

The logo for PICIC Energy Fund features the word "PICIC" in large, bold, blue letters with a red arc above it. To the right, the words "ENERGY" and "FUND" are stacked in white, bold, sans-serif font within a red rectangular box. A white lightning bolt graphic is positioned between the two boxes.

# PICIC ENERGY FUND

QUARTERLY REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2009



Managed by

The logo for PICIC Asset Management Company Ltd. features a stylized gear icon to the left of the word "PICIC" in large, bold, blue letters. Below "PICIC" is the text "Asset Management Company Ltd." in a smaller, blue, sans-serif font.

**PICIC**  
Asset Management Company Ltd.

# c o n t e n t s



SCHEME'S INFORMATION	01
DIRECTORS' REPORT	02
STATEMENT OF ASSETS AND LIABILITIES	04
INCOME STATEMENT	05
CASH FLOW STATEMENT	06
STATEMENT OF MOVEMENT IN EQUITY AND RESERVES	07
NOTES TO THE FINANCIAL STATEMENTS	08

## Scheme's Information

### PICIC ENERGY FUND

<b>Management Company</b>	PICIC Asset Management Company Limited 1 <sup>st</sup> 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 March 31, 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 Mezzanine Floor, Progressive Plaza Beaumont Road, Near P. I. D. C. House Karachi-75530	
<b>Bankers</b>	Bank Alfalah Limited Habib Metropolitan Bank Limited NB 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 Karamabad, Block - 4, Federal "B" Area, Karachi, 75950, Pakistan Tel: (021) 6801880-2, 6802326 Fax: (021) 6801129	

## Directors' Report

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Energy Fund, is pleased to present herewith the un-audited condensed interim financial statements of PICIC Energy Fund for the quarter and nine months ended March 31, 2009.

### 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 Ltd. which is wholly owned by Temasek Holdings, the investment arm of the Government of Singapore.

### MARKET REVIEW

During the period under review the KSE-100 Index fell by 44.18% from 12,289 to 6,860. The total Index Points Movement (IPM) was 5,429 points. Market capitalization during the period under review fell by 45.94% from Rs.3.36 trillion to Rs.1.817 trillion. Average daily volumes stood at 58.64mn shares during the period under review, with an average of 66.37mn shares traded in the first quarter, 12.65mn in the second quarter and 63.89mn in the third quarter.

After its re-opening on December 15<sup>th</sup> 2008, the market made a low of 4,815 a 61% decline from its peak. However in line with expectations the market has made a strong comeback. It is important to note that the market has already gained 42% from its lows and its return ranks amongst the top annual returns that were made between 2001 and 2007. This market appreciation reflects the perception that the economy is on the path to recovery and political and institutional evolution is under way.

### 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 significant reduction in the number of stocks and a more focused outlook driven by fundamentals, diversification and liquidity. This approach has already shown superior returns in the quarter by the Fund outperforming the benchmark KSE-100 Index and most of its peers. The KSE-100 Index increased by 16.97% during the period from December 31, 2008 to March 31, 2009. PICIC Energy Fund outperformed the index by 36.99%. The portfolio restructuring and rebalancing is an on going exercise which is expected to yield even better performance going forward.

### OPERATING RESULTS OF PICIC ENERGY FUND

During the period from December 31, 2008 to March 31, 2009 total profit stood at Rs. 266 million as compared to total income of Rs.64 million in the corresponding period.

Realized capital loss during the period was Rs.124 million as compared to realized capital gain of Rs.27 million in the corresponding period. The dividend income for the last three months stood at Rs.18 million as compared to Rs.13 million in the corresponding period.

## PICIC ENERGY FUND (PEF)

Total expenditure for the last three months stood at Rs.7 million as compared to Rs. 11 million during the corresponding period.

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 profit for the last three month ended stood at Rs.259 million as compared to net profit of Rs.53 million reported for the corresponding period. This translates into eaming per certificate of Rs.2.59 for the period as compared to eaming per certificate of Re. 0.53 in the corresponding period.

The net loss for the nine month ended stood at Rs.262 million including unrealized loss of Rs. 179 million as compared to net income of Rs.193 million reported for the corresponding period. This translates into loss per certificate of Rs.2.62 for the period as compared to eaming per certificate of Rs.1.93 in the corresponding period.

