,925</u>	<u>109,782</u>
<b>OPERATING EXPENSES</b>			
Fee to Management Company	9	33,571	31,684
Fee to Trustee	10	1,370	1,316
Fee to S.E.C.P.		1,119	1,056
Securities transaction cost	11	4,863	13,651
Auditors' remuneration	12	305	280
Amortization of preliminary and floatation costs		2,000	2,000
Other expenses	13	<u>2,144</u>	<u>1,906</u>
		<u>45,372</u>	<u>51,893</u>
Profit before taxation		<u>68,553</u>	<u>57,889</u>
Taxation	14	-	-
Profit after taxation		<u><u>68,553</u></u>	<u><u>57,889</u></u>
Earnings per certificate - Basic and diluted (Rupee)	15		
With unrealised diminution on re-measurement of investments to fair value - net		<u>0.69</u>	<u>0.58</u>
Without unrealised diminution on re-measurement of investments to fair value - net		<u>1.97</u>	<u>0.70</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director

## PICIC ENERGY FUND

*DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2008*

	2008	2007
	-----Rupees in '000'-----	
Unappropriated profit brought forward	77,010	19,121
Final dividend @7.5% for the year ended June 30, 2007 (Re. 0.75 per certificate) (Distributed on July 18,2007)	(75,000)	-
Profit after taxation	68,553	57,889
Unappropriated profit carried forward	<u>70,563</u>	<u>77,010</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director

PICIC ENERGY FUND

STATEMENT OF MOVEMENTS IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008

	2008	2007
Net assets value per certificate at the beginning of the year	10.77	10.19
Movements in net assets value per certificate from operations		
Capital gain on sale of investments - net	1.83	0.37
Dividend income	0.46	0.31
Unrealised diminution on re-measurement of investments to fair value - net	(1.29)	(0.12)
Income from Continuous Funding System	-	0.02
Return on bank deposits	0.14	0.52
	1.14	1.10
Operating expenses	(0.45)	(0.52)
Increase in net assets value per certificate from operations	<u>0.69</u>	<u>0.58</u>
Movements in net assets value per certificate from financing		
Dividend paid	(0.75)	-
Net assets value per certificate at the end of the year	<u><u>10.71</u></u>	<u><u>10.77</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director

## PICIC ENERGY FUND

*CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2008*

	2008	2007
	-----Rupees in '000'-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	68,553	57,889
Adjustments for :		
Capital gain on sale of investments - net	(182,949)	(37,224)
Dividend income	(46,258)	(30,330)
Unrealised diminution on re-measurement of investments to fair value - net	128,877	12,086
Amortization of preliminary and floatation costs	2,000	2,000
Operating cash (outflows) / inflows before working capital changes	<u>(29,777)</u>	<u>4,421</u>
(Increase) / decrease in assets / liabilities		
Investments - at fair value through profit or loss - net	(268,024)	(110,643)
Receivable against sale of investments	-	114,852
Accrued income on bank deposits	3,588	(1,350)
Security deposit	(2,500)	(1,000)
Other receivable	(35)	-
Fee payable to Management Company	(29,195)	17,391
Preliminary and floatation costs payable to Management Company	(2,000)	(1,000)
Fee payable to Trustee	(4)	5
Fee payable to S.E.C.P	63	579
Payable against purchase of investments	(14,952)	(27,512)
Accrued expenses	80	90
Cash used in operations	<u>(342,756)</u>	<u>(4,167)</u>
Dividend received	42,494	30,243
Net cash flow (used in) / from operating activities	<u>(300,262)</u>	<u>26,076</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(74,479)	-
Net cash flow used in financing activities	<u>(74,479)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(374,741)	26,076
Bank balances at the beginning of the year	502,776	476,700
Bank balances at the end of the year	<u>128,035</u>	<u>502,776</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director



