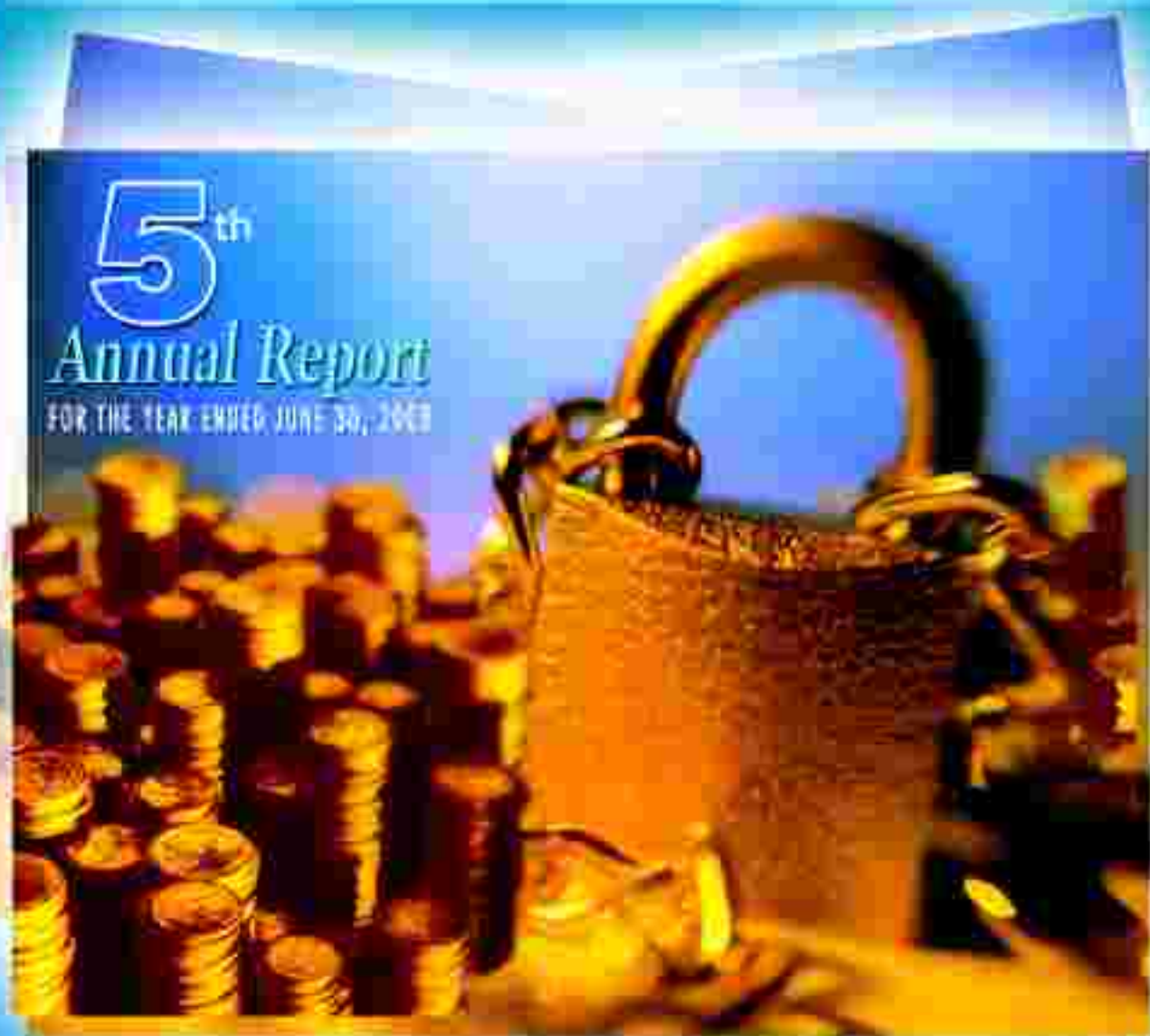


PICIC INVESTMENT FUND (PIF)



Secured Investment,
Increased Returns

Managed by:

 **PICIC**
Asset Management Company Ltd.

c o n t e n t s

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Scheme's Information

PICIC INVESTMENT FUND

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

vision statement



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



mission statement

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

PICIC INVESTMENT FUND (PIF)

Directors' Report

for the year ended June 30, 2008



Directors' Report

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

PICIC ASSET MANAGEMENT COMPANY LIMITED

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

FINANCIAL RESULTS

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

	(Rupees in '000')	
Un-appropriated profit brought forward	1,349,308	
Loss after taxation for the year	<u>(251,604)</u>	
Profit available for appropriation	1,097,704	
Appropriation:		
Final Dividend for the year ended June 30, 2007 @ 27.5% (Distributed on July 18, 2007)	<table border="1" style="float: right;"><tr><td style="text-align: center;">781,344</td></tr></table>	781,344
781,344		
First Interim Dividend for the year @ 7.5% (Distributed on February 14, 2008)	<table border="1" style="float: right;"><tr><td style="text-align: center;">213,094</td></tr></table>	213,094
213,094		
	<u>994,438</u>	
Un-appropriated profit carried forward	<u>103,266</u>	
Loss per certificate (Rupees)	<u><u>(0.89)</u></u>	

MARKET REVIEW

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



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

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

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

The top-3 out-performing sectors versus the KSE-100 Index during this period were Textile Spinning (296.85% out-performance), Leather & Tanneries (142.22% out-performance) and Investment Banks/Cos./Securities (103.93% out-performance).

