



PICIC
Growth
Fund

32nd
Annual Report
For The Year Ended June 30, 2012

Managed By



AMC Rating: AM2- by JCR-VIS

A wholly owned subsidiary of **NIB Bank Ltd.**

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SCHEME'S INFORMATION

Management Company

PICIC Asset Management Company Limited
9th Floor, Muhammadi House, I.I. Chundrigar Road, Karachi, 74000, Pakistan.
UAN: 1111 PICIC (74242) Fax: 021-32418055-56 Toll Free: 0800 PICIC (74242)
Email: customerservice@picicamc.com, info@picicamc.com
Web: www.picicamc.com

Board of Directors of the Management Company

(As of June 30, 2012)

Mr. Asadullah Khawaja	Chairman
Mr. Imran R. Ibrahim	Member
Mr. Badar Kazmi	Member
Mr. Shahid Sattar	Member
Mr. Yameen Kerai	Member
Mr. Shah Miftah ul Azim	Member
Mir Adil Rashid	Chief Executive

Chief Financial Officer & Company Secretary of the Management Company

Mr. Imad Zahid Nagi

Audit Committee of the Management Company

Mr. Imran R. Ibrahim	Chairman
Mr. Yameen Kerai	Member
Mr. Shah Miftah ul Azim	Member

Investment Committee of the Management Company

Mr. Asadullah Khawaja	Chairman
Mr. Imran R. Ibrahim	Member
Mr. Yameen Kerai	Member
Mir Adil Rashid	Member

Human Resource Committee of the Management Company

Mr. Asadullah Khawaja	Chairman
Mr. Imran R. Ibrahim	Member
Mr. Shahid Sattar	Member
Mir Adil Rashid	Member

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" SMCHS, Main Shakra-e-Faisal, Karachi-74400, Pakistan.

Bankers

Bank Alfalah Limited
Habib Metropolitan Bank Limited
NIB Bank Limited

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Adviser

Bawaney & Partners

Registrar and Share Transfer Office

Noble Computer Services (Pvt) Limited
First Floor, House of Habib Building (Siddiqsons Tower)
3-Jinnah Cooperative Housing Society, Main Shakra-e-Faisal,
Karachi, 75950, Pakistan. Tel: (021) 34325482-87 Fax: (021) 34325442



Vision Statement

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



Mission Statement

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

DIRECTORS' REPORT

The Board of Directors of PICIC Asset Management Company Limited, the Management Company of PICIC Growth Fund is pleased to present the 32nd Annual Report of the PICIC Growth Fund.

PICIC ASSET MANAGEMENT COMPANY LIMITED

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

FINANCIAL RESULTS

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

	(Rupees in '000')
Un-appropriated Profit brought forward	534,078
Profit after taxation for the year	509,283
Profit available for appropriation	<u>1,043,361</u>
Appropriation:	
Final Cash Dividend for the year ended June 30, 2011 @ 25.50% (Distributed on September 09, 2011)	<u>722,925</u>
Un-appropriated profit carried forward	<u>320,436</u>
Earning per certificate (Rupees)	<u>1.80</u>

MARKET REVIEW

In the Fiscal Year 2012, the KSE-100 Index appreciated by 10.45% from 12,496 to 13,801 relative to an increase of 28.53% during FY 2011.

During the period under review the KSE-100 Index reached a high of 14,618 in the first week of May 2012 whilst touching its low of 10,842 in August 2011. The bulk of the index gains were generated in the third quarter of FY12 (21%). On a cumulative basis average daily volumes displayed significant improvement, growing by 37% to 130 million shares traded per day, versus 95 million shares traded per day recorded in FY11.

The KSE-All Share recorded average volumes of 60 million shares in 1HFY12, whereas it rose to 196 million shares traded daily in 2HFY12, a mammoth half year-on-half year increase of 230%. It is important to note that as participation in the local bourse rose, the KSE-100 index level likewise increased. In the second half of FY12, the KSE-100 appreciated by 21.62% relative to -9.19% for the first half of FY12.

Foreign Portfolio Investment (FPI) flows were weak in FY12, with an outflow of USD 189 million. However, an outflow of USD 157 million occurred in 1HFY12, whilst the 2HFY12 outflow of USD 32 million indicates a significant reduction in the outflows. The FY12 compares unfavorably to the flows documented in FY11, which had a positive inflow of USD 280 million.

ECONOMIC REVIEW

Pakistan's economy was marred by challenges on domestic and external front which restricted GDP growth. External sector lost gains made in FY11, on account of adverse movement in commodity prices. Oil prices went up 20% Y/Y in FY12 resulting in widening of trade deficit by 46% Y/Y. Worker's remittances grew 18% Y/Y providing some breathing space, however restricted financial inflows and IMF repayments in 2HFY12 led to foreign reserves declining by USD 2.95bn, causing rupee to depreciate by 9.7% Y/Y against the green back.

On the domestic front, exit from IMF SBA program has given the government a free hand in terms of expenditure. Although reforms taken by government such as removal of GST exemption from certain zero rated items have resulted in 20% growth in tax revenue during FY12, untargeted subsidies to power sector due to tariff differential and one-off conversion of circular debt into government securities pushed fiscal deficit to 8% of GDP against initial government target of 4%. Limited sources of financing on the external front shifted the burden of deficit financing to domestic commercial banks, thus crowding out private sector credit.

Inflation for FY12 averaged 11% compared to 14.16% in FY11. The State Bank, taking comfort from declining inflation and retirement of government borrowing during late FY11, slashed policy rate by 200bps during 1HFY12 to support economic growth and encourage private sector lending. GDP posted a growth of 3.7% in FY12 compared to 2.4% during FY11 with the services sector being the major driver, supported by healthy overseas remittances fueling private consumption.

FUTURE OUTLOOK

In terms of future outlook, the focal point remains on continuing domestic sequential macro-economic improvement being transmitted onto the corporate sector, and thereby boosting forward earnings. In order for these to be realized, much depends on the Government's ability to resolve underlying issues, particularly with respect to election year. Further progress in the energy sector (circular debt resolution) remains pivotal as well as bringing about tax reforms in order to meet fiscal targets going forward.

The Fund Management team will remain vigilant in the wake of the global economic and political uncertainty, particularly with the upheaval in the Middle East, the European debt crisis and subsequent slow down in global economic growth.

OPERATING RESULTS

During the period under review total income stood at Rs 732 million including unrealized loss of Rs 53 million (2011: unrealized gain of Rs 45 million) as compared to total income of Rs 1,421 million reported for the corresponding period.

Realized capital gain during the period stood at Rs 332 million as compared to Rs 851 million in the corresponding period. The dividend income during the period stood at Rs 416 million as compared to Rs 460 million in the corresponding period.

Total expenditure during the period stood at Rs 223 million as compared to Rs 223 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 period stood at Rs 509 million as compared to a net profit of Rs 1,198 million reported for the corresponding period. This translates into earnings per certificate of Rs. 1.80 for the period as compared to Rs 4.23 in the corresponding period.

The net assets decreased from Rs. 7,757 million as on June 30, 2011 to Rs 7,238 million as on June 30, 2012 and accordingly the net asset value per certificate decreased from Rs 27.36 per certificate as on June 30, 2011 to Rs 25.53 per certificate as on June 30, 2012.

DIVIDEND

The Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared final cash dividend of 25.5% (i.e Rs. 2.55 per certificate) in PICIC Growth Fund for the year ended June 30, 2011 during this year resulting in total cash payout of Rs. 723 million.

PERFORMANCE RANKING OF THE FUND

On August 16, 2012, JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking of PICIC Growth Fund at 'MFR-1 Star' for the one, two and three year period ended June 30, 2012.

MANAGEMENT QUALITY RATING OF THE MANAGEMENT COMPANY

On August 13, 2012 JCR-VIS Credit Rating Company Limited has upgraded the Management Quality rating of PICIC Asset Management Company Limited from 'AM3+' to 'AM2-'.

TRANSACTION WITH CONNECTED PERSONS

Transactions between the Fund and its connected persons are carried out on an arms length basis. The Fund has fully complied with the best practices on transfer pricing as contained in the Listing Regulation No.35 of the Karachi Stock Exchange.

CORPORATE GOVERNANCE

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

DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The financial statements prepared by the Management Company of the Fund, present a fair state of affairs of the Fund, the result of its operations, cash flows and statement of movement in equity & reserves and distribution.
- b. The Fund has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking Finance Companies & Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently applied in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- h. Key operating and financial data of last six years is summarized (Annexure-A)
- i. All trades during the year in the certificates of the Fund carried out by the Directors, CEO, Chief Financial Officer & Company Secretary and their spouses and minor children has been annexed (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 and Committees' meetings held during the year and attendance by each director has been annexed (Annexure-C).
- m. The Board has arranged Pakistan Institute of Corporate Governance (PICG) training program for one Board member.
- n. The detailed pattern of certificate-holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is annexed (Annexure-D).

AUDITORS

The Fund's external auditors BDO Ebrahim & Co., Chartered Accountants have expressed their willingness to continue as the Fund's auditor for the ensuing year ending June 30, 2013. The Audit Committee of the Management Company has recommended the appointment of BDO Ebrahim & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2013.

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 commitment and hard work and to the certificate-holders for the trust and confidence reposed in us.