PICIC ENERGY FUND

*STATEMENT OF MOVEMENT IN EQUITY AND RESERVES  
FOR THE YEAR ENDED JUNE 30, 2008*

	Issued, subscribed and paid up capital	Unappropriated Profit	Total
	----- Rupees in '000' -----		
Balance as at July 1, 2006	1,000,000	19,121	1,019,121
Profit after taxation	-	57,889	57,889
Balance as at June 30, 2007	1,000,000	77,010	1,077,010
Profit after taxation	-	68,553	68,553
Final cash dividend @7.5% for the year ended June 30, 2007 (Re. 0.75 per certificate) (Distributed on July 18, 2007)	-	(75,000)	(75,000)
Balance as at June 30, 2008	<u>1,000,000</u>	<u>70,563</u>	<u>1,070,563</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director

## PICIC ENERGY FUND

### NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED JUNE 30, 2008

#### 1. STATUS AND NATURE OF BUSINESS

PICIC Energy 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 Stock Exchanges of Pakistan. The principal business of the Fund is to invest in listed equity securities of energy sector with an objective to capture significant return.

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.

Management Quality rating of 'AM2' has been assigned to PICIC Asset Management Company Limited by JCR-VIS Credit Rating Company Limited and placed under 'Rating Watch-Developing' status. Due to specialised nature of the Fund, performance ranking of the Fund is not taken, as the comparable benchmark is not available.

#### 2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the Regulations), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Trust Deed, the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Regulations, the Rules, the Trust Deed, the Ordinance, or directives issued by SECP differ with the requirements of these standards, the requirements of the Regulations, the Rules, the Trust Deed, the Ordinance and the said directives take precedence.
- 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2008 are either not relevant to fund's operations or are not expected to have significant impact on its financial statements other than increased disclosures in certain cases:

IAS 1 (Revised) - Presentation of financial statements	effective for accounting period beginning on or after January 1, 2009
IAS 23 (Revised) - Borrowing Cost	effective for accounting period beginning on or after January 1, 2009
IAS 29 - Financial Reporting in Hyperinflationary Economies	effective for accounting period beginning on or after April 28, 2008
IFRS 7 - Financial Instruments: Disclosures	effective for accounting period beginning on or after April 28, 2008
IFRS 8 - Operating Segments	effective for accounting period beginning on or after April 28, 2008

IFRIC 12 - Services concession arrangements	effective for accounting period beginning on or after January 1, 2008
IFRIC 13 - Customer Loyalty Programmes	effective from accounting period beginning on or after July 1, 2008
IFRIC 14 - IAS 19- The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction	effective for accounting period beginning on or after January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	effective for accounting period beginning on or after January 1, 2009
IFRIC 16 - Hedges of Net Investment in a Foreign Operation	effective for accounting period beginning on or after January 1, 2009

### 3. BASIS OF MEASUREMENT

- 3.1 The financial statements have been prepared under the historical cost convention, except for investments which are stated at fair value.
- 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 the approved accounting standards requires management to make estimates and assumptions that effect 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 area 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 5 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 for purchases and sales 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 'financial assets at fair value through profit or loss'.

### *Financial assets at fair value through profit or loss*

These financial assets are classified as held for trading or designated by the management 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 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.

## 4.3 Derivatives

Derivative instruments held by the Fund generally comprise of un paid right letters and future contracts in the capital market. Derivative instruments are initially measured at fair value and subsequent to initial measurement each derivative instrument is remeasured to their fair value and the resultant gain or loss is recognized in the income statement.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by IAS-39, consequently hedge accounting is not used by the Fund.

## 4.4 Securities under resale agreements - Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. 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 asset. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the income statement and is recognised over the term of the respective transactions.

## 4.5 Taxation

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

### 4.6 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.

### 4.7 Dividend distribution

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

### 4.8 Financial assets and financial liabilities

Financial assets carried on the statement of assets and liabilities include bank balances, investment classified as 'held for trading', receivable against sale of investments, dividend and return on deposit account with banks.

Financial liabilities carried on the statement of assets and liabilities include fee payable to Management Company, preliminary and floatation cost payable to Management Company, fee payable to Trustee and SECP, payable against purchase of investments and accrued expenses.

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

### 4.9 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 the net basis, or realise the asset and settle liability simultaneously.