The top-3 under-performing sectors were Textile Weaving (18.72% under-performance), Tobacco (10.04% under-performance) and Technology & Communication (5.11% under-performance).

ECONOMIC REVIEW

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



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

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

OPERATING RESULTS

We are pleased to report that your fund has out-performed the benchmark KSE-100 Index by 4.30% during the year under review. The KSE-100 Index declined by 10.77% while on dividend adjusted non-frozen net asset value and total net asset value basis the fund decreased by 6.47% and 3.88% respectively. This is a complete turnaround from the corresponding year last six months i.e. from January to June 2007, when your fund underperformed the KSE-100 index by 13%. After the new management took over on July 01, 2007, it was decided to reorganize and restructure the fund to maximize portfolio returns over the long-term in a manner that is consistent with the Investment objectives of the Fund.

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

During the year under review total loss stood at Rs.107 million as compared to income of Rs.1,261 million in the corresponding year.

Realized capital gain during the year stood at Rs.179 million as compared to realized capital gain of Rs.661 million in the corresponding year. The dividend income during the year stood at Rs.195 million as compared to Rs.260 million in the corresponding year.

Total expenditure during the year stood at Rs.144 million as compared to Rs.174 million in the corresponding year.

Tax provision for the current year amounted to nil due to tax exemption under Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 and Regulation 72 of NBFC & NE Regulations, 2007.

The net loss for the year stood at Rs. 251 million as compared to profit of Rs.1,087 million reported for the corresponding year. This translates into loss per certificate of Re. 0.89 for the year as compared to income of Rs. 3.83 in the corresponding year.

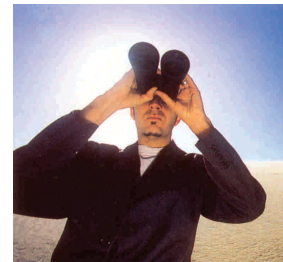
The net assets decreased from Rs.6,274 million on June 30, 2007 to Rs. 5,066 million on June 30, 2008 and accordingly the net asset value per certificate decreased from Rs.22.08 per certificate on June 30, 2007 to Rs. 17.83 per certificate on June 30, 2008.

DIVIDEND

By the grace of Almighty Allah, the Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared 'Nil' final cash dividend and interim cash dividend of 7.5% (i.e.Re.0.75 per certificate) of PICIC Investment Fund for the year ended June 30, 2008.

FUTURE OUTLOOK

With a paid-up capital of Rs.2,841 million, PICIC Investment Fund is one of the largest closed-ended schemes in Pakistan. The current portfolio of the fund is a mix of growth as well as defensive stocks. Our strategy to focus on stock selection demands careful study before taking position in a stock and then hold it till its fair value is attained.



The current macro-economic environment is definitely challenging for the government as well as the industry since the macro-decisions bear significant impact on the micro-economy. The country has significant potential in terms of opportunities to mitigate macro-economic challenges. The potential in energy, agriculture and IT sectors can be unlocked through better policies and implementation. With an elected parliament the expectation with respect to development of strong institutional environment is justified and we feel that the country will achieve its true economic potential. The stock market is the barometer of economy and is expected to respond positively towards the adoption of growth oriented economic policies.

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

PERFORMANCE RANKING OF THE FUND

JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking of PICIC Investment Fund at 'MFR-2 Star' for the one year period ended December 31, 2007.

MANAGEMENT QUALITY RATING OF THE MANAGEMENT COMPANY

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

TRANSACTION WITH CONNECTED PERSONS

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

CORPORATE GOVERNANCE

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

DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The financial statements prepared by the Management Company of the Fund, present fairly state of affairs of the Fund, the result of its operations, cash flows and statement of movement in equity & reserves and distribution.

- b. The Fund has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking Finance Companies & Notified Entities Regulations, 2007, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently applied in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- h. Since all the thirteen funds of ICP Mutual Funds Lot 'B' were merged into PICIC Investment Fund (PIF) in June, 2004, therefore, key operating and financial data of last four years is summarized on page No. 12 (Annexure-A)
- i. All trades during the year in the certificates of the Fund carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children has been annexed on page No. 13 (Annexure-B).
- j. There is no statutory payment on account of taxes, duties, levies and charges outstanding.
- k. The statement as to the value of investments of provident, gratuity and pension funds is not applicable in case of Fund as the Fund has no employees.
- l. A statement showing the number of Board meetings and attendance by each director has been annexed on page No.13 (Annexure-C).
- m. The detailed pattern of certificate-holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is annexed on Page No.14 (Annexure-D).

AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Hussain A. Naqvi
Chief Executive Officer

Karachi
July 28, 2008

Annexure-A

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

(Rupees in '000')

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

Annexure-B

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

S. NO.	NAME	DESIGNATION	SHARES HELD
01	Mr. Asadullah Khawaja	Chairman	794
02	Maj (R) Mohammad Fazal Durrani	Director	-
03	Mr. Masroor Ahmed Qureshi	Director	-
04	Mr. Nauman Hussain	Director	-
05	Mr. Yameen Kerai	Director	-
06	Mr. Hussain A. Naqvi	CEO	-
07	Mr. Zahoor Amanullah	CFO & Company Secretary	-