For and behalf of the Board

Karachi
August 30, 2012

Mir Adil Rashid
Chief Executive Officer

PICIC GROWTH FUND

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

Year Ended	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
..... Rupee in ' 000'							
STATEMENT OF ASSETS & LIABILITIES							
Net Assets:							
Investment in HFT	4,549,480	4,550,909	3,962,314	3,871,301	5,916,081	7,768,015	7,685,039
Investment in AFS	2,510,013	2,816,098	2,839,842	2,410,152	4,545,273	4,520,672	3,869,359
Other Assets	524,618	574,611	331,846	344,973	932,366	1,904,529	1,175,817
Liabilities	(346,537)	(184,318)	(196,762)	(103,569)	(109,292)	(704,283)	(831,262)
Total	7,237,574	7,757,300	6,937,240	6,522,857	11,284,428	13,488,933	11,898,953
Financed By:							
Capital	2,835,000	2,835,000	2,835,000	2,835,000	2,835,000	2,835,000	2,835,000
Premium on issue of certificate	2,992,500	2,992,500	2,992,500	2,992,500	2,992,500	2,992,500	2,992,500
Unappropriated (loss)/profit	320,436	534,078	(309,727)	(294,420)	2,332,030	4,561,137	3,622,469
Surplus on revaluation of AFS Investment	1,089,638	1,395,722	1,419,467	989,777	3,124,898	3,100,296	2,448,984
Total	7,237,574	7,757,300	6,937,240	6,522,857	11,284,428	13,488,933	11,898,953
Net Asset Value per Certificate (Rupees)	25.53	27.36	24.47	23.01	39.80	47.58	41.97
INCOME STATEMENT							
Income:							
(Loss)/Gain on Sale of Investments -net	332,341	850,844	903,509	(2,013,978)	184,399	882,486	4,232,009
Unrealised (Diminution) /appreciation on remeasurement of investment - net	(53,416)	44,790	(480,082)	(673,200)	(1,009,969)	498,732	(1,193,622)
Dividend	415,801	460,178	244,075	442,192	465,982	598,242	519,612
Other Income	37,401	65,146	101,606	68,446	68,339	147,779	63,726
	732,127	1,420,958	769,108	(2,176,540)	(291,249)	2,127,239	3,621,725
Expenditure:							
Management Fee	141,231	155,191	151,707	134,143	249,134	245,018	210,407
Auditors' Remuneration	593	575	563	505	479	490	533
Other Expenses	70,626	42,559	53,886	31,762	58,120	92,563	167,402
	212,450	198,325	206,156	166,410	307,733	338,071	378,342
Net Income/(Loss) from operating activities	519,677	1,222,633	562,952	(2,342,950)	(598,982)	1,789,168	3,243,383
Worker Welfare Fund (WWF)	(10,394)	(24,453)	(11,259)	-	-	-	-
Profit/(Loss) before Taxation	509,283	1,198,180	551,693	(2,342,950)	(598,982)	1,789,168	3,243,383
Taxation - Prior years	-	-	-	-	-	-	3,652
Profit/(Loss) After Taxation	509,283	1,198,180	551,693	(2,342,950)	(598,982)	1,789,168	3,239,731
Earnings/(Loss) per Certificate (Rupees)	1.80	4.23	1.95	(8.26)	(2.11)	6.31	15.28

PICIC GROWTH FUND

STATEMENT SHOWING CERTIFICATES HELD BY DIRECTORS, CEO, CFO, AND COMPANY SECRETARY OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY) AND THEIR SPOUSES AND MINOR CHILDREN

FOR THE YEAR ENDED JUNE 30, 2012

S. No.	Names	Designation	Beginning Certificates	Certificates Purchased	Certificates Sold	Bonus Certificates	Closing Certificates
1	Mr. Asadullah Khawaja	Chairman	23,400	-	-	-	23,400
2	Mr. Imran R. Ibrahim	Director	-	-	-	-	-
3	Mr. Badar Kazmi	Director	-	-	-	-	-
4	Mr. Shahid Sattar	Director	-	-	-	-	-
5	Mr. Yameen Kerai	Director	-	-	-	-	-
6	Mr. Shah Miftah-ul- Azim	Director	-	-	-	-	-
7	Mir Adil Rashid	CEO	-	-	-	-	-
8	Mr. Imad Zahid Nagi	Chief Financial Officer & Company Secretary	-	-	-	-	-

PICIC GROWTH FUND

STATEMENT SHOWING ATTENDANCE OF THE BOARD OF DIRECTORS' MEETING OF
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY)
FOR PICIC GROWTH FUND

FOR THE PERIOD FROM JULY 01, 2011 TO JUNE 30, 2012

S. No.	Name of Directors	Designation	Number of Meetings			Meetings not attended
			Held	Attended	Leave Granted	
1	Mr. Asadullah Khawaja	Chairman	9	7	2	48th and 52nd
2	Mr. Imran R. Ibrahim		9	9	-	
3	Mr. Muhammad Faraz Haider*		2	2	-	
4	Mr. Nauman Hussain*		2	2	-	
5	Mr. Habib Yousuf Habib**		4	3	1	51st
6	Mr. Badar Kazmi***		3	2	1	52nd
7	Mr. Shahid Sattar****		7	5	2	50th and 52nd
8	Mr. Yameen Kerai		9	7	2	46th and 54th
9	Mr. Shah Miftah -ul - Azim****		7	7	-	
10	Mir Adil Rashid	CEO	9	9	-	

* Mr. Muhammad Faraz Haider and Mr. Nauman Hussain have completed their tenure as director on September 21, 2011

** Mr. Habib Yousuf Habib was elected on September 22, 2011 and resigned on February 15, 2012

*** Mr Badar Kazmi was appointed in March 28, 2012

**** Mr. Shahid Sattar and Mr. Shah Miftah-ul- Azim were elected on September 22, 2011

PICIC GROWTH FUND

STATEMENT SHOWING ATTENDANCE OF THE BOARD AUDIT COMMITTEE MEETING OF
PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY) FOR
PICIC GROWTH FUND

FOR THE PERIOD FROM JULY 01, 2011 TO JUNE 30, 2012

S. No.	Name of Directors	Held	Attended	Leave Granted	Meetings not attended
1	Mr. Imran R. Ibrahim - Chairman	5	5	-	-
2	Mr. Yameen Kerai	5	5	-	-
3	Mr. Muhammad Faraz Haider*	1	1	-	-
4	Mr. Habib Yousuf Habib**	3	2	1	34th
5	Mr. Shah Miftah-ul-Azim***	-	-	-	-

* Mr. Muhammad Faraz Haider has completed his tenure as Director on September 21, 2011

** Mr. Habib Yousuf was appointed as member Audit Committee on September 29, 2011 in 48th Board meeting and resigned on February 15, 2012

*** Mr. Shah Miftah-ul-Azim was appointed as member Audit Committee on April 23, 2012 in 53rd Board meeting.

PICIC GROWTH FUND

STATEMENT SHOWING ATTENDANCE OF THE BOARD INVESTMENT COMMITTEE MEETING
OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT COMPANY) FOR
PICIC GROWTH FUND

FOR THE PERIOD FROM JULY 01, 2011 TO JUNE 30, 2012

S. No.	Name of Directors	Held	Attended	Leave Granted	Meetings not attended
1	Mr. Asadullah Khawaja - Chairman	6	6	-	-
2	Mr. Yameen Kerai	6	6	-	-
3	Mr. Imran R. Ibrahim	6	6	-	-
4	Mir Adil Rashid - CEO	6	6	-	-

PICIC GROWTH FUND

STATEMENT SHOWING ATTENDANCE OF THE BOARD HUMAN RESOURCE COMMITTEE
MEETING OF PICIC ASSET MANAGEMENT COMPANY LIMITED (THE MANAGEMENT
COMPANY) FOR PICIC GROWTH FUND

FOR THE PERIOD FROM JULY 01, 2011 TO JUNE 30, 2012

S. No.	Name of Directors	Held	Attended	Leave Granted	Meetings not attended
1	Mr. Asadullah Khawaja - Chairman	5	4	1	18th
2	Mr. Imran R. Ibrahim	5	5	-	
3	Mr. Nauman Hussain*	1	1	-	
4	Mr. Shahid Sattar **	4	2	2	21st and 22nd
5	Mir Adil Rashid - CEO	5	5	-	

* Mr. Nauman Hussain retired from the office of director on the expiry of the term of three years on September 21, 2011.

** Mr. Shahid Sattar was appointed as member HR Committee on September 29, 2011 in 48th Board meeting.

PICIC GROWTH FUND

STATEMENT SHOWING PATTERN OF CERTIFICATES HELD BY THE CERTIFICATE-HOLDERS OF PICIC GROWTH FUND

AS AT JUNE 30, 2012

Certificates		Number of Certificate-holders	Total Holdings
From	To		
1	100	497	28,783
101	500	3,124	876,665
501	1,000	1,544	1,256,325
1,001	5,000	3,842	9,761,931
5,001	10,000	1,118	8,252,849
10,001	15,000	585	7,314,950
15,001	20,000	251	4,450,930
20,001	25,000	210	4,710,445
25,001	30,000	131	3,689,973
30,001	35,000	93	3,063,434
35,001	40,000	66	2,486,607
40,001	45,000	55	2,362,629
45,001	50,000	53	2,590,241
50,001	55,000	30	1,570,766
55,001	60,000	21	1,219,976
60,001	65,000	13	810,927
65,001	70,000	35	2,363,393
70,001	75,000	15	1,103,881
75,001	100,000	67	6,160,331
100,001	500,000	157	32,298,181
500,001	1,000,000	16	11,358,464
1,000,001	5,000,000	14	29,504,057
5,000,001	10,000,000	4	23,204,825
10,000,001	283,500,000	6	123,059,437
	TOTAL	11,947	283,500,000