### 4.10 Revenue recognition

- Capital gains / (losses) whether realised or unrealised arising on sale of investments are included in the income statement in the period in which they arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on bank deposit is recognized on accrual basis.

### 4.11 Preliminary and floatation costs

Preliminary and floatation costs are deferred and amortised monthly over the period of five years.

## 5. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

The holding are in the fully paid ordinary shares of Rs. 10/- each.

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2008			PERCENTAGE IN RELATION TO		
	As at July 01, 2007	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2008	Cost	Carrying value	Market value	Net Assets of the Fund	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
<b>Refineries</b>											
Attock Refinery Limited	-	1,365,000	192,750	1,557,750	-	-	-	-	-	-	-
Bosicor Pakistan Limited.	-	5,605,000	-	2,942,000	2,663,000	49,041	49,041	35,685	3.33%	0.68%	3.80%
National Refinery Limited	-	485,000	32,100	58,000	459,100	172,020	172,020	136,568	12.76%	0.57%	14.54%
Pakistan Refinery Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
	-	7,580,000	224,850	4,682,750	3,122,100	221,061	221,061	172,253	16.09%	-	18.34%
<b>Power Generation and distribution</b>											
Hub Power Company Limited	3,014,000	3,400,000	-	1,417,000	4,997,000	171,489	176,361	142,914	13.35%	0.43%	15.22%
Japan Power Generation Limited *	-	4,600,000	-	-	4,600,000	36,674	36,674	25,622	2.39%	3.12%	2.73%
Karachi Electric Supply Company Limited	-	7,093,000	-	775,000	6,318,000	35,647	35,647	34,559	3.23%	0.05%	3.68%
Kohinoor Energy Limited	-	538,500	-	-	538,500	17,519	17,519	14,620	1.37%	0.32%	1.56%
Kot Addu Power Company Limited	-	1,000,000	-	200,000	800,000	41,201	41,201	37,600	3.51%	0.09%	4.00%
	3,014,000	16,631,500	-	2,392,000	17,253,500	302,530	307,402	255,315	23.85%	-	27.18%
<b>Oil &amp; Gas Marketing</b>											
Attock Petroleum Limited	101,100	442,500	16,780	279,280	281,100	150,120	150,559	121,514	11.35%	0.59%	12.94%
Pakistan State Oil Co Limited	252,400	865,000	-	1,025,400	92,000	38,922	38,919	38,386	3.59%	0.05%	4.09%
Shell Pakistan Limited	-	89,800	-	-	89,800	41,433	41,433	37,447	3.50%	0.16%	3.99%
Sui Northern Gas Pipeline Co Limited	687,800	-	-	687,800	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	600,000	-	-	600,000	-	-	-	-	-	-	-
	1,641,300	1,397,300	16,780	2,592,480	462,900	230,475	230,911	197,347	18.43%	-	21.01%
<b>Oil &amp; Gas Exploration</b>											
Mari Gas Company Limited	5,700	184,900	-	80,600	110,000	29,603	29,694	29,648	2.77%	0.30%	3.16%
Oil & Gas Development Company Limited	700,000	1,973,000	-	1,791,000	882,000	107,512	107,423	109,686	10.25%	0.02%	11.68%
Pakistan Oilfields Limited	325,000	670,000	-	771,000	224,000	78,747	78,747	81,724	7.63%	0.11%	8.70%
Pakistan Petroleum Limited	400,000	878,000	58,300	957,300	379,000	93,040	92,842	93,230	8.71%	0.05%	9.93%
	1,430,700	3,705,900	58,300	3,599,900	1,595,000	308,902	308,706	314,288	29.36%	-	33.46%
<b>Total</b>	<b>6,086,000</b>	<b>29,314,700</b>	<b>299,930</b>	<b>13,267,130</b>	<b>22,433,500</b>	<b>1,062,968</b>	<b>1,068,080</b>	<b>939,203</b>	<b>87.73%</b>	<b>-</b>	<b>100.00%</b>

\* The company is listed on defaulter counter.