The net assets decreased from Rs.1,071 million on June 30, 2008 to Rs.739 million on March 31, 2009 and accordingly the net asset value per certificate decreased from Rs.10.71 per certificate on June 30, 2008 to Rs.7.39 per certificate on March 31, 2009.

### RATINGS

JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking of PICIC Energy Fund at 'MFR-5 Star' for the one year period ended June 30, 2008.

Management Quality rating of 'AM3-' to PICIC Asset Management Company Limited assigned by JCR-VIS Credit Rating Company Limited.

### ACKNOWLEDGEMENT

Finally, we avail this opportunity to thank all our valued certificate-holders and correspondents for their continuing patronage and support, 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, 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 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  
April 16, 2009

PICIC ENERGY FUND (PEF)

**PICIC ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT MARCH 31, 2009**

	Note	Un-audited March 31, 2009	Audited June 30, 2008
-----Rupees in '000'-----			
<b>ASSETS</b>			
Bank balances		48,658	128,035
Investments - at fair value through profit or loss	4	682,724	939,203
Dividend receivable		16,830	5,964
Accrued income on bank deposits and other receivable		316	697
Security deposits		3,700	3,700
Preliminary and floatation costs		3,500	5,000
<b>Total Assets</b>		<b>755,728</b>	<b>1,082,599</b>
<b>LIABILITIES</b>			
Fee payable to Management company		1,848	2,489
Preliminary and floatation costs payable to Management Company		5,000	7,000
Fee payable to Trustee		89	106
Fee payable to S.E.C.P.		508	1,119
Payable against purchase of investments		7,104	-
Accrued expenses		478	801
Dividend		1,683	521
<b>Total Liabilities</b>		<b>16,710</b>	<b>12,036</b>
<b>Net Assets</b>		<b>739,018</b>	<b>1,070,563</b>
<b>CAPITAL AND RESERVES</b>			
Capital		1,000,000	1,000,000
Unappropriated ( loss) / profit		(260,982)	70,563
<b>Total Certificate Holders' Fund</b>		<b>739,018</b>	<b>1,070,563</b>
<b>Net assets value per certificate (Rupees)</b>		<b>7.39</b>	<b>10.71</b>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

PICIC ENERGY FUND (PEF)

**PICIC ENERGY FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Note	Nine months period ended March 31,		Three months period ended March 31,	
		2009	2008	2009	2008
-----Rupees in '000'-----					
<b>INCOME</b>					
Capital (loss) / gain on sale of investments - net		(123,995)	166,858	(123,995)	26,848
Dividend income		56,993	38,514	18,313	12,815
Unrealised (diminution) / appreciation on re-measurement of investments to fair value - net		(179,318)	10,846	370,300	23,050
Return on bank deposits		5,779	11,932	1,386	1,598
		(240,541)	228,150	266,004	64,311
<b>OPERATING EXPENSES</b>					
Fee to Management Company		15,318	25,333	4,593	8,903
Fee to Trustee		763	1,026	241	355
Fee to S.E.C.P.		508	844	153	296
Securities transaction cost		1,477	4,664	1,427	1,056
Amortization of preliminary and floatation costs		1,500	1,500	500	500
Other expenses		1,438	1,641	216	397
		21,004	35,008	7,130	11,507
(Loss) / Profit before taxation		(261,545)	193,142	258,874	52,804
Taxation	5	-	-	-	-
(Loss) / Profit for the period		(261,545)	193,142	258,874	52,804
<b>(Loss) / Earnings per certificate (Rupees):</b>					
With unrealised (diminution) / appreciation on re-measurement of investments to fair value		(2.62)	1.93	2.59	0.53
Without unrealised (diminution) / appreciation on re-measurement of investments to fair value		(0.82)	1.82	(1.11)	0.30

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For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