Annexure-C

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

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

Annexure-D

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

FROM	CERTIFICATES TO	NUMBER OF CERTIFICATE-HOLDERS	HOLDINGS
1	100	3,312	210,164
101	500	7,715	2,019,309
501	1,000	2,958	2,252,848
1,001	5,000	3,267	8,143,240
5,001	10,000	806	6,259,485
10,001	15,000	312	3,930,999
15,001	20,000	215	3,932,981
20,001	25,000	133	3,096,155
25,001	30,000	96	2,702,299
30,001	35,000	66	2,176,144
35,001	40,000	54	2,095,898
40,001	45,000	28	1,191,978
45,001	50,000	62	3,020,598
50,001	55,000	24	1,247,243
55,001	60,000	23	1,317,611
60,001	65,000	21	1,311,392
65,001	70,000	14	959,567
70,001	75,000	18	1,317,931
75,001	100,000	74	6,888,047
100,001	500,000	133	27,691,709
500,001	1,000,000	14	9,892,729
1,000,001	5,000,000	10	27,966,439
5,000,001	10,000,000	1	8,995,373
10,000,001	284,125,000	7	155,504,861
	TOTAL	<u>19,363</u>	<u>284,125,000</u>

PICIC INVESTMENT FUND (PIF)

*STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS
OF PICIC INVESTMENT FUND AS AT JUNE 30, 2008*

CATEGORY DESCRIPTION	NUMBER OF CERTIFICATE-HOLDERS	HOLDING	%
Individuals	19,084	94,768,317	33.35
Financial Institutions	20	12,349,449	4.35
Insurance Companies	22	8,533,906	3.00
Investment Bank/Companies	11	533,680	0.19
Joint Stock Companies	117	4,498,826	1.58
Modaraba	9	318,103	0.11
Custodian of Abandoned Properties Organization	1	190,132	0.07
Charitable Trusts	13	1,247,344	0.44
Cooperative Societies	1	14,000	0.01
Mutual Fund	4	14,725,913	5.18
Foreign Investors	18	30,516,882	10.74
ICP	19	60,989	0.02
NIL	1	60,720	0.02
NIUT	1	10,108,128	3.56
NIB Bank Limited	1	41,894,845	14.75
PICIC-AMC	1	55,159,172	19.41
Others	40	9,144,594	3.22
TOTAL	<u>19,363</u>	<u>284,125,000</u>	<u>100.00</u>

PATTERN OF CERTIFICATE-HOLDING OF PICIC INVESTMENT FUND AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2008

PARTICULARS	CERTIFICATES HELD
Individuals	94,767,523
Associated Company NIB Bank Limited.	41,894,845
Management Company PICIC Asset Management Company Limited	55,159,172
National Investment Trust Limited	60,720
National Investment Unit Trust	10,108,128
Investment Corporation of Pakistan	60,989
Chief Executive Hussain A. Naqvi	-
Directors & their spouses	
Mr. Asadullah Khawaja	794
Maj (R) Mohammad Fazal Durani	-
Mr. Masroor Ahmed Qureshi	-
Mr. Nauman Hussain	-
Mr. Yameen Kerai	-
Executives	-
Joint Stock Companies	4,498,826
Banks	11,907,229
Development Financial Institutions	442,220
Non- Banking Financial Institutions	533,680
Insurance Companies	8,533,906
Modarbas	318,103
Mutual Funds	14,725,913
Foreign Investors	30,516,882
Others	10,596,070
TOTAL	<u>284,125,000</u>

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

PARTICULARS	HOLDING	%
PICIC Asset Management Company Ltd.	55,159,172	19.41
NIB Bank Limited	41,894,845	14.75

Fund Manager's Report

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

MARKET REVIEW

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

The top-3 out-performing sectors versus the KSE-100 Index during this period were Textile Spinning (296.85% out-performance), Leather & Tanneries (142.22% out-performance) and Investment Banks/Cos./Securities (103.93% out-performance).

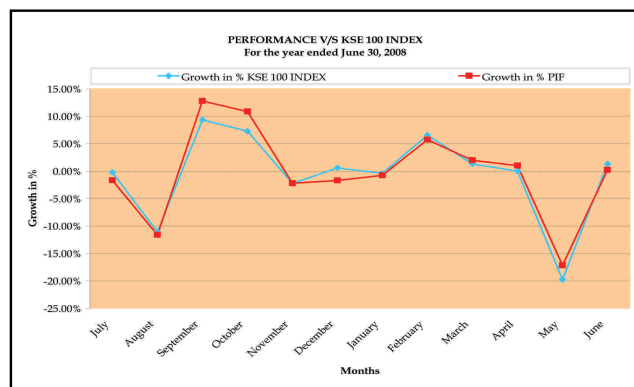
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PERFORMANCE

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

During FY 2008, PICIC Investment Fund has out-performed the benchmark KSE-100 Index by 4.30%. The KSE-100 Index declined by 10.77% while on dividend adjusted non-frozen net asset value and total net asset value basis the fund decreased by 6.47% and 3.88% respectively.