## PICIC ENERGY FUND (PEF)

### 6. PRELIMINARY AND FLOATATION COSTS

	2008	2007
	----- Rupees in '000' -----	
Total Cost	10,000	10,000
Accumulated amortization	<u>(5,000)</u>	<u>(3,000)</u>
	<u>5,000</u>	<u>7,000</u>

### 7. CAPITAL

#### 7.1 Issued, subscribed and paid up capital

2008	2007			
No. of Certificates				
----- in '000' -----				
100,000	<u>100,000</u>	Fully paid ordinary certificates of		
		Rs.10 each issued for cash	<u>1,000,000</u>	<u>1,000,000</u>

7.2 The total authorised number of certificates are 100,000,000 with a par value of Rs.10/- per certificate.

7.3 PICIC Asset Management Company Limited held 16,042,000 certificates of Rs.10/- each as at June 30, 2008 (2007 : 16,042,000 certificates).

NIB Bank Limited held 11,130,160 certificates of Rs. 10/- each as at June 30, 2008 (2007: Pakistan Industrial Credit & Investment Corporation Limited held 5,240,260 and PICIC Commercial Bank Limited held 5,889,900 certificates).

#### 7.4 Pattern of Certificates Holding as at June 30, 2008

Category	Number of certificate holders	Certificate held	Percentage
Individuals	7,902	44,872,620	44.87%
Associated Companies / Directors	2	27,172,160	27.17%
Insurance Companies	3	348,840	0.35%
Banks / DFIs	4	7,515,248	7.52%
NBFCs	3	1,064,820	1.06%
Retirement Funds	20	2,333,500	2.33%
Public Limited Companies	66	3,474,500	3.47%
Others	19	13,218,312	13.22%
	<u>8,019</u>	<u>100,000,000</u>	<u>100.00%</u>

## 8. NET ASSET VALUE PER CERTIFICATE

	2008	2007
Total net assets - Rupees in thousand	<u>1,070,563</u>	<u>1,077,010</u>
Total certificates in issue - in thousand	<u>100,000</u>	<u>100,000</u>
Net assets value per certificate - Rupees	<u>10.71</u>	<u>10.77</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 of the Fund. The fee of the Management Company has been determined at the rate of three percent per annum of the average annual net assets of the Fund.

	2008	2007
	----- Rupees in '000' -----	
Average annual net assets	<u>1,119,033</u>	<u>1,056,133</u>
Remuneration (3% of average annual net assets)	<u>33,571</u>	<u>31,684</u>

## 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. As per the Trust Deed the tariff structure applicable to the Fund in respect of the trustee fee is Rs. 0.875 million plus 0.08% per annum on the net assets value of the Fund exceeding Rs. 500 million to Rs. 2,000 million.

## 11. SECURITIES TRANSACTION COSTS

	2008	2007
	----- Rupees in '000' -----	
Transaction costs associated with initial recognition of financial assets	2,211	7,630
Transaction costs associated with derecognition of financial assets	<u>2,652</u>	<u>6,021</u>
	<u>4,863</u>	<u>13,651</u>

11.1 List of top ten brokers in order of percentage of commission paid	%
i - Saa Capital (Pvt) Limited	4.58%
ii - Invisor Securities (Pvt) Limited	4.49%
iii - KASB Securities Limited	3.95%
iv - Global Securities Pakistan Limited	3.83%
v - Fortune Securities Limited	3.79%
vi - Invest Capital & Securities (Pvt) Limited	3.74%
vii - First National Equities Limited	3.69%
viii - AKD Securities Limited	3.57%
ix - Atlas Capital Markets (Pvt) Limited	3.50%
x - Al Habib Capital Markets (Pvt) Limited	3.31%



## PICIC ENERGY FUND (PEF)

2008                      2007  
----- Rupees in '000' -----

### 12. AUDITORS' REMUNERATION

Annual statutory audit fee	175	150
Half yearly review fee	50	50
Fee for review of statement of compliance of Code of Corporate Governance	50	50
Other certifications	10	10
Out of pocket expenses	<u>20</u>	<u>20</u>
	<u>305</u>	<u>280</u>