**PICIC ENERGY FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Nine months period ended March 31,		Three months period ended March 31,	
	2009	2008	2009	2008
-----Rupees in '000'-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss) / Profit before taxation	(261,545)	193,142	258,874	52,804
Adjustments for :				
Capital loss / (gain) on sale of investments - net	123,995	(166,858)	123,995	(26,848)
Dividend income	(56,993)	(38,514)	(18,313)	(12,815)
Unrealised diminution / (appreciation) on re-measurement of investments to fair value - net	179,318	(10,846)	(370,300)	(23,050)
Amortization of preliminary and floatation costs	1,500	1,500	500	500
Operating cash out flows before working capital changes	(13,725)	(21,576)	(5,244)	(9,409)
Increase / decrease in assets / liabilities				
Investments - net	(46,834)	(332,410)	(19,486)	48,060
Receivable against sale of investments	-	-	-	12,390
Accrued income on bank deposits and other receivable	353	3,679	105	386
Security deposits	-	(2,500)	-	-
Other Receivable	28	-	(7)	-
Fee payable to Management Company	(641)	(28,696)	648	(13,442)
Preliminary and floatation costs payable to Management Company	(2,000)	(2,000)	-	-
Fee payable to Trustee	(17)	12	19	-
Fee payable to S.E.C.P	(611)	(212)	153	296
Payable against purchase of investments	7,105	(2,214)	7,105	12,738
Accrued expenses	(323)	(444)	257	(422)
Cash (used in) / generated from operations	(56,665)	(386,361)	(16,450)	50,597
Dividend received	46,127	30,543	5,732	4,290
Net cash (used in) / generated from operating activities	(10,538)	(355,818)	(10,718)	54,887
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(68,839)	(74,421)	(4,568)	(644)
Net cash used in financing activities	(68,839)	(74,421)	(4,568)	(644)
Net (decrease) / increase in cash and cash equivalents	(79,377)	(430,239)	(15,286)	54,243
Bank balances at beginning of period	128,035	502,776	63,944	18,294
Bank balances at end of period	48,658	72,537	48,658	72,537

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director



PICIC ENERGY FUND (PEF)

**PICIC ENERGY FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN EQUITY AND RESERVES (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2009**

	Issued, subscribed and paid up capital	Unappropriated Profit / (loss)	Total
-----Rupees in '000'-----			
Balance at December 31, 2007	1,000,000	142,348	1,142,348
Profit for the three months ended March 31, 2008	-	52,804	52,804
Balance at March 31, 2008	1,000,000	195,152	1,195,152
Balance at June 30, 2007	1,000,000	77,010	1,077,010
Final cash dividend for the year ended June 30, 2007 @ 7.5% (Re. 0.75 per certificate)	-	(75,000)	(75,000)
Profit for the nine months ended March 31, 2008	-	193,142	193,142
Balance at March 31, 2008	1,000,000	195,152	1,195,152
Balance at December 31, 2008	1,000,000	(519,856)	480,144
Profit for the three months ended March 31, 2009	-	258,874	258,874
Balance at March 31, 2009	1,000,000	(260,982)	739,018
Balance at June 30, 2008	1,000,000	70,563	1,070,563
Final cash dividend for the year ended June 30, 2008 @ 7.0% (Re. 0.70 per certificate)	-	(70,000)	(70,000)
(Loss) for the nine months ended March 31, 2009	-	(261,545)	(261,545)
Balance as March 31, 2009	1,000,000	(260,982)	739,018

The annexed notes from 1 to 8 form an integral part of these condensed interim financial statements.

For PICIC Asset Management Company Limited  
(Management Company)

Asadullah Khawaja  
Chairman

Mir Adil Rashid  
Chief Executive

Yameen Kerai  
Director

## PICIC ENERGY FUND

*NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2009*

### 1. STATUS AND NATURE OF BUSINESS

PICIC Energy Fund (the Fund) is a closed-end scheme. The certificates of the Fund are listed on all three Stock Exchanges of Pakistan. Principal business of the Fund is to invest in listed equity securities of energy sector with an objective to capture significant returns.

The fund is being managed by PICIC Asset Management Company Limited. Central Depository Company of Pakistan Limited is the trustee of the fund.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved International Financial Reporting Standards (IFRS) with limited disclosures based on the requirements of International Accounting Standard - 34, "Interim Financial Reporting" as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the Regulations), and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved IFRS comprise of such International Accounting Standards and IFRS as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance, the Rules, the Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Ordinance, the Rules, the Regulations and the said directives take precedence.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2008.