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



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

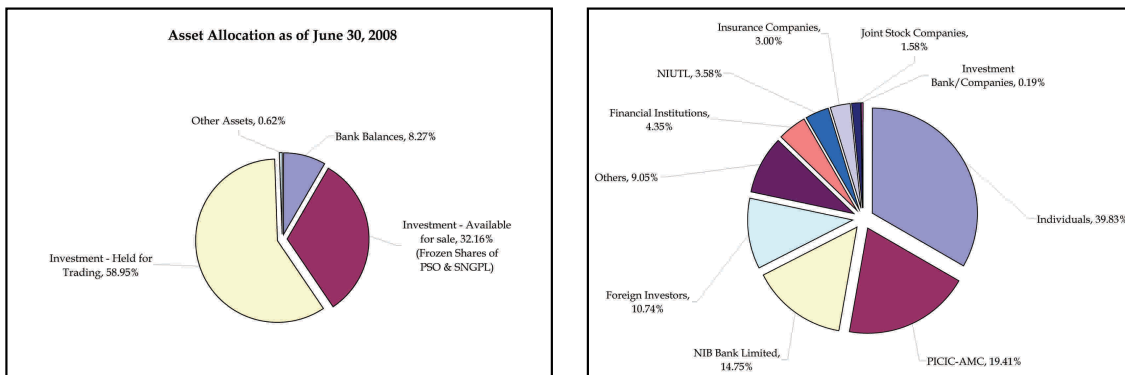
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DIVIDEND DISTRIBUTION

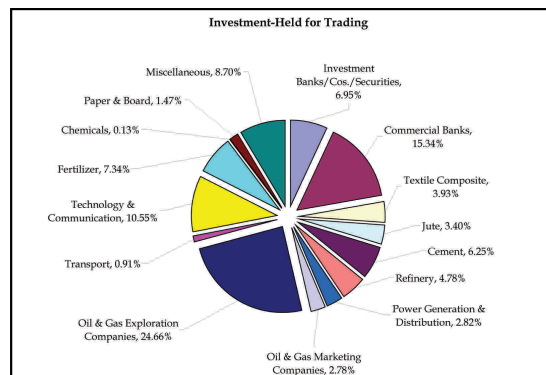
PICIC Asset Management Company Limited (the Management Company) has declared 'Nil' final cash dividend and interim cash dividend of 7.5% (i.e.Re.0.75 per certificate) for the year ended June 30, 2008.

ASSET ALLOCATION

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



PATTERN OF CERTIFICATE HOLDERS



Statement of Ethics and Business Practices



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

AS DIRECTORS:

- ❑ Formulate and monitor the objectives, strategies and overall business plan of the company.
- ❑ Oversee that the affairs of the company are being carried out prudently within the framework of existing laws & regulations and high business ethics.
- ❑ Ensure compliance of legal and regulatory requirements.
- ❑ Protect the interest and assets of the company.
- ❑ Maintain organizational effectiveness for the achievement of the organizational goals.
- ❑ Foster the conducive environment through responsive policies.
- ❑ Ensure that company's interest supersedes all other interest.
- ❑ Transparency in the functioning of the company.
- ❑ Ensure efficient and effective use of company's resources.

AS EXECUTIVES, MANAGERS AND STAFF:

- ❑ Follow the policy guidelines strictly adhering to the rules and procedures as approved by the Board.
- ❑ Strike and work diligently for profitable operations of the company.
- ❑ Provide the direction and leadership to the company.
- ❑ Ensure shareholders satisfaction through excellent product and service.
- ❑ Promote a culture of excellence, conservation and continual improvement.
- ❑ Cultivate work ethics and harmony among colleagues and associates.
- ❑ Encourage initiatives and self-realization in employees.
- ❑ Ensure an equitable way of working and reward system.
- ❑ Institute commitment to healthy environment.
- ❑ Productive devotion of time and efforts.
- ❑ Promote and protect the interest of the company and ensure that company's interest supercedes all other interests.
- ❑ Exercise prudence in using company's resources.
- ❑ Observe cost effective practices in daily activities.
- ❑ Strive for excellence and quality.
- ❑ Avoid making personal gain (other than authorized salary and benefits) at the company's expense, participating in or assisting activities which compete with PICIC AMC Limited.
- ❑ Efforts to create succession in related areas would be appreciated/encouraged.

FINANCIAL INTEGRITY:

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

Core Values



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

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

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2008

This statement is being presented by the Board of Directors of PICIC Asset Management Company Limited (Company), the Management Company of PICIC Investment Fund (Fund) to comply with the Best Practices of Code of Corporate Governance (Code) contained in Regulation No.37, Chapter XIII and Chapter XI of the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.



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

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board comprises of six (6) directors of which five (5) are non-executive and only the Chief Executive Officer (CEO) is an executive director. The Company, being an un-listed company, does not have any minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2007, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company and Funds, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Funds other than that disclosed in the pattern of certificate-holding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors, including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the Audit Committee has been approved by the Board.

17. The Asset Management Company has outsourced the internal audit function of the Fund to M/s Anjum Asim Shahid Rahman, Chartered Accountants, Karachi, for the year ended June 30, 2008, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Hussain A. Naqvi
Chief Executive Officer

Karachi
July 28, 2008

A.F.FERGUSON & CO.

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A.F.Ferguson & Co
Chartered Accountants
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I.I.Chundrigar Road, P.O.Box 4716
Karachi-74000, Pakistan
Telephone: (021) 2426682-6 / 2426711-5
Facsimile: (021) 2415007 / 2427938

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of PICIC Asset Management Company Limited (the Management Company) of PICIC Investment Fund to comply with the Listing Regulation No. 37 (Chapter XI), No. 43 (Chapter XIII) and No. 36 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges respectively where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2008.

Karachi
September 08, 2008

Chartered Accountants

PICIC INVESTMENT FUND (PIF)

Financial Statements

for the year ended June 30, 2008





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

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

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

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

- (i) limitations imposed on the investment powers of the management company under the constitutive documents of the Fund; and
- (ii) the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2007 and the constitutive documents of the Fund.

Mohammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi
September 12, 2008

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 Facsimile: (021) 2415007 / 2427938

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of PICIC Investment Fund, which comprise the statement of assets and liabilities as at June 30, 2008, and the related income statement, distribution statement, cash flow statement, statement of movement in net assets and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2008 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the Non-Banking Finance Companies and Notified Entities Regulations, 2007.

Karachi :
September 08, 2008

Chartered Accountants

PICIC INVESTMENT FUND

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2008

	Note	2008	2007
-----Rupees in '000'-----			
ASSETS			
Bank balances	5	425,377	783,179
Investments	6	4,684,995	5,637,334
Receivable against sale of investments		-	194,600
Prepayments		28	28
Dividend receivable		19,720	25,434
Accrued income on bank deposits		1,895	6,800
Taxation - net		6,474	6,474
Security deposits		3,700	1,200
Total Assets		5,142,189	6,655,049
LIABILITIES			
Fee payable to Management Company		8,442	110,963
Fee payable to Trustee		302	366
Fee payable to SECP		5,590	5,548
Payable against purchase of investments		-	210,838
Accrued expenses		2,417	1,569
Dividend		59,697	51,856
Total Liabilities		76,448	381,140
NET ASSETS		<u>5,065,741</u>	<u>6,273,909</u>
CAPITAL AND RESERVES			
Capital	7	2,841,250	2,841,250
Premium on issue of certificates		984,688	984,688
General reserve		225	225
Unappropriated profit		103,266	1,349,308
Surplus on revaluation of available for sale investments		1,136,312	1,098,438
TOTAL CERTIFICATE HOLDERS' FUNDS		<u>5,065,741</u>	<u>6,273,909</u>
NET ASSETS VALUE PER CERTIFICATE - Rupees	8	<u>17.83</u>	<u>22.08</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

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

	Note	2008	2007
		----Rupees in '000'----	
INCOME			
Capital gain on sale of investments - net		179,034	660,874
Dividend income		194,769	260,111
Unrealised appreciation / (diminution) on investments at fair value through profit or loss - net		(518,426)	274,706
Income from Continuous Funding System		-	1,250
Profit on bank deposits		37,218	64,227
		<u>(107,405)</u>	<u>1,261,168</u>
OPERATING EXPENSES			
Fee to Management Company	9	111,802	110,963
Fee to Trustee	10	4,170	4,128
Fee to S.E.C.P		5,590	5,548
Securities transaction costs	11	18,032	47,580
Auditors' remuneration	12	509	608
Other expenses	13	4,096	5,483
		<u>144,199</u>	<u>174,310</u>
Profit / (Loss) before taxation		<u>(251,604)</u>	<u>1,086,858</u>
Taxation	14	-	-
Profit / (Loss) after taxation		<u>(251,604)</u>	<u>1,086,858</u>
Earnings / (Loss) per certificate (Rupees)	15		
With unrealised appreciation / (diminution) on remeasurement of investments		<u>(0.89)</u>	<u>3.83</u>
Without unrealised appreciation / (diminution) on remeasurement of investments		<u>0.94</u>	<u>2.86</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

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

	2008	2007
	----Rupees in '000'----	
Unappropriated profit brought forward	1,349,308	830,700
Profit / (loss) after taxation for the year	(251,604)	1,086,858
Final cash dividend @ 10% for the year ended June 30, 2006 (Rs.1.00 per certificate) (Distributed on July 29, 2006)	-	(284,125)
Interim cash dividend @ 10% for the year ended June 30, 2007 (Rs. 1.00 per certificate) (Distributed on February 16, 2007)	-	(284,125)
Final cash dividend @ 27.5% for the year ended June 30, 2007 (Rs.2.75 per certificate) (Distributed on July 18, 2007)	(781,344)	-
Interim cash dividend @ 7.5% for the year ended June 30, 2008 (Rs. 0.75 per certificate) (Distributed on February 14, 2008)	(213,094)	-
Unappropriated profit carried forward	103,266	1,349,308

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

STATEMENT OF MOVEMENTS IN NET ASSETS
AS AT JUNE 30, 2008

	Note	2008	2007
		----- Rupees -----	
Net assets value per certificate at the beginning of the year		22.08	19.32
Movement in net assets value per certificate from operating activities			
Capital gain on sale of investments - net		0.63	2.32
Dividend income		0.69	0.92
Unrealised appreciation / (diminution) on remeasurement of investments at fair value through profit or loss - net		(1.82)	0.97
Income from Continuous Funding System		-	-
Profit on bank deposits		0.13	0.23
		(0.37)	4.44
Operating expenses		(0.51)	(0.61)
Net increase in net assets value per certificate from operating activities		<u>(0.88)</u>	<u>3.83</u>
Movement in net assets value per certificate from financing and investing activities			
Dividends paid		(3.50)	(2.00)
Surplus / (deficit) on revaluation of available for sale investments		0.13	0.93
Net decrease in net assets value per certificate from financing and investing activities		(3.37)	(1.07)
Net asset value per certificate at the end of the year	8	<u><u>17.83</u></u>	<u><u>22.08</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