### 13. OTHER EXPENSES

Printing and stationery	730	730
CDS charges	247	341
Tax consultancy fee	75	135
Professional tax	100	100
Listing fee	180	163
Postage	610	402
Bank charges	54	22
Other	<u>148</u>	<u>13</u>
	<u>2,144</u>	<u>1,906</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 :-

Profit after taxation (with diminution on remeasurement of investments to fair value-net) - Rupees in thousand	<u>68,553</u>	<u>57,889</u>
Profit after taxation (without diminution on remeasurement of investments to fair value-net) - Rupees in thousand	<u>197,430</u>	<u>69,975</u>
Weighted average number of certificates - in thousand	<u>100,000</u>	<u>100,000</u>
Earnings per certificate (with diminution on remeasurement of investments to fair value-net) - Rupee	<u>0.69</u>	<u>0.58</u>
Earnings per certificate (without diminution on remeasurement of investments to fair value-net) - Rupee	<u>1.97</u>	<u>0.70</u>

## 16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include PICIC Asset Management Company being the Management Company of the Fund, NIB Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund and National Fullerton Asset Management Limited (NAFA) being the company under the common control. All the dealings with related parties have been transacted at arm length's basis.

	2008	2007
	----- Rupees in '000' -----	
PICIC Asset Management Company Limited		
Fee payable to Management Company	<u>2,489</u>	<u>31,684</u>
Preliminary and floatation expenses payable	<u>7,000</u>	<u>9,000</u>
NIB Bank Limited		
Bank balances	<u>15,000</u>	<u>10</u>
Central Depository Company of Pakistan Limited		
Fee payable to trustee	<u>106</u>	<u>110</u>
PICIC Asset Management Company Limited		
Remuneration of the Management Company	<u>33,571</u>	<u>31,684</u>
Amortization of preliminary and floatation cost	<u>2,000</u>	<u>2,000</u>
NIB Bank Limited		
Return on bank deposits	<u>419</u>	<u>16</u>
Central Depository Company of Pakistan Limited		
Fee to trustee	<u>1,370</u>	<u>1,316</u>

**17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

17.1 The Fund's Market Rate of Return ( MROOR ) sensitivity related to financial assets and financial liabilities as at 30 June, 2008 can be determined from the following:

	Exposed to MROOR risk as at June 30, 2008				Total
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROOR risk	
	----- (Rupees in '000') -----				
<b>Financial Assets</b>					
Bank balances	128,035	-	-	-	128,035
Investments - at fair value through profit or loss	-	-	-	939,203	939,203
Dividend receivable	-	-	-	5,964	5,964
Accrued income on bank deposits	-	-	-	662	662
Security deposits	-	-	-	3,700	3,700
Other receivable	-	-	-	35	35
	<u>128,035</u>	<u>-</u>	<u>-</u>	<u>949,564</u>	<u>1,077,599</u>
<b>Financial Liabilities</b>					
Fee payable to Management Company	-	-	-	2,489	2,489
Preliminary and floatation costs payable	-	-	-	7,000	7,000
Fee payable to Trustee	-	-	-	106	106
Fee payable to S.E.C.P	-	-	-	1,119	1,119
Payable against purchase of investments	-	-	-	-	-
Accrued expenses	-	-	-	801	801
Dividend payable	521	-	-	-	521
	<u>521</u>	<u>-</u>	<u>-</u>	<u>11,515</u>	<u>12,036</u>
On-balance sheet gap 2008	<u>127,514</u>	<u>-</u>	<u>-</u>	<u>938,049</u>	<u>1,065,563</u>

## PICIC ENERGY FUND (PEF)

Exposed to MROR risk as at June 30, 2007					
	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
----- (Rupees in '000') -----					
<b>Financial Assets</b>					
Bank balances	502,776	-	-	-	502,776
Investments - at fair value					
through profit or loss	-	-	-	617,107	617,107
Dividend receivable	-	-	-	2,200	2,200
Accrued income on bank deposits	-	-	-	4,250	4,250
Security deposits	-	-	-	1,200	1,200
	<u>502,776</u>	<u>-</u>	<u>-</u>	<u>624,757</u>	<u>1,127,533</u>
<b>Financial Liabilities</b>					
Fee Payable to Management Company	-	-	-	31,684	31,684
Preliminary and floatation costs payable	-	-	-	9,000	9,000
Fee Payable to Trustee	-	-	-	110	110
Fee Payable to S.E.C.P	-	-	-	1,056	1,056
Payable against purchase of investments	-	-	-	14,952	14,952
Accrued expenses	-	-	-	721	721
	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,523</u>	<u>57,523</u>
On-balance sheet gap 2007	<u>502,776</u>	<u>-</u>	<u>-</u>	<u>567,234</u>	<u>1,070,010</u>