PICIC GROWTH FUND

STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS OF PICIC GROWTH FUND

AS AT JUNE 30, 2012

Category Description	Number of Certificate- holders	Holdings	%
INDIVIDUALS	11748	111,920,425	39.48
FINANCIAL INSTITUTION	9	40,619,151	14.33
INSURANCE COMPANIES	11	44,065,501	15.54
INVESTMENT BANKS / COMPANIES	6	118,818	0.04
JOINT STOCK COMPANIES	95	7,552,211	2.66
MODARABA COMPANIES	5	208,050	0.07
LEASING COMPANIES	1	510,000	0.18
FOREIGN INVESTORS	19	17,492,168	6.17
CHARITABLE TRUST	4	293,086	0.10
COOPERATIVE SOCIETIES	3	105,462	0.04
MUTUAL FUNDS	2	1,346,031	0.47
ICP	7	3,900	0.00
NITL	2	8,444,483	2.98
NIUT	3	29,652	0.01
NIB BANK LIMITED	1	15,132,858	5.34
PICIC - AMC	1	28,350,000	10.00
OTHER	30	7,308,204	2.58
TOTAL	<u>11,947</u>	<u>283,500,000</u>	<u>100.00</u>

PICIC GROWTH FUND

PATTERN OF CERTIFICATE-HOLDING OF PICIC GROWTH FUND AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2012

PARTICULARS	CERTIFICATE HELD
Individuals	111,919,975
Associated Company NIB Bank Limited	15,132,858
Management Company PICIC Asset Management Company Limited	28,350,000
National Investment Trust Limited (NITL)	8,444,483
National Investment Unit Trust (NIUT)	29,652
Investment Corporation of Pakistan (ICP)	3,900
Directors & their Spouses Mr. Asadullah Khawaja	23,400
Mutual Funds MC FSL - Trustee Atlas Fund of Funds	300,000
CDC - Trustee JS Fund of Funds	1,046,031
Executives	450
Joint Stock Companies	7,552,211
Banks	40,619,151
Non-Banking Finance Institutions	118,818
Insurance Companies	44,065,501
Modarabas	208,050
Foreign Investors	17,492,168
Other	8,193,352
Total	<u>283,500,000</u>

DETAILS OF CERTIFICATE-HOLDING FIVE PERCENT OR MORE
CERTIFICATES OF PICIC GROWTH FUND

AS AT JUNE 30, 2012

PARTICULARS	HOLDING	%
PAKISTAN REINSURANCE COMPANY LIMITED	30,406,721	10.73%
PICIC ASSET MANAGEMENT COMPANY LIMITED	28,350,000	10.00%
ALLIED BANK LIMITED	26,577,717	9.37%
NIB BANK LIMITED	15,132,858	5.34%

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme category and type

Equity / Closed-end

ii) Statement of Collective Investment Scheme's investment objective

PICIC Growth Fund (PGF) is a closed-end equity fund. The objective of the Fund is capital growth of the Certificate Holders for which investments would be made in the best available opportunities, while considering acceptable risk parameters and applicable rules and regulations.

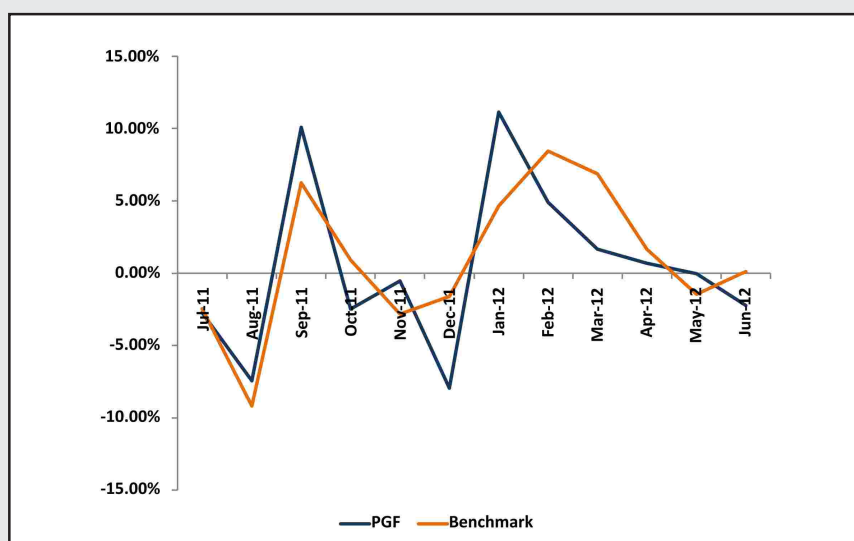
iii) Explanation as to whether the Collective Investment Scheme achieved its stated objective

The Collective Investment Scheme achieved its stated objective.

iv) Statement of benchmark(s) relevant to the Collective Investment Scheme

In FY12, the Fund generated a return of 3.19% underperforming the benchmark KSE100 by 7.25%.

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmarks



PGF Monthly Yield	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
PGF	-2.74%	-7.44%	10.10%	-2.49%	-0.54%	-7.95%	11.14%	4.90%	1.67%	0.68%	-0.04%	-2.24%
Benchmark	-2.45%	-9.19%	6.25%	0.91%	-2.83%	-1.61%	4.65%	8.45%	6.86%	1.66%	-1.46%	0.11%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance

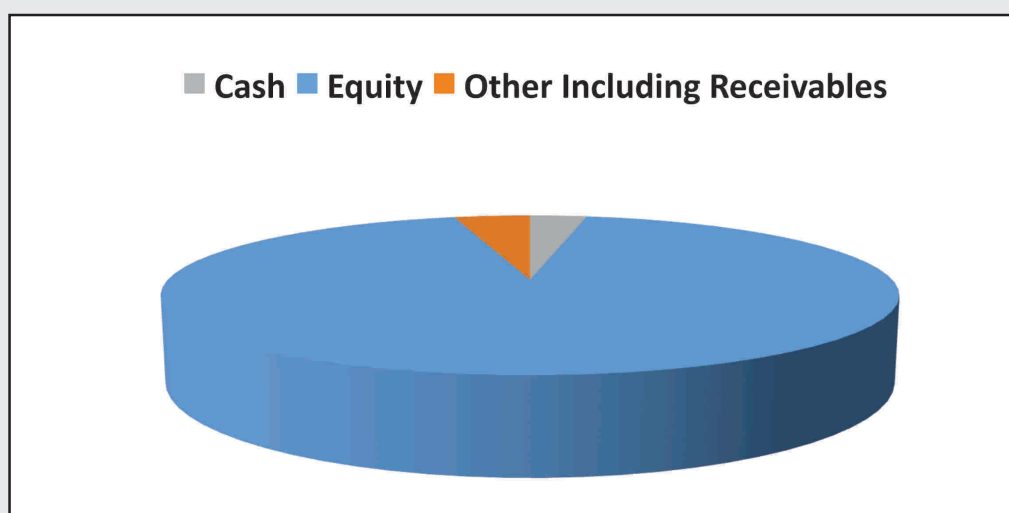
The fund management team has sought to construct a research driven portfolio of stocks that provide an appropriate mix of both capital growth and dividend yield. In addition careful consideration was given to ensuring that investments were made over a broad range of sectors to reduce investment risks.

vii) Disclosure of the Collective Investment Scheme's asset allocation as at the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)

Asset Allocation (% of NAV)	Jun'12	Jun'11
Equities	93	93
Cash	3	5
others including receivables	4	2

ASSET ALLOCATION

Fund's asset allocation as on June 30, 2012 is as follows:



viii) Analysis of the Collective Investment Scheme's performance

The fund achieved a return 3.19%, underperforming the Index by 7.25%, this was due to a multitude of factors. Firstly, the frozen portion of the investment scheme, which constitutes 35% of the Fund, underperformed the benchmark by 19.27%, which put pressure on the fund's overall returns. Secondly, the top two performing scripts based on contribution to index returns, OGDC and Ulever have a combined weight of over 25%, which the fund is unable to replicate due to both liquidity and that investments shall not exceed 10% of net assets or 15%* (in case a particular scrip has higher than 10% weight in the benchmark index); combined these two scripts contributed 36% of the KSE 100's 10.45% return.

ix) Changes in total NAV and NAV per unit since the last review period or since commencement (in case of newly established Collective Investment Schemes)

Net Asset Value		
30 June 2012	30 June 2011	Change
Rupees (000)		%
7,237,574	7,757,300	(6.70)

NAV per unit		
30 June 2012	30 June 2011	Change
Rupees (000)		%
25.53	27.36	(6.69)

x) Disclosure on the markets that the Collective investment Scheme has invested in including - review of the market(s) invested in and performance during the period

In the Fiscal Year 2012, the KSE-100 Index appreciated by 10.45% from 12,496 to 13,801 relative to an increase of 28.53% during FY 2011.

During the period under review the KSE-100 Index reached a high of 14,618 in the first week of May 2012 whilst touching its low of 10,842 in August 2011. The bulk of the index gains were generated in the third quarter of FY12 (21%). On a cumulative basis average daily volumes displayed significant improvement, growing by 37% to 130 million shares traded per day, versus 95 million shares traded per day recorded in FY11.

The KSE-All Share recorded average volumes of 60 million shares in 1HFY12, whereas it rose to 196 million shares traded daily in 2HFY12, a mammoth half year-on-half year increase of 230%. It is important to note that as participation in the local bourse rose, the KSE-100 index level likewise increased. In the second half of FY12, the KSE-100 appreciated by 21.62% relative to -9.19% for the first half of FY12.

Foreign Portfolio Investment (FPI) flows were weak in FY12, with an outflow of USD 189 million. However, an outflow of USD 157 million occurred in 1HFY12, whilst the 2HFY12 outflow of USD 32 million indicates a significant reduction in the outflows. The FY12 compares unfavorably to the flows documented in FY11, which had a positive inflow of USD 280 million.

During the year under review PGF recorded a return of 3.19%; underperforming the Benchmark KSE-100 by 7.25%. The overall performance of the Fund remained constrained primarily due to the considerable underperformance of the Fund's frozen holdings and concentration of market returns in relatively few scripts.

On an Ex-frozen basis the Fund out performed the KSE-100 index by 1.30% with a return of 11.74%. On the other hand, the PGF's frozen portfolio which as of June 30th 2012, accounted for approximately 35% of the overall portfolio fell by 11.13%, underperforming the Benchmark KSE-100 by 8.85%. Pakistan Sate Oil (PSO) the primary frozen holding, underperformed the index by 19.46% in FY12 whereas Sui Northern Gas Pipeline's (SNGP) value diminished by 6.29% in absolute terms.