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

	Note	2008	2007
Rupees in '000'			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		(251,604)	1,086,858
Adjustments for :			
Capital gain on sale of investments - net		(179,034)	(660,874)
Dividend income		(194,769)	(260,111)
Unrealised (appreciation) / diminution on remeasurement of investments at fair value through profit and loss		<u>518,426</u>	<u>(274,706)</u>
Operating cash out flows before working capital changes		(106,981)	(108,833)
Increase / Decrease in assets / liabilities			
Investments - net		650,821	897,651
Receivable against sale of investments		194,600	(194,600)
Accrued income on bank deposits		4,905	(3,374)
Security deposits		(2,500)	(1,000)
Fee payable to Management Company		(102,521)	(11,500)
Fee payable to Trustee		(64)	23
Fee payable to S.E.C.P.		42	(575)
Payable against purchase of investments		(210,838)	210,838
Accrued expenses		<u>848</u>	<u>43</u>
Cash generated from operations		428,312	788,673
Dividends received		200,483	264,645
Net cash generated from operating activities		<u>628,795</u>	<u>1,053,318</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		<u>(986,597)</u>	<u>(988,490)</u>
Net cash used in financing activities		<u>(986,597)</u>	<u>(988,490)</u>
Net increase / (decrease) in cash and cash equivalents		(357,802)	64,828
Bank balances at the beginning of the year		<u>783,179</u>	<u>718,351</u>
Bank balances at the end of the year	5	<u><u>425,377</u></u>	<u><u>783,179</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2008

	Issued, subscribed and paid up capital	Premium on issue of certificates	Reserve for issue of bonus certification	Unappropriated Profit	Surplus on revaluation of available for sale investments	Total
----- Rupees in '000' -----						
Balance as at June 30, 2006	2,841,250	984,688	225	830,700	833,607	5,490,470
Final cash dividend for the year ended June 30, 2006 @ 10% (Rs. 1.00 per certificate)	-	-	-	(284,125)	-	(284,125)
Profit for the year	-	-	-	1,086,858	-	1,086,858
Interim cash dividend @ 10% (Rs.1.00 per certificate)	-	-	-	(284,125)	-	(284,125)
Surplus on revaluation of available for sale investments taken to equity	-	-	-	-	264,831	264,831
Balance as at June 30, 2007	2,841,250	984,688	225	1,349,308	1,098,438	6,273,909
Final cash dividend for the year ended June 30, 2007 @ 27.5% (Rs. 2.75 per certificate)	-	-	-	(781,344)	-	(781,344)
Loss for the year	-	-	-	(251,604)	-	(251,604)
Interim cash dividend for the year ended June 30, 2008 @ 7.5% (Rs. 0.75 per certificate)	-	-	-	(213,094)	-	(213,094)
Surplus on revaluation of available for sale investments taken to equity	-	-	-	-	37,874	37,874
Balance as at June 30, 2008	<u>2,841,250</u>	<u>984,688</u>	<u>225</u>	<u>103,266</u>	<u>1,136,312</u>	<u>5,065,741</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC INVESTMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. STATUS AND NATURE OF BUSINESS

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

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

JCR-VIS Credit Rating Company Limited has assessed the fund's performance ranking at 'MFR - 2' Star for the one year ended December 31, 2007. Management quality rating of 'AM 2' to PICIC Asset Management Company Limited assigned by JCR-VIS Credit Rating Company Limited has been placed under 'Rating Watch-Developing' status.

- 1.2 The Securities and Exchange Commission of Pakistan (SECP) notified the Non-Banking Finance Companies and Notified Entities Regulations, 2007 during the year. As per clause 75 of these regulations a closed end fund shall upon expiry of 5 years from the date of promulgation of NBFC Regulations hold a meeting of certificate holders to seek the approval of the certificate holders (by special resolution) to continue as a closed end fund or convert into an open end scheme or cancel the closed end scheme.

2. STATEMENT OF COMPLIANCE

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

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning from the dates specified below are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of Financial Statements (Revised September 2007)	effective from January 1, 2009
IAS 23 - Borrowing Costs (Revised March 2007)	effective from January 1, 2009
IAS 27 (Revised) - Consolidation and Separate Financial Statements	effective from July 1, 2009
IFRS 3 (Revised) - Business Combinations	effective from July 1, 2009
IFRS 7 - Financial Instrument: Disclosure	effective from April 28, 2008
IFRS 8 - Operating Segments	effective from January 1, 2009
IFRIC 12 - Services Concession Arrangements	effective from January 1, 2008
IFRIC 13 - Customer Loyalty Programmes	effective from July 1, 2008
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction	effective from January 1, 2008
IFRIC 15 - Agreements for the Construction of Real Estate	effective from January 1, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	effective from October 1, 2008

3. BASIS OF MEASUREMENT

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

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

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

4. SUMMARY OF SIGNIFICANT

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

4.1 Cash and cash equivalents

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

4.2 Investments

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

Investments of the Fund are categorised as follows:

a) Financial assets at fair value through profit or loss

These financial assets are classified as held for trading or designated by the management at fair value through profit or loss at inception. Financial assets held for trading are those acquired principally for the purpose of selling in the near term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

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

b) Available for sale

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

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

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

4.3 Derivatives

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

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

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

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the fund commits to purchase or sell the asset. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the income statement and is recognised over the term of the respective transactions.