	2008	2007
17.2 The rate of return on financial instruments are as follows:	Percentage per annum	
Balance with banks - in deposit accounts	8% to 11%	1% to 9.5%

18. MATURITIES OF ASSETS AND LIABILITIES

	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>Assets</b>				
Bank balances	128,035	128,035	-	-
Investments - at fair value through profit or loss	939,203	939,203	-	-
Dividend receivable	5,964	5,964	-	-
Accrued income on bank deposits	662	662	-	-
Security deposits	3,700	-	-	3,700
Preliminary and floatation costs	5,000	-	2,000	3,000
Other receivable	35	-	35	-
	<u>1,082,599</u>	<u>1,073,864</u>	<u>2,035</u>	<u>6,700</u>
<b>Liabilities</b>				
Payable to Management Company	2,489	2,489	-	-
Preliminary and floatation costs payable to Management Company	7,000	-	2,000	5,000
Payable to Trustee	106	106	-	-
Payable to S.E.C.P	1,119	1,119	-	-
Accrued expenses	801	801	-	-
Dividend payable	521	521	-	-
	<u>12,036</u>	<u>5,036</u>	<u>2,000</u>	<u>5,000</u>
Net Assets	<u>1,070,563</u>	<u>1,068,828</u>	<u>35</u>	<u>1,700</u>

	As at June 30, 2007			
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
<b>Assets</b>				
Bank balances	502,776	502,776	-	-
Investments - at fair value through profit or loss	617,107	617,107	-	-
Dividend receivable	2,200	2,200	-	-
Accrued income on bank deposits	4,250	4,250	-	-
Security deposits	1,200	-	-	1,200
Preliminary and floatation costs	7,000	-	2,000	5,000
	<u>1,134,533</u>	<u>1,126,333</u>	<u>2,000</u>	<u>6,200</u>
<b>Liabilities</b>				
Payable to Management Company	31,684	31,684	-	-
Preliminary and floatation costs payable	9,000	-	2,000	7,000
Payable to Trustee	110	110	-	-
Payable to S.E.C.P	1,056	1,056	-	-
Payable against purchase of investments	14,952	14,952	-	-
Accrued expenses	721	721	-	-
	<u>57,523</u>	<u>48,523</u>	<u>2,000</u>	<u>7,000</u>
Net Assets	<u>1,077,010</u>	<u>1,077,810</u>	<u>-</u>	<u>(800)</u>

## 19. RISK MANAGEMENT

The Fund primarily invests in listed equity securities. These investments are subject to varying natures of risk. These risk emanate from various factors that include, but are not limited to following:

### Yield / Interest Rate Risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest/ mark-up rate risk arises from mismatches or gaps in the amounts of interest/ mark-up based assets and liabilities that mature or reprice in a given period. The Fund exposure to yield/interest rate risk upto the extent of balance kept with banks in deposit account.

### Market Risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The management company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines as approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

### Credit Risk

Credit risk arises from the inability of the counter parties to fulfill their obligations.

All investing transactions are settled through National Clearing Company of Pakistan Limited, as a result the risk of default is considered minimum.

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

### 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.

## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments categorized as 'held for trading' are carried at their fair value. The management 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.

## 21. CAPITAL MANAGEMENT

The Fund's objective when managing capital is 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 issue new certificates.