In absolute terms, the biggest index gainers during the fiscal year were, Bank Al Falah (101%), Bestway Cement, (102%), Jehangir Siddiqui Corporation Limited (92%), Pakistan International Container Terminal (106%) and E.F.U General Insurance (108%), whilst the principal losers were Media Times (-77%), Pakistan Tobacco (-43%), NETSOL (-33%) and Siemens (-30%). However it is important to note that PGF had no exposure to these underperformers whereas it had one of the top gainers, Bank Al Falah as an integral part of its portfolio.

On a sector perspective, the Construction and Materials segment out performed the Benchmark KSE-100 Index by 63% followed by Personal goods with 17%. Travel and Leisure under performed the benchmark by 24%, whilst Oil & Gas producers, which constitute a 36.71% market weight, underperformed the KSE100 by 3%.

The fund management team maintains that whilst faced with challenges that are both structural and market based in nature, it has built a portfolio of stocks that consists of strong companies with sound fundamentals. We are confident that the quality of the portfolio, as every script is carefully selected to ensure adequate market diversification, will yield positive, consistent returns over time.

xi) Disclosure on distribution (if any), comprising:-

- particulars of income distribution or other forms of distribution made and proposed during the period; and
- statement of effects on the NAV before and after distribution is made

Distribution			Per Certificate		
Declared on	Bonus	Cash	Per Certificate	Cum NAV	Ex NAV
	Rupees (000)		----- Rupees -----		
09 September 2011	-	722,925	2.55	26.73	24.08

xii) Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements.

There were no significant changes in the state of affairs of Collective Investment Scheme during the period that has not been disclosed in the financial statements.

xiii) Breakdown of certificate holdings by size

Refer Annexure "D" of Director's Report

xiv) Disclosure on certificate split (if any), comprising:-

There were no certificates splits during the period.

xv) Disclosures of circumstances that materially affect any interests of unit holders

Investments are subject to market risk.

xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.



Core Values

PICIC Asset Management Company Limited, Management Company of PICIC Growth Fund believes in:

- Highest standards of personal and 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 and recognition as employees' key motivators.
- Democratic leadership and candor as key ingredients for effective team work.
- These core values are the manifestation of its claim of being "The Trusted Name".

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented by the Board of Directors of PICIC Asset Management Company Limited (Company), the Management Company of PICIC Growth Fund - PGF (Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. At present the Board includes:

Category	Names
Independent Directors	Mr. Asadullah Khawaja (Chairman) Mr. Imran R. Ibrahim
Executive Directors	Mir Adil Rashid (Chief Executive)
Non- Executive Directors	Mr. Badar Kazmi Mr. Yameen Kerai Mr. Shahid Sattar Mr. Shah Miftah-ul-Azim

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring in the Board on February 15, 2012 was filled up by the director within seven days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transactions only if such term can be substantiated.
10. The Board arranged Pakistan Institute of Corporate Governance (PICG) training program for its director during the year.

11. The Board has approved appointment of CFO and Company Secretary and designated Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the Certificates of the Fund other than that disclosed in the pattern of certificate-holding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The revised terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR Committee. It comprises of four members, of whom two are non-executive directors and the chairman of the committee is an independent director.
19. The Board has outsourced the internal audit function of the Fund to Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, Karachi, for the year ended June 30, 2012, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
20. 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 (ICAP), 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 code of ethics as adopted by ICAP.
21. 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.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Fund's certificates, was determined and intimated to directors, employees and stock exchange(s).
23. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange(s).
24. We confirm that all other material principles contained in the CCG have been complied with.

For and behalf of the board

Karachi
August 30, 2012

Mir Adil Rashid
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PICIC Asset Management Company Limited**, the Management Company of **PICIC GROWTH FUND** (“the Fund”) to comply with the Listing Regulations 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. 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 Management Company's compliance with the provisions of the Code of Corporate Governance in respect of the Fund 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 of Corporate Governance.

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.

Further, the Listing Regulations of Stock Exchanges require the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2012.

Karachi
Date: August 30, 2012

BDO Ebrahim & Co.
Chartered Accountants
Zulfikar Ali Causer
Engagement partner

TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

PICIC GROWTH FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of PICIC Growth Fund (the Fund) are of the opinion that PICIC Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 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;
- (ii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi
September 10, 2012

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed statement of assets and liabilities of **PICIC GROWTH FUND** as at June 30, 2012 and the related statement of comprehensive income, distribution statement, cash flow statement, statement of movement in certificate holders' fund '-per certificate' and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) in our opinion:
 - i) the statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and Page - 1
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, related statement of comprehensive income, distribution statement, cash flow statement, statement of movement in certificate holders' fund '-per certificate' and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, in the manner so required and respectively give a true and fair view of the state of the Fund's affairs as at June 30, 2012 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements for the year ended June 30, 2011 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated September 09, 2011.

Karachi
Date: August 30, 2012

BDO Ebrahim & Co.
Chartered Accountants
Zulfikar Ali Causer
Engagement Partner

PICIC GROWTH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2012

	Note	2012	2011
----- Rupee in ' 000' -----			
ASSETS			
Bank balances	5	276,495	453,731
Investments	6	7,059,493	7,367,007
Dividend and profit receivable	7	33,098	22,571
Receivable against sale of investments		195,197	72,481
Share subscription money		-	6,000
Taxation - net		17,153	17,153
Security deposits		2,675	2,675
Total assets		7,584,111	7,941,618
LIABILITIES			
Payable to the Management Company	8	13,993	12,929
Payable to Central Depository Company of Pakistan Limited - Trustee	9	840	438
Payable to Securities and Exchange Commission of Pakistan	10	6,708	7,372
Payable against purchase of investments		189,296	49,162
Accrued expenses and other liabilities	11	54,007	38,613
Unclaimed dividend		81,693	75,804
Total liabilities		346,537	184,318
NET ASSETS		7,237,574	7,757,300
CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	12	2,835,000	2,835,000
Premium on issue of certificates		2,992,500	2,992,500
Unappropriated profit		320,436	534,078
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	6.2	1,089,638	1,395,722
TOTAL CERTIFICATE HOLDERS' FUNDS		7,237,574	7,757,300
CONTINGENCIES AND COMMITMENTS	13	----- Rupees -----	
NET ASSETS VALUE PER CERTIFICATE	14	25.53	27.36

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
----- Rupee in ' 000' -----			
INCOME			
Capital gain on sale of investments - net		332,341	850,844
Dividend income		415,801	460,178
Net unrealised (diminution) / appreciation on re-measurement of investment classified as financial assets 'at fair value through profit or loss'	6.1	(53,416)	44,791
Profit on bank deposits		37,401	65,146
		732,127	1,420,959
OPERATING EXPENSES			
Remuneration of the Management Company		141,231	155,191
Sales tax on remuneration of the Management Company		22,597	-
Remuneration of Central Depository Company of Pakistan - Trustee		4,906	5,255
Annual fee - Securities and Exchange Commission of Pakistan		6,708	7,372
Security transaction charges	15	31,940	25,554
Auditors' remuneration	16	593	575
Other expenses	17	4,475	4,379
		212,450	198,326
Net income from operating activities		519,677	1,222,633
Provision for Workers' Welfare Fund		(10,394)	(24,453)
Net income for the year before taxation		509,283	1,198,180
Taxation	19	-	-
Net income for the year after taxation		509,283	1,198,180
Other comprehensive loss for the year			
Net unrealised diminution on re-measurement of investments classified as 'available for sale'		(306,084)	(23,745)
Total comprehensive income for the year		203,199	1,174,435
----- Rupees -----			
Earnings per certificate			
With net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	20	1.80	4.23
Without net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		1.98	4.07

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND
DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	----- Rupee in ' 000' -----	
Accumulated profit / (loss) brought forward	534,078	(309,727)
Net income for the year after taxation	509,283	1,198,180
Interim cash dividend @ 12.50% for the year ended June 30, 2011 (Rs.1.25 per certificate declared on February 11, 2011)	-	(354,375)
Final cash dividend @ 25.5% for the year ended June 30, 2011 (Rs.2.55 per certificate declared on September 9, 2011)	(722,925)	-
Unappropriated profit carried forward	320,436	534,078
Unappropriated profit comprising of:		
Realised income	411,391	702,914
Unrealised loss	(90,955)	(168,836)
	320,436	534,078

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND

STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS' FUND - PER CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
----- Rupee -----			
Net assets value at the beginning of the year		27.36	24.47
Movement in net assets value from operating activities			
Capital gain on sale of investments - net		1.17	3.00
Dividend income		1.47	1.62
Net unrealised (diminution) / appreciation on re-measurement of investment classified as financial assets 'at fair value through profit or loss'		(0.19)	0.16
Profit on bank deposits		0.13	0.23
		2.58	5.01
Operating expenses		(0.75)	(0.70)
Net increase in net assets value from operating activities		1.83	4.31
Provision for Workers' Welfare Fund		(0.04)	(0.09)
Movement in net assets value from financing and investing activities			
Dividend Paid		(2.55)	(1.25)
Net unrealised diminution on re-measurement of investments classified as 'available for sale'		(1.08)	(0.08)
Net decrease in net assets value from financing and investing activities		(3.63)	(1.33)
Net assets value at the end of the year	14	25.53	27.36