#### 4. 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	NUMBER OF SHARES					BALANCE AS AT MARCH 31, 2009			PERCENTAGE IN RELATION TO		
	As at July 1, 2008	Purchases during the period	Bonus / Rights issue	Sales during the period	As at March 31, 2009	Cost	Carrying value	Market value	Net Assets of the Fund	Investee paid up capital	Total Investment
----- (Rupees in '000) -----											
<b>REFINERIES</b>											
Bosicor Pakistan Limited.	2,663,000	-	-	2,663,000	-	-	-	-	-	-	-
National Refinery Limited	459,100	800	-	-	459,900	172,108	136,656	74,255	10.05%	0.58%	10.88%
Pakistan Refinery Limited	-	16,000	-	16,000	-	-	-	-	-	-	-
	3,122,100	16,800	-	2,679,000	459,900	172,108	136,656	74,255	10.05%	-	10.88%
<b>POWER GENERATION AND DISTRIBUTION</b>											
Hub Power Company Limited	4,997,000	1,000,000	-	1,000,000	4,997,000	156,239	132,429	103,038	13.94%	0.43%	15.09%
Japan Power Generation Limited	4,600,000	-	-	4,600,000	-	-	-	-	-	-	-
Karachi Electric Supply Corporation	6,318,000	-	-	6,318,000	-	-	-	-	-	-	-
Kohinoor Energy Limited	538,500	-	-	9,500	529,000	17,210	14,362	13,490	1.83%	0.31%	1.98%
Kot Addu Power Company Limited	800,000	-	-	300,000	500,000	25,750	23,500	18,145	2.46%	0.06%	2.66%
	17,253,500	1,000,000	-	12,227,500	6,026,000	199,199	170,291	134,673	18.23%	-	19.73%
<b>OIL &amp; GAS MARKETING</b>											
Attock Petroleum Limited	281,100	203,300	56,220	26,620	514,000	181,763	154,565	141,715	19.18%	0.89%	20.76%
Pakistan State Oil Limited	92,000	479,100	-	571,100	-	-	-	-	-	-	-
Shell (Pakistan) Limited	89,800	-	22,450	112,250	-	-	-	-	-	-	-
	462,900	682,400	78,670	709,970	514,000	181,763	154,565	141,715	19.18%	-	20.76%
<b>OIL &amp; GAS EXPLORATION</b>											
Mari Gas Company Limited	110,000	-	-	30,500	79,500	21,395	21,428	10,743	1.45%	0.22%	1.57%
Oil & Gas Development Company Limited	882,000	1,150,000	-	-	2,032,000	181,305	183,479	146,446	19.82%	0.05%	21.45%
Pakistan Oil Fields Limited	224,000	398,900	44,800	100,000	567,700	104,003	106,534	97,111	13.14%	0.24%	14.22%
Pakistan Petroleum Limited	379,000	250,000	37,900	218,000	448,900	88,998	89,089	77,781	10.52%	0.05%	11.39%
	1,595,000	1,798,900	82,700	348,500	3,128,100	395,701	400,530	332,081	44.93%	-	48.63%
<b>Total</b>	<b>22,433,500</b>	<b>3,498,100</b>	<b>161,370</b>	<b>15,964,970</b>	<b>10,128,000</b>	<b>948,771</b>	<b>862,042</b>	<b>682,724</b>	<b>92.39%</b>	<b>-</b>	<b>100%</b>

## PICIC ENERGY FUND (PEF)

### 5. TAXATION

The Fund is exempt from tax under clause 99 of Part 1 to 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 realised or unrealised.

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

### 6. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Details of transactions with related parties are as follows.

	March 31, 2009	June 30, 2008
	-----Rupees in '000'-----	
PICIC Asset Management Company Limited Fee payable to Management Company	<u>1,848</u>	<u>2,489</u>
Preliminary and floatation cost payable to Management Company	<u>5,000</u>	<u>7,000</u>
Central Depository Company of Pakistan Limited Fee payable to Trustee	<u>89</u>	<u>106</u>
NIB Bank Limited Bank balance	<u>6,432</u>	<u>15,000</u>
	-----Rupees in '000'-----	
	<u>15,318</u>	<u>25,333</u>
Central Depository Company of Pakistan Limited Fee to Trustee	<u>763</u>	<u>1,026</u>
NIB Bank Limited Return on deposit account	<u>979</u>	<u>179</u>

## 7. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on April 16, 2009, by the Board of Directors of the Management Company.

## 8. 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



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