4.5 Taxation

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

4.6 Provisions

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

4.7 Dividend distribution

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

4.8 Financial assets and financial liabilities

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

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

4.9 Offsetting of financial instruments

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

4.10 Revenue recognition

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

5. BANK BALANCES

	2008	2007
	-----Rupees in '000'-----	
In deposit accounts	422,158	780,247
In current accounts	<u>3,219</u>	<u>2,932</u>
	<u>425,377</u>	<u>783,179</u>

6. INVESTMENTS

	Note	2008	2007
		-----Rupees in '000'-----	
Investments in marketable securities:			
At fair value through profit or loss	6.1	<u>3,031,191</u>	<u>4,021,406</u>
Available for sale	6.2	<u>1,653,804</u>	<u>1,615,928</u>
		<u>4,684,995</u>	<u>5,637,334</u>

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

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

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2008			PERCENTAGE IN RELATION TO		
	As at July 1, 2007	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2008	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
INVESTMENT BANKS / COS / SECURITIES											
Arif Habib Securities Limited	-	1,450,000	-	1,240,000	210,000	36,681	36,681	33,911	0.67%	0.07%	1.12%
IGI Investment Bank Limited	-	2,500,000	-	-	2,500,000	25,125	25,125	19,775	0.39%	1.18%	0.65%
Jahangir Siddiqui & Company Limited	-	182,500	-	-	182,500	114,186	114,186	96,752	1.91%	0.09%	3.19%
JS Investment Limited	-	722,900	-	90,000	632,900	55,290	55,290	60,170	1.19%	0.63%	1.99%
Escorts Investment Bank Limited	854,000	-	-	854,000	-	-	-	-	-	-	-
Orix Investment Bank Pakistan Limited	533,550	-	-	533,550	-	-	-	-	-	-	-
	1,387,550	4,855,400	-	2,717,550	3,525,400	231,282	231,282	210,608	4.16%		6.95%
COMMERCIAL BANKS											
Allied Bank Limited	1,075,980	190,000	76,060	1,342,040	-	-	-	-	-	-	-
Askari Bank Limited	1,300,000	-	-	1,300,000	-	-	-	-	-	-	-
Atlas Bank Limited	409,793	-	-	409,793	-	-	-	-	-	-	-
Bank Alfalah Limited	1,025,215	4,195,000	673,601	2,231,516	3,662,300	159,663	160,493	150,374	2.97%	0.46%	4.96%
The Bank of Punjab	758,432	1,415,000	48,403	1,719,335	502,500	33,568	33,568	15,643	0.31%	0.10%	0.52%
BankIslami Pakistan Limited	-	5,811,500	1,800,000	4,525,000	3,086,500	43,191	43,191	45,711	0.90%	0.73%	1.51%
Habib Bank Limited	-	467,100	-	467,100	-	-	-	-	-	-	-
MCB Bank Limited	100,165	100,000	-	200,165	-	-	-	-	-	-	-
Meezan Bank Limited	441,000	2,297,000	461,600	959,100	2,240,500	61,439	62,377	68,313	1.35%	0.49%	2.25%
MyBank Limited	877,500	-	-	877,500	-	-	-	-	-	-	-
National Bank Pakistan Limited	1,765,025	1,422,000	97,560	2,821,485	463,100	99,669	99,977	68,307	1.35%	0.05%	2.25%
NIB Bank Limited	-	1,098,680	-	1,098,680	-	-	-	-	-	-	-
PICIC Commercial Bank Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Soneri Bank Limited	-	650,000	-	650,000	-	-	-	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	32,000	1,172,500	-	-	1,204,500	65,971	65,675	28,318	0.56%	0.03%	0.93%
United Bank Limited	650,000	1,337,000	142,825	1,090,725	1,039,100	148,395	152,887	88,417	1.75%	0.10%	2.92%
	8,435,110	20,655,780	3,300,049	20,192,439	12,198,500	611,896	618,168	465,083	9.19%		15.34%
INSURANCE											
Adamjee Insurance Company Limited	471,700	362,500	-	834,200	-	-	-	-	-	-	-
EFU General Insurance Company Limited	-	225,700	-	225,700	-	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	418,520	-	-	418,520	-	-	-	-	-	-	-
	890,220	588,200	-	1,478,420	-	-	-	-	-	-	-

PICIC INVESTMENT FUND (PIF)