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid-up capital	Premium on issue of certificates	Unappropriated profit / (accumulated loss)	Net unrealised appreciation/ (diminution) on re-measurement of investments classified as 'available for sale	Total
----- Rupee in ' 000' -----					
Balance as at July 01, 2010	2,835,000	2,992,500	(309,727) 1,198,180	1,419,467 (23,745)	6,937,240 1,174,435
Total comprehensive income for the year ended June 30, 2011					
Interim cash dividend @ 12.50% for the year ended June 30, 2011 (Rs.1.25 per certificate)	-	-	(354,375)	-	(354,375)
Balance as at June 30, 2011	2,835,000	2,992,500	534,078 509,283	1,395,722 (306,084)	7,757,300 203,199
Total comprehensive income for the year ended June 30, 2012					
Final cash dividend @ 22.5% for the year ended June 30, 2011 (Rs.2.55 per certificate)	-	-	(722,925)	-	(722,925)
Balance as at June 30, 2012	2,835,000	2,992,500	320,436	1,089,638	7,237,574

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012	2011
----- Rupee in ' 000' -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		509,283	1,198,180
Adjustments:			
Capital gain on sale of investments - net		(332,341)	(850,844)
Dividend income		(415,801)	(460,178)
Net unrealised diminution / (appreciation) on re-measurement of investment classified as financial assets 'at fair value through profit or loss'		53,416	(44,791)
Profit on bank deposits		(37,401)	(65,146)
Remuneration of the Management Company		141,231	155,191
		<u>(81,613)</u>	<u>(67,588)</u>
Decrease / (increase) in assets			
Investments - net		280,355	307,039
Receivable against sale of investments		(122,716)	(6,630)
Share subscription money		6,000	(6,000)
Security deposits		-	-
		<u>163,639</u>	<u>294,409</u>
Increase / (decrease) in liabilities			
Payable to Central Depository Company of Pakistan Limited - Trustee		402	34
Payable to the Securities and Exchange Commission of Pakistan		(664)	166
Payable against purchase of investments		140,134	(40,336)
Accrued expenses and other liabilities		15,394	24,383
		<u>155,266</u>	<u>(15,753)</u>
Dividend received		405,202	437,690
Profit received on bank deposits		37,473	65,073
Remuneration paid to the Management Company		(140,167)	(153,824)
Net cash inflow from operating activities		<u>539,800</u>	<u>560,007</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid and net cash outflow on financing activities		(717,036)	(352,433)
Net cash used in financing activities		<u>(717,036)</u>	<u>(352,433)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(177,236)</u>	<u>207,574</u>
Cash and cash equivalents at the beginning of the year		453,731	246,157
Cash and cash equivalents at the end of the year	5	<u>276,495</u>	<u>453,731</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC GROWTH FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1 STATUS AND NATURE OF BUSINESS

- 1.1** PICIC Growth Fund (the Fund) is a closed-end equity scheme established under a Trust Deed executed between PICIC Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The registered office of the fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on all the Stock Exchanges of Pakistan. The principal business of the Fund is to invest in listed equity securities with an objective to generate capital growth.
- 1.2** The Fund is being managed by PICIC Asset Management Company Limited which is the Management Company and Central Depository Company of Pakistan is the Trustee of the Fund. The registered office of the Management Company is situated at 9th floor, Muhammadi House, off. I.I.Chundrigar Road, Karachi.
- 1.3** JCR-VIS Credit Rating Company has assigned a management quality rating of 'AM 2-' to the Management Company and has assigned a performance ranking of 'MFR 1 Star' for the one-year, two-year and three year for the year ended June 30, 2012 to the Fund.
- 1.4** As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a closed-end fund shall, upon expiry of every 5 years from November 21, 2007, hold, within one month of such period, a meeting of certificate holders to seek the approval of the certificate holders' (by special resolution) to convert the Fund into an open-end scheme or revoke the closed-end scheme. However, as the Fund's 'available for sale' portfolio is frozen as a result of an agreement with the Privatization Commission of Pakistan and Government of Pakistan expiring on June 30, 2014, the Fund is required to hold the aforementioned meeting on the completion of one year from the date of removal of freezing of the portfolio or five years from November 21, 2007, whichever is later. Accordingly the Fund shall continue in its present form until at least June 30, 2013. As such, these financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to the classification and valuation of investments (notes 4.2 and 6).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year but not relevant to the Fund

The following accounting standards which became effective during the year:

		Effective date (annual periods beginning on or after)
	Conceptual Framework for Financial Reporting	September 2010
IFRS 1	First time Adoption of International Financial Reporting Standards	July 01, 2011
IFRS 7	Financial Instruments: Disclosures	July 01, 2011
IAS 24	Related Party Disclosures	January 01, 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2011

Issued in May 2010		Effective date (annual periods beginning on or after)
IFRS 1	First time Adoption of International Financial Reporting Standards	January 01, 2011
IFRS 7	Financial Instruments: Disclosures	January 01, 2011
IAS 1	Presentation of Financial Statements	January 01, 2011
IAS 34	Interim Financial Reporting	January 01, 2011
IFRIC 13	Customer Loyalty Programmes	January 01, 2011

3.2 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 01, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities and deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2013
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	January 01, 2015
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2015
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 01, 2013

		Effective date (annual periods beginning on or after)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets)	January 01, 2012
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	January 01, 2013

3.3 Standards or interpretations not yet effective

The following International Financial Reporting Standards or interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Fund expects that the adoption of the above amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and which are subject to insignificant changes in value.

4.2 Financial assets

4.2.1 Classification

The Fund classifies its financial assets in the following categories: 'loans and receivables', 'at fair value through profit or loss' and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'financial assets at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These investments which are intended to be held for an indefinite period of time and may be sold in response to the needs for liquidity or change in price.

4.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

4.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

4.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss and available for sale' are valued as follows:

Basis of valuation of equity securities

Investments in equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the statement of comprehensive income.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to statement of comprehensive income under the head 'other comprehensive income' until these are derecognised. At this time, the cumulative gain or loss, previously shown under 'other comprehensive income', is transferred to the profit and loss account as capital gain / (loss).

Subsequent to initial recognition, financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the statement of comprehensive income when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

4.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of comprehensive income is reclassified from equity to statement of comprehensive income. Impairment losses recognised on equity instruments are not reversed through the statement of comprehensive income.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

4.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

4.2.7 Offsetting of financial assets and liabilities

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

4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement, each derivative instrument is re-measured to its fair value and the resultant gain or loss is recognised in the statement of comprehensive income.

4.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.6 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which distributions are declared.

4.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders.

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders.

4.8 Net assets value per certificate

The net assets value (NAV) per certificate, as disclosed on the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of certificates in issue at the year end.

4.9 Revenue recognition

- Capital gains / losses arising on sale of investments are included in the statement of comprehensive income on the date at which transactions take place.
- Dividend income is recognised in the statement of comprehensive income when the right to receive the dividend is established.
- Unrealised gains / losses arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the statement of comprehensive income in the period in which they arise.
- Profit on bank deposit is recognised on an accrual basis.

5 BANK BALANCES

	Note	June 30, 2012	June 30, 2011
		----- Rupee in ' 000' -----	
In savings accounts	5.1	<u>276,495</u>	<u>453,731</u>

5.1 These accounts carry return at rates ranging from 5.00% to 12.26% (2011: 5.00% to 12.13%) per annum.

6 INVESTMENTS

Financial assets 'at fair value through profit or loss'			
Listed equity securities	6.1	4,549,480	4,550,909
Available for sale			
Listed equity securities	6.2	2,510,013	2,816,098
		<u>7,059,493</u>	<u>7,367,007</u>

6.1 Investment in listed equity securities - financial assets 'at fair value through profit or loss'

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

Name of Investee Company	Number of Shares					Balance as at June 30, 2012				Percentage in relation to		
	As at July 1, 2011	Purchases during the year	Bonus / rights issue during the year	Sales during the year	As at June 30, 2012	Cost	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund	Investee paid up capital	Total investment
..... Rupee in '000'												
Oil and Gas												
Attock Petroleum Limited	-	626,551	-	-	626,551	284,765	284,765	297,217	12,452	4.11%	0.91%	4.21%
Oil & Gas Development Company Limited	1,450,000	1,644,058	-	2,327,296	766,762	120,787	120,787	123,019	2,232	1.70%	0.02%	1.74%
Pakistan Oilfields Limited	664,260	1,876,824	-	1,820,125	720,959	258,237	262,212	264,549	2,337	3.66%	0.30%	3.75%
Pakistan Petroleum Limited	2,413,282	2,586,500	201,328	3,177,012	2,024,098	364,018	371,058	381,117	10,059	5.27%	0.15%	5.40%
Pakistan State Oil Company Limited	1,794,523	892,759	-	1,393,255	1,294,027	345,133	334,363	305,183	(29,180)	4.22%	0.75%	4.32%
Shell Pakistan Limited	475,438	148,921	156,089	357,318	423,130	72,296	75,941	54,089	(21,852)	0.75%	0.49%	0.77%
	6,797,503	7,775,613	357,417	9,075,006	5,855,527	1,445,236	1,449,126	1,425,174	(23,952)	19.69%	-	20.19%
Chemicals												
Arif Habib Corporation Limited	-	6,273,271	-	565,000	5,708,271	198,493	198,493	176,557	(21,936)	2.44%	1.38%	2.50%
Engro Corporation Limited	3,628,722	3,791,087	1,199,910	4,797,129	3,822,590	444,941	413,795	389,292	(24,503)	5.38%	0.75%	5.51%
Engro Polymer & Chemicals Limited	6,654,490	652,664	-	7,307,154	-	-	-	-	-	-	-	-
Fatima Fertilizer Company Limited	-	32,485,360	-	32,485,360	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	3,957,377	-	3,957,377	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	2,724,063	9,039,238	1,334,851	11,496,805	1,601,347	194,573	194,573	177,830	(16,743)	2.46%	0.13%	2.52%
	13,007,275	56,198,997	2,534,761	60,608,825	11,132,208	838,007	806,861	743,679	(63,182)	10.28%	-	10.53%
Industrial Metals and Mining												
Aisha Steel Mills Limited	-	3,000,000	-	-	3,000,000	30,000	30,000	30,000	-	0.41%	1.12%	0.42%
Aisha Steel Mills Limited - Preference Shares	-	257,327	-	-	257,327	2,573	2,573	2,573	-	0.04%	0.62%	0.04%
International Steels Limited	2,066,522	-	-	-	2,066,522	29,076	28,126	24,716	(3,410)	0.34%	0.48%	0.35%
	2,066,522	3,257,327	-	-	5,323,849	61,649	60,699	57,289	(3,410)	0.79%	-	0.81%
Constructions and Materials												
Cherat Cement Company Limited	-	1,066,600	-	-	1,066,600	31,882	31,882	31,592	(290)	0.44%	1.12%	0.45%
D G Khan Cement Company Limited	-	12,215,991	-	6,722,192	5,493,799	231,984	231,984	216,346	(15,638)	2.99%	1.25%	3.08%
Lucky Cement Limited	-	6,156,907	-	3,658,373	2,498,534	310,877	310,877	288,306	(22,571)	3.98%	0.77%	4.09%
	-	19,439,498	-	10,380,565	9,058,933	574,743	574,743	536,244	(38,499)	7.41%	-	7.60%