## 22. FUND MANAGEMENT

With the acquisition of Pakistan Industrial Credit and Investment Corporation Limited (PICIC) by NIB Bank Limited (NIB) in June 2007, PICIC Asset Management Company Limited (PICIC AMC) has become a wholly owned subsidiary of NIB. Subsequent to this acquisition the possibility of a merger between PICIC AMC and National Fullerton Asset Management Limited (NAFA) is being envisaged by the respective share holders of both entities.

Keeping in view the proposed merger between PICIC AMC and NAFA, the two companies have for the time being entered into an Investment Consultancy Agreement (the agreement) in July 2007, with the approval of the Securities and Exchange Commission of Pakistan. In accordance with this agreement PICIC AMC has appointed NAFA for obtaining investment advice with respect to the different classes of assets in which the funds of the closed end schemes (i.e. PICIC Investment Fund, PICIC Growth Fund and PICIC Energy Fund) managed by PICIC AMC are to be invested, disinvested and re-invested from time to time. Consequently, PICIC AMC has not constituted a separate management investment committee to oversee the investment decision of the Fund.

## 23. ATTENDANCE OF MEETING OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of PICIC Asset Management Company Limited met on July 18, 2007, October 17, 2007, February 14, 2007 and April 21, 2008 during the year. The number of meetings attended by each director are set out below:

Name of Director	Number of meetings		
	Hold	Attended	Leave Granted
Mr. Asadullah Khawaja	4	4	-
Maj. (Retd.) M. Fazal Durrani	4	4	-
Mr. Masroor Ahmed Qureshi	4	3	1
Mr. Nauman Hussain	4	4	-
Mr. Yameen Kerai	4	3	1
Mr. Hussain A. Naqvi	4	4	-

**24. PERFORMANCE TABLE**

	2008	2007	2006
Net assets at June 30, - ex final distribution (Rupees in millions)	1,070,563	1,002,010	1,019,121
Net assets value per certificate - ex final distribution (Rupees)	10.71	10.02	10.19
Distribution per certificate Cash Dividend (Rupees) Final	0.70	0.75	-
Distribution dates Cash Dividend (Rupees) Final	July 28, 2008	July 18, 2007	-
KSE 100 Index Growth (%)	-10.77%	37.87%	34.08%
Return of the Fund (%)			
Total	6.09%	5.48%	1.84%
Income Distribution	-	7.10%	-
Capital Growth	6.09%	-1.62%	1.84%
Average annual return			
Last one year	6.09%	-	-
Last two years	5.80%	-	-
Last two and a half years	4.49%	-	-

24.1 The fund was launched on January 20, 2006 as closed end scheme.

24.2 The breakdown of the Fund's investment portfolio between industry sectors has been disclosed in note 5 of the financial statements.

24.3 Past performance is not necessarily indicative of future performance and investment return may go up or down.

**25. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in its meeting held on July 28, 2008 approved final cash dividend @ 7% (i.e. Re.0.70 per certificate) amounting to Rs. 70,000,000/- for the year ended June 30, 2008.

**26. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on July 28, 2008 by the Board of Directors of the Management Company.

**27. FIGURES**

Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Hussain A. Naqvi  
Chief Executive

Yameen Kerai  
Director



PICIC ASSET MANAGEMENT COMPANY LIMITED

*INCOME STATEMENT  
IN RELATION TO PICIC ENERGY FUND (SCHEME)  
FOR THE YEAR ENDED JUNE 30, 2008*

Rupees in '000'

INCOME	
Management fee	33,571
Dividend income	12,032
Unrealised diminution in the value of investments classified as 'held for trading'	(60)
Impairment in the value of investments classified as available for sale	<u>(25,100)</u>
	20,443
EXPENSES	
Salaries, allowances and other benefits	4,945
Contributions to defined contribution plan	170
Directors' fee	196
Rent, rates and taxes	597
Fees and subscription	1,338
Vehicle running and maintenance cost	214
Travelling and conveyance	78
Repairs and maintenance	86
Legal and professional charges	12,000
Telephone and utilities	417
Insurance	339
Depreciation	749
Others	176
	<u>(21,304)</u>
Loss before taxation	(861)
Taxation - current	(5,586)
Profit after taxation	<u><u>(6,446)</u></u>

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



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