Name of Investee Company	Number of Shares					Balance as at June 30, 2012				Percentage in relation to		
	As at July 1, 2011	Purchases during the year	Bonus / rights issue during the year	Sales during the year	As at June 30, 2012	Cost	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund	Investee paid up capital	Total investment
Pharma and Bio Tech												
Abbott Laboratories (Pak) Limited	-	87,155	-	87,155	-	-	-	-	-	-	-	-
Searle Pakistan Limited	895,937	184,643	105,048	-	1,185,628	65,723	58,830	56,424	(2,406)	0.78%	3.52%	0.80%
	895,937	271,798	105,048	87,155	1,185,628	65,723	58,830	56,424	(2,406)	0.78%		0.80%
Media												
Hum Television Network Limited	3,053,500	974,940	-	4,028,440	-	-	-	-	-	-	-	-
	3,053,500	974,940	-	4,028,440	-	-	-	-	-	0.00%		0.00%
Fixed Line Telecommunication												
Pakistan Telecommunication Company Limited	4,662,224	-	-	4,662,224	-	-	-	-	-	-	-	-
Wateen Telecom Limited	10,738,748	3,466,213	-	-	14,204,961	69,000	28,718	28,410	(308)	0.39%	2.30%	0.40%
	15,400,972	3,466,213	-	4,662,224	14,204,961	69,000	28,718	28,410	(308)	0.39%		0.40%
Electricity												
Hub Power Company Limited	17,146,222	7,952,390	-	25,042,287	56,325	2,110	2,131	2,360	229	0.03%	-	0.03%
Kot Addu Power Company Limited	1,804,117	8,560,810	-	2,614,390	7,750,537	340,724	340,697	348,774	8,077	4.82%	0.88%	4.94%
Nishat Chunian Power Limited	-	271,012	-	271,012	-	-	-	-	-	-	-	-
	18,950,339	16,784,212	-	27,927,689	7,806,862	342,834	342,828	351,134	8,306	4.85%		4.97%
Banks												
Bank Al-Falah Limited	35,303,170	51,010,492	-	52,313,662	34,000,000	526,003	512,925	581,400	68,475	8.03%	2.52%	8.24%
Habib Bank Limited	2,920,195	1,650,424	289,719	1,247,567	3,612,771	337,732	386,032	407,665	21,633	5.63%	0.30%	5.77%
MCB Bank Limited	1,657,545	-	165,754	884,755	938,544	167,421	170,047	156,024	(14,023)	2.16%	0.10%	2.21%
Soneri Bank Limited	-	19,601,909	-	-	19,601,909	158,796	158,796	144,858	(13,938)	2.00%	2.17%	2.05%
	39,880,910	72,262,825	455,473	54,445,984	58,153,224	1,189,952	1,227,800	1,289,947	62,147	17.82%		18.27%
Non Life Insurance												
Cyan Limited	-	430,513	-	32,381	398,132	20,292	20,292	28,447	8,155	0.39%	1.02%	0.40%
TPL Direct Insurance Limited	-	600,000	-	600,000	-	-	-	-	-	-	-	-
	-	1,030,513	-	632,381	398,132	20,292	20,292	28,447	8,155	0.39%		0.40%

Name of Investee Company	Number of Shares					Balance as at June 30, 2012					Percentage in relation to	
	As at July 1, 2011	Purchases during the year	Bonus / rights issue during the year	Sales during the year	As at June 30, 2012	Cost	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund	Investee paid up capital	Total investment
Financial Insurance												
Next Capital Limited	-	300,000	-	-	300,000	3,000	3,000	2,733	(267)	0.04%	1.50%	0.04%
	-	300,000	-	-	300,000	3,000	3,000	2,733	(267)	0.04%		0.04%
Technology Hardware & Equipment												
TPL Trakker Limited	-	3,000,000	-	-	3,000,000	30,000	30,000	30,000	-	0.41%	1.38%	0.42%
	-	3,000,000	-	-	3,000,000	30,000	30,000	30,000	-	0.41%		0.42%
TOTAL	100,052,958	184,761,936	3,452,699	171,848,269	116,419,324	4,640,436	4,602,897	4,549,481	(53,416)	62.86%		64.44%

6.1.1 Shares with market value aggregating to Rs. 288.680 million (2011: Rs. 286.539 million) of following companies have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the Stock Exchange:

- 2,000,000 shares of Habib Bank Limited.
- 1,400,000 shares of Kot Addu Power Company Limited.

6.2 Investment in listed equity securities - 'available for sale'

Shares of listed companies - Fully paid up ordinary shares of Rupees 10 each unless stated otherwise

Name of Investee Company	Number of Shares					Balance as at June 30, 2012					Percentage in relation to	
	As at July 1, 2011	Purchases during the year	Bonus / rights issue during the year	Sales during the year	As at June 30, 2012	Cost	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund	Investee paid up capital	Total investment
Oil and Gas												
Pakistan State Oil Company Limited	9,997,584	-	-	-	9,997,584	1,307,980	1,307,980	2,357,830	1,049,850	32.58%	5.83%	33.40%
	9,997,584	-	-	-	9,997,584	1,307,980	1,307,980	2,357,830	1,049,850	32.58%		33.40%
Gas Water and Multiutilities												
Sui Northern Gas Pipeline Limited	8,581,166	-	429,058	-	9,010,224	112,395	112,395	152,183	39,788	2.10%	1.56%	2.16%
	8,581,166	-	429,058	-	9,010,224	112,395	112,395	152,183	39,788	2.10%		2.16%
TOTAL	18,578,750	-	429,058	-	19,007,808	1,420,375	1,420,375	2,510,013	1,089,638	34.68%		35.56%

6.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof. Consequently, the exposure limit mentioned in regulation 55 of the NBFC Regulations, 2008 does not apply to the above frozen shares.

7 DIVIDEND AND PROFIT RECEIVABLE

	Note	June 30, 2012	June 30, 2011
----- Rupee in ' 000' -----			
Dividend receivable		33,087	22,488
Profit receivable on bank deposits		11	83
		<u>33,098</u>	<u>22,571</u>

8 PAYABLE TO THE MANAGEMENT COMPANY

Management fee	8.1	<u>13,993</u>	<u>12,929</u>
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8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five year of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and, thereafter, of an amount equal to two percent of such assets of the Fund. Management fee is currently being charged at the rate of two percent of the average annual net assets of the Fund. The remuneration is paid to the Management Company monthly in arrears. Effective from July 01, 2011, through The Sindh Sales Tax on Services Act, 2011, sales tax at the rate of 16% is imposed on fund management services. Remuneration of the Management Company charged to the Fund during the current year, includes the imposed tax.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED-TRUSTEE

Trustee fee		<u>840</u>	<u>438</u>
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The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the average net assets of the Fund.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2012 is as follows:

9.1 Amount of Funds Under Management (Average NAV)

Tariff per annum

Upto Rs.250 million	0.20% per annum
On amount exceeding Rs. 250 million upto Rs.500 million	Rs. 500,000 plus 0.15% per annum on amount exceeding Rs.250 million
On amount exceeding Rs. 500 million upto Rs.2000 million	Rs. 875,000 plus 0.08% per annum on amount exceeding Rs.500 million
On amount exceeding Rs. 2,000 million upto Rs.5000 million	Rs. 2,075,000 plus 0.06% per annum on amount exceeding Rs.2,000 million
On amount exceeding Rs. 5,000 million	Rs. 3,875,000 plus 0.05% per annum on amount exceeding Rs.5,000 million

The remuneration is paid to the Trustee monthly in arrears.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	June 30, 2012	June 30, 2011
----- Rupee in ' 000' -----			
Annual fee	10.1	<u>6,708</u>	<u>7,372</u>

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 % of the average annual net assets of the scheme. The Fund has been classified as an equity scheme by the Management Company.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	46,105	35,712
Brokerage	5,837	1,122
Auditor's remuneration	295	325
CDS and NCCPL charges	120	83
Legal and professional charges	-	40
Withholding tax	-	31
Others	<u>1,650</u>	<u>1,300</u>
	<u>54,007</u>	<u>38,613</u>

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011			
"Number of Certificates in '000'"				
		Fully paid ordinary certificates of Rs.10 each		
220,500	220,500	Issued for cash	2,205,000	2,205,000
63,000	63,000	Issued as bonus certificates	<u>630,000</u>	<u>630,000</u>
<u>283,500</u>	<u>283,500</u>		<u>2,835,000</u>	<u>2,835,000</u>

12.1 PICIC Asset Management Company Limited (the Management Company) and NIB Bank Limited hold 28,350,000 certificates (June 30, 2011: 28,350,000 certificates) and 15,132,858 certificates (June 30, 2011: 15,132,858 certificates) respectively as at June 30, 2012.

12.2 NIB Bank Limited owns 100% shareholding in the Management Company.

12.3 Pattern of certificate holding as at June 30, 2012 is as follows:

Category	Certificate holding		
	Number of certificate holders	Certificates held	Percentage
Individuals	11,748	111,920,425	39.48%
Associated Companies and Directors	3	43,506,258	15.35%
Insurance Companies	11	44,065,501	15.54%
Banks and DFIs	9	40,619,151	14.33%
NBFCs	6	118,818	0.04%
Retirement Funds	5	128,350	0.05%
Public Limited Companies	95	7,552,211	2.66%
Others	70	35,589,286	12.55%
Total	11,947	283,500,000	100.00%

12.4 Pattern of certificate holding at June 30, 2011 was as follows:

Category	Certificate holding		
	Number of certificate holders	Certificates held	Percentage
Individuals	12,099	109,414,224	38.59%
Associated Companies and Directors	3	43,506,258	15.35%
Insurance Companies	13	45,043,010	15.89%
Banks and DFIs	16	34,404,642	12.14%
NBFCs	7	143,818	0.05%
Retirement Funds	6	133,350	0.05%
Public Limited Companies	107	10,825,484	3.82%
Others	61	40,029,214	14.12%
Total	12,312	283,500,000	100.00%

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2012.

14 NET ASSET VALUE PER CERTIFICATE

	June 30, 2012	June 30, 2011
	----- Rupee in ' 000' -----	
Net assets	7,237,574	7,757,300
	----- Number of Certificate -----	
Total certificates in issue	283,500,000	283,500,000
	----- Rupee in ' 000' -----	
Net assets value per certificate	25.53	27.36

15 SECURITY TRANSACTION CHARGES

	June 30, 2012	June 30, 2011
	----- Rupee in ' 000' -----	
Transaction costs associated with initial recognition of financial assets	13,633	11,125
Transaction costs associated with derecognition of financial assets	13,698	10,904
Capital value tax	236	-
Federal excise duty	4,373	3,525
	<u>31,940</u>	<u>25,554</u>

15.1 List of top ten brokers by percentage of commission paid for the year ended June 30, 2012 is as follows:

	Percentage
(I) Global Securities Pakistan Limited	13.65%
(iii) AKD Securities Limited	8.66%
(iii) Arif Habib Limited	6.35%
(iv) Intermarket Securities Limited	5.30%
(v) ACE Securities (Private) Limited	4.68%
(vi) BMA Capital Management Limited	4.44%
(vii) Fortune Securities Limited	3.60%
(viii) WE Financial Services Limited	3.52%
(ix) Sherman Securities (Private) Limited	3.16%
(x) Invest & Finance Securities Limited	3.12%

15.2 List of top ten brokers by percentage of commission paid for the year ended June 30, 2011 is as follows:

	Percentage
(I) Global Securities Pakistan Limited	22.59%
(iii) AKD Securities Limited	4.72%
(iii) Inter Marker Securities Limited	4.54%
(iv) First Capital Equities (Private) Limited	3.98%
(v) Cassim Investments (Private) Limited	3.94%
(vi) Monaco Securities (Private) Limited	3.84%
(vii) Elixir Securities (Private) Limited	3.52%
(viii) First National Equities (Private) Limited	3.28%
(ix) WE Financial Services Limited	3.12%
(x) Summit Capital (Private) Limited	2.56%

	June 30, 2012	June 30, 2011
	----- Rupee in ' 000' -----	
Annual statutory audit fee	275	275
Fee for half yearly review	165	165
Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance	50	50
Other certifications	60	40
Out of pocket expenses	43	45
	<u>593</u>	<u>575</u>

17 OTHER EXPENSES

Printing and postage	2,215	2,116
Central Depository System charges	828	860
Fee and subscription charges	-	162
Annual listing fee	526	361
Legal and professional charges	215	199
NCCPL Charges	600	574
Bank charges	12	4
Registrar services	79	103
	<u>4,475</u>	<u>4,379</u>

18 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs. 46.105 million (including Rs. 10.394 million for the current year) in these financial statements.

19 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the certificate holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains (whether realised or unrealised) to its certificate holders.

	June 30, 2012	June 30, 2011
----- Rupee in ' 000' -----		
20 EARNINGS PER CERTIFICATE		
There is no dilutive effect on earnings per certificate as computed below:		
Net income for the year after taxation - with unrealised appreciation / (diminution)	509,283	1,198,180
Net income for the year after taxation - without unrealised appreciation / (diminution)	<u>562,699</u>	<u>1,153,389</u>
----- Number of Certificate -----		
Weighted average number of certificates	<u>283,500,000</u>	<u>283,500,000</u>
Basic earnings per certificate - with unrealised appreciation / (diminution)	<u>1.80</u>	<u>4.23</u>
Basic earnings per certificate - without unrealised appreciation / (diminution)	<u>1.98</u>	<u>4.07</u>

21 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2012

	Loans and receivables	Financial assets at fair value through profit or loss	Available for sale	Total
Rupee in ' 000'				
Assets				
Bank balances	276,495	-	-	276,495
Investments	-	4,549,480	2,510,013	7,059,493
Dividend and profit receivable	33,098	-	-	33,098
Receivable against sale of investments	195,197	-	-	195,197
Security deposits	2,675	-	-	2,675
	<u>507,465</u>	<u>4,549,480</u>	<u>2,510,013</u>	<u>7,566,958</u>

As at June 30, 2012

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupee in ' 000'			
Liabilities			
Payable to the Management Company	-	13,993	13,993
Payable to Central Depository Company of Pakistan Limited - Trustee	-	840	840
Payable against purchase of investments	-	189,296	189,296
Accrued expenses and other liabilities	-	7,902	7,902
Unclaimed dividend	-	81,693	81,693
	-	<u>293,724</u>	<u>293,724</u>

As at June 30, 2011

	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
Rupee in ' 000'				
Assets				
Bank balances	453,731	-	-	453,731
Investments	-	4,550,909	2,816,098	7,367,007
Dividend and profit receivable	22,571	-	-	22,571
Receivable against sale of investments	72,481	-	-	72,481
Share subscription money	6,000	-	-	6,000
Security deposits	2,675	-	-	2,675
	<u>557,458</u>	<u>4,550,909</u>	<u>2,816,098</u>	<u>7,924,465</u>

As at June 30, 2011

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Rupee in ' 000'			
Liabilities			
Payable to the Management Company	-	12,929	12,929
Payable to Central Depository Company of Pakistan Limited - Trustee	-	438	438
Payable against purchase of investments	-	49,162	49,162
Accrued expenses and other liabilities	-	2,870	2,870
Unclaimed dividend	-	75,804	75,804
	-	141,203	141,203

22 TRANSACTIONS WITH CONNECTED PERSONS

22.1 Connected persons include PICIC Asset Management Company Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, NIB Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Global Securities Pakistan Limited being the associate of the holding company of NIB Bank Limited and Directors and officers of the Management Company.

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

22.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

22.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

22.5 Details of significant transactions carried out by the Fund with connected persons and balances with them, as at year end, are as follows:

	For the year ended June 30, 2012	For the year ended June 30, 2011
Rupee in ' 000'		
22.6 Transactions during the year		
PICIC Asset Management Company Limited - Management Company		
Remuneration of the Management Company	141,231	155,191
Sales tax on remuneration to the management company	22,597	-
NIB Bank Limited		
Profit on savings accounts	37,061	63,166
Bank Charges	9	2
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	4,906	5,255
Global Securities Pakistan Limited		
Brokerage payable	3,729	4,982

22.7 Amounts outstanding at the year end

	June 30, 2012	June 30, 2011
Transactions outstanding as at the year end	----- Rupee in ' 000' -----	
PICIC Asset Management Company Limited - Management Company		
Payable to the Management Company	13,993	12,929
Certificates issued (28,350,000 certificates; 2011: 28,350,000 certificates)	<u>283,500</u>	<u>283,500</u>
NIB Bank Limited		
Bank Balance - Deposit and Current accounts	272,852	453,504
Certificates issued (15,132,858 certificates; 2011: 15,132,858 certificates)	<u>151,328</u>	<u>151,328</u>
Central Depository Company of Pakistan Limited		
Trustee fee	840	438
Security deposit with the Trustee	<u>200</u>	<u>200</u>
Directors and Executives of the Management Company		
Certificates issued (23,400 certificates; 2010: 23,400 certificates)	<u>234</u>	<u>234</u>
Global Securities Pakistan Limited		
Brokerage Payable	<u>1,354</u>	<u>609</u>

23 FINANCIAL RISK MANAGEMENT

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

23.1 Market risk

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

23.1.1 Currency risk

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

23.1.2 Interest rate risk

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

	June 30, 2012	June 30, 2011
	----- Percentage per annum -----	
The rates of return on financial instruments are as follows:		
Bank balances - in saving accounts	<u>5.00% to 12.26%</u>	<u>5.00% to 12.13%</u>

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

As at June 30, 2012					
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Rupee in ' 000'					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	276,495	-	-	-	276,495
Investments	-	-	-	7,059,493	7,059,493
Dividend and profit receivable	-	-	-	33,098	33,098
Receivable against sale of investments	-	-	-	195,197	195,197
Share subscription	-	-	-	-	-
Security deposits	-	-	-	2,675	2,675
	276,495	-	-	7,290,463	7,566,958
Financial Liabilities					
Payable to the Management Company	-	-	-	13,993	13,993
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	840	840
Payable against purchase of investments	-	-	-	189,296	189,296
Accrued expenses and other liabilities	-	-	-	7,902	7,902
Unclaimed dividend	-	-	-	81,693	81,693
	-	-	-	293,724	293,724
On-balance sheet gap	276,495	-	-	6,996,739	7,273,234
Off-balance sheet financial instruments					
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	276,495	-	-		
Cumulative interest rate sensitivity gap	276,495	276,495	276,495		

As at June 30, 2011					
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Rupee in ' 000'					
On-balance sheet financial instruments					
Financial assets					
Bank balances	453,731	-	-	-	453,731
Investments	-	-	-	7,367,007	7,367,007
Dividend and profit receivable	-	-	-	22,571	22,571
Receivable against sale of investments	-	-	-	72,481	72,481
Share subscription	-	-	-	6,000	6,000
Security deposits	-	-	-	2,675	2,675
	<u>453,731</u>	<u>-</u>	<u>-</u>	<u>7,470,734</u>	<u>7,924,465</u>
Financial Liabilities					
Payable to the Management Company	-	-	-	12,929	12,929
Payable to Central Depository Company of Pakistan-Trustee	-	-	-	438	438
Payable against purchase of investments	-	-	-	49,162	49,162
Accrued expenses and other liabilities	-	-	-	2,870	2,870
Unclaimed Dividend	-	-	-	75,804	75,804
	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,203</u>	<u>141,203</u>
On-balance sheet gap	<u>453,731</u>	<u>-</u>	<u>-</u>	<u>7,329,531</u>	<u>7,783,262</u>
Off-balance sheet financial instruments					
	-	-	-	-	-
Off-balance sheet gap	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap	<u>453,731</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap	<u>453,731</u>	<u>453,731</u>	<u>453,731</u>		

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as financial assets 'at fair value through profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 30% (35% in Oil & Gas sector) of net assets. However, relaxation in this regard has been obtained from the regulators in respect of frozen investments classified as 'available for sale' as disclosed in note 5.2.1.

In case of 1% increase / decrease in KSE 100 index on June 30, 2012, post-tax profit for the period would be affected by Rs. 45,495 thousand (2011: Rs 47,062 thousand) as a result of gains / losses on equity securities classified as financial assets 'at fair value through profit or loss'. Other components of equity would increase / decrease by Rs. 25,100 thousand (2011: Rs. 14,795 thousand) as a result of gains / losses on equity securities classified as 'available for sale'.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

23.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and accrued income on bank deposits. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets.

The analysis below summarises the credit quality of the Fund's bank balances as at June 30, 2012.

Name of the bank	As at June 30, 2012			
	Balance as at June 30, 2011	Rating agency	Published rating	Percentage of total bank balances
----- Rupee in ' 000' -----				
Savings Accounts				
NIB Bank Limited	272,853	PACRA	A1+	98.68%
Bank Alfalah Limited	124	PACRA	A1+	0.04%
Habib Metropolitan Bank Limited	3,518	PACRA	A1+	1.27%
	<u>276,495</u>			<u>100.00%</u>

The credit quality of the Fund's bank balances as at June 30, 2011 was as follows:

Name of the bank	As at June 30, 2011			Percentage of total bank balances
	Balance as at June 30, 2010	Rating agency	Published rating	
----- Rupee in ' 000' -----				
Savings Accounts				
NIB Bank Limited	453,504	PACRA	A1+	99.95%
Bank Alfalah Limited	126	PACRA	A1+	0.03%
Habib Metropolitan Bank Limited	101	PACRA	A1+	0.02%
	<u>453,731</u>			<u>100.00%</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2012 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

22.3 Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due can only do so on terms that are materially disadvantageous.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through other facilities. The Fund manages the liquidity risk by maintaining sufficient cash balance with banks and marketable securities.

The Fund has a policy is to invest the majority of its assets in investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

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 significant assets of the Fund are readily disposable in the market.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2012			
	Total	Upto three months	More than three months and upto one year	More than one year
----- Rupee in ' 000' -----				
Payable to the Management Company	13,993	13,993	-	-
Payable to Central Depository Company of Pakistan Limited-Trustee	840	840	-	-
Payable against purchase of investments	189,296	189,296	-	-
Accrued expenses and other liabilities	7,902	7,902	-	-
Dividend payable	81,693	81,693	-	-
	<u>293,724</u>	<u>293,724</u>	<u>-</u>	<u>-</u>

	As at June 30, 2011			
	Total	Upto three months	More than three months and upto one year	More than one year
	Rupee in ' 000'			
Payable to the Management Company	12,929	12,929	-	-
Payable to Central Depository Company of Pakistan Limited-Trustee	438	438	-	-
Payable against purchase of investments	49,162	49,162	-	-
Accrued expenses and other liabilities	2,901	2,901	-	-
Dividend payable	75,804	75,804	-	-
	<u>141,234</u>	<u>141,234</u>	<u>-</u>	<u>-</u>

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing at the close of the trading on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from corresponding book values as the items are either short-term in nature or are periodically repriced.

International Financial Reporting Standard (IFRS) 7, "Financial Instruments: Disclosures" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Fund carried at fair value are categorised as follows:

	As at June 30, 2012			
	Level 1	Level 2	Level 3	Total
	Rupee in ' 000'			
Assets				
Investment in listed equity securities				
- at fair value through profit or loss	4,546,908	-	2,573	4,549,481
- available for sale	2,510,013	-	-	2,510,013

25 CAPITAL MANAGEMENT

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

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

26 FUND MANAGEMENT

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

27 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Mir Adil Rashid	Chief Executive Officer	BSC	15
2	Khashe Lodhi*	Chief Investment Officer	MBA	19
3	Humaira Qamar	Head of Equity	MBA	8
4	Farooq Najam	Head of Research	CFA (Finalist), MBA (pursuing)	4
5	Muhammad Faraz Khan	Acting Head of Risk Management	MBA. M.A (Econ.) Dip in Corporate Law	8

* Mr. Khashe Lodhi is the Manager of the Fund. He is also the manager of PICIC Energy Fund and PICIC Investment Fund.

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The Board of Directors of PICIC Asset Management Company Limited met on July 6, 2011, September 9, 2011, September 29, 2011, October 25, 2011, December 29, 2011, February 15, 2012, March 29, 2012, April 23, 2012 and June 26, 2012 during the year. The number of meetings attended by each Director are set out below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Asadullah Khawaja	9	7	2	48 th and 52 nd
Mr. Imran R. Ibrahim	9	9	-	
Mr. Yameen Kerai	9	7	2	46 th and 54 th
Mir Adil Rashid	9	9	-	
Mr. Nauman Hussain*	2	2	-	
Mr. Muhammad Faraz Haider*	2	2	-	
Mr. Habib Yousuf Habib**	4	3	1	51 st
Mr. Badar Kazmi***	3	2	1	52 nd
Mr. Shahid Sattar****	7	5	2	50 th and 52 nd
Mr. Shah Miftah-ul-Azim****	7	7	-	

* Mr. Nauman Hussain and Mr. Muhammad Faraz Haider have completed their tenure as directors on September 21, 2012.

** Mr. Habib Yousuf Habib was elected on September 22, 2011 and resigned on February 15, 2012.

*** Mr. Badar Kazmi was appointed in March 28, 2012.

**** Mr. Shahid Sattar and Mr. Shah Miftah-ul-Azim were elected on September 22, 2011.

29 PERFORMANCE TABLE

	2012	2011	2010	2009
	Rupee in ' 000'			
Net assets at June 30 - ex final distribution (Rupees in million)	7,238	7,757	6,937	6,523
Net assets value per certificate - ex final distribution (Rupees)	25.53	27.63	24.47	23.01
Distribution per certificate				
Cash Dividend				
Interim	-	1.25	2.00	-
Final	-	-	-	-
Stock Dividend				
Interim	-	-	-	-
Distribution dates:				
Cash Dividend				
Interim	-	Feb 11, 2011	Oct 16, 2009	-
Final	Sept 9, 2011	-	-	-
Stock Dividend				
Interim	-	-	-	-
KSE 100 Index Growth percentage	10.45%	28.54%	35.74%	-41.72%
KSE 30 Index Growth percentage	2.90%	21.24%	26.22%	-47.15%
Return of fund as a percentage of average NAV				
Total return	2.88%	15.14%	12.94%	-66.77%
Capital growth	2.88%	10.57%	5.46%	-66.77%
Income distribution	0.00%	4.57%	7.47%	0.00%
Average Annual Return:				
Current year	2.88%			
Last two years	9.30%			
Last three years	10.53%			

29.1 The breakdown of the Fund's investment portfolio between industry sectors has been disclosed in note 6 to the financial statements.

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

30 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in its meeting held on August 30, 2012 has approved a final cash distribution of Rs. 1.75 per certificate (2011: Rs. 2.55 per certificate). The financial statements of the Fund for the year ended June 30, 2012 do not include the effect of the final distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2013.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 30, 2012 by the Board of Directors of the Management Company.

32 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

For PICIC Asset Management Company Limited (Management Company)

Chairman

Chief Executive

Director

PICIC ASSET MANAGEMENT COMPANY LIMITED

INCOME STATEMENT IN RELATION TO PICIC GROWTH FUND (SCHEME)

FOR THE YEAR ENDED JUNE 30, 2012

----- Rupee in ' 000' -----

INCOME

Management fee	141,242
Capital gain on sale of investments	-
Dividend income	72,292
	<u>213,534</u>

EXPENSES

Salaries, allowances and other benefits	12,480
Contributions to defined contribution plan	477
Directors' fee	433
Rent, rates and taxes	955
Fees and subscription	430
Printing and stationery	188
Vehicle running and maintenance cost	762
Travelling and conveyance	123
Repairs and maintenance	330
Legal and professional charges	1,850
Telephone and utilities	869
Insurance	386
Depreciation	1,313
Amortisation of intangible assets - management rights	92,170
Others	<u>586</u>
	<u>(113,351)</u>
Profit before taxation	100,183
Taxation - current	(22,966)
Profit after taxation	<u><u>77,217</u></u>

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



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