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2008			PERCENTAGE IN RELATION TO		
	As at July 1, 2007	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2008	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
TEXTILE COMPOSITE											
Artistic Denim Mills Limited	-	1,560,400	200,100	-	1,760,500	123,029	123,029	74,944	1.48%	2.10%	2.47%
Azgard Nine Limited	-	1,534,000	-	1,219,000	315,000	21,743	21,743	19,391	0.38%	0.10%	0.64%
Nishat (Chunian) Limited	200,000	470,000	-	208,000	462,000	20,439	20,439	11,093	0.22%	0.61%	0.37%
Nishat Mills Limited	494,070	825,000	-	1,159,070	160,000	19,587	19,587	13,755	0.27%	0.10%	0.45%
	<u>694,070</u>	<u>4,389,400</u>	<u>200,100</u>	<u>2,586,070</u>	<u>2,697,500</u>	<u>184,798</u>	<u>184,798</u>	<u>119,183</u>	<u>2.35%</u>		<u>3.93%</u>
JUTE											
Thal Limited (Rs. 5 per share)	-	526,000	-	-	526,000	147,647	147,647	103,107	2.04%	1.73%	3.40%
	-	<u>526,000</u>	-	-	<u>526,000</u>	<u>147,647</u>	<u>147,647</u>	<u>103,107</u>	<u>2.04%</u>		<u>3.40%</u>
SUGAR & ALLIED INDUSTRIES											
Shahtaj Sugar Mills Limited	395,849	-	-	395,849	-	-	-	-	-	-	-
	<u>395,849</u>	-	-	<u>395,849</u>	-	-	-	-	-	-	-
CEMENT											
Attock Cement Pakistan Limited	-	337,000	-	-	337,000	41,783	41,783	25,993	0.51%	0.47%	0.86%
D G Khan Cement Company Limited	200,000	250,000	-	450,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	-	3,282,500	492,375	375	3,774,500	204,878	204,878	138,260	2.73%	3.22%	4.56%
Lucky Cement Limited	-	1,665,000	-	1,665,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	-	2,610,000	-	306,000	2,304,000	50,963	50,963	25,136	0.50%	0.62%	0.83%
Pioneer Cement Limited	-	1,089,000	166,000	1,255,000	-	-	-	-	-	-	-
	<u>200,000</u>	<u>9,233,500</u>	<u>658,375</u>	<u>3,676,375</u>	<u>6,415,500</u>	<u>297,624</u>	<u>297,624</u>	<u>189,389</u>	<u>3.74%</u>		<u>6.25%</u>
REFINERY											
National Refinery Limited	14,906	540,000	28,000	95,906	487,000	184,472	185,096	144,868	2.86%	0.61%	4.78%
Attock Refinery Limited	-	375,000	57,500	432,500	-	-	-	-	-	-	-
	<u>14,906</u>	<u>915,000</u>	<u>85,500</u>	<u>528,406</u>	<u>487,000</u>	<u>184,472</u>	<u>185,096</u>	<u>144,868</u>	<u>2.86%</u>		<u>4.78%</u>
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	3,900,000	1,100,000	-	2,959,000	2,041,000	67,594	71,157	58,373	1.15%	0.18%	1.93%
Kot Addu Power Company Limited	-	1,015,000	-	436,000	579,000	29,159	29,159	27,213	0.54%	0.07%	0.90%
	<u>3,900,000</u>	<u>2,115,000</u>	-	<u>3,395,000</u>	<u>2,620,000</u>	<u>96,753</u>	<u>100,316</u>	<u>85,586</u>	<u>1.69%</u>		<u>2.83%</u>
OIL & GAS MARKETING COMPANIES											
Attock Petroleum Limited	-	252,000	5,000	130,000	127,000	69,681	69,681	54,900	1.08%	-	1.81%
Pakistan State Oil Company Limited	311,140	-	-	311,140	-	-	-	-	-	0.26%	-
Shell Pakistan Limited	46,643	70,500	-	46,643	70,500	30,484	30,484	29,398	0.58%	-	0.97%
Sui Southerm Gas Company Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	0.13%	-
Sui Northem Gas Pipelines Company Limited	525,680	-	-	525,680	-	-	-	-	-	-	-
	<u>1,883,463</u>	<u>322,500</u>	<u>5,000</u>	<u>2,013,463</u>	<u>197,500</u>	<u>100,165</u>	<u>100,165</u>	<u>84,298</u>	<u>1.66%</u>	-	<u>2.78%</u>

PICIC INVESTMENT FUND (PIF)

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2008			PERCENTAGE IN RELATION TO		
	As at July 1, 2007	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2008	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
OIL & GAS EXPLORATION COMPANIES											
Mari Gas Company Limited	-	195,000	-	-	195,000	68,901	68,901	52,558	1.04%	0.53%	1.73%
Oil & Gas Development Company Limited	3,315,711	2,105,000	-	3,313,011	2,107,700	263,926	262,672	262,114	5.17%	0.05%	8.65%
Pakistan Oilfields Limited	188,700	740,000	-	647,700	281,000	101,350	101,350	102,520	2.02%	0.14%	3.38%
Pakistan Petroleum Limited	1,175,000	1,607,000	179,110	1,618,910	1,342,200	324,600	325,426	330,168	6.52%	0.18%	10.89%
	<u>4,679,411</u>	<u>4,647,000</u>	<u>179,110</u>	<u>5,579,621</u>	<u>3,925,900</u>	<u>758,777</u>	<u>758,349</u>	<u>747,360</u>	<u>14.75%</u>		<u>24.65%</u>
AUTO ASSEMBLERS											
Indus Motors Company Limited	453,500	-	-	453,500	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	506,000	70,000	-	576,000	-	-	-	-	-	-	-
	<u>959,500</u>	<u>70,000</u>	<u>-</u>	<u>1,029,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
AUTO MOBILE PARTS & ACCESSORIES											
General Tyre & Rubber Company of Pakistan Limited	302,500	-	-	302,500	-	-	-	-	-	-	-
	<u>302,500</u>	<u>-</u>	<u>-</u>	<u>302,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSPORT											
Pakistan Int. Container Terminal Preference	130,625	-	-	125	130,500	1,305	1,305	1,240	0.02%	0.73%	0.04%
Pakistan International Container Terminal Limited	795,300	-	159,060	954,360	-	-	-	-	-	-	-
Pakistan National Shipping Corporation Limited	-	368,100	-	-	368,100	36,726	36,726	26,337	0.52%	0.28%	0.87%
	<u>925,925</u>	<u>368,100</u>	<u>159,060</u>	<u>954,485</u>	<u>498,600</u>	<u>38,031</u>	<u>38,031</u>	<u>27,577</u>	<u>0.54%</u>		<u>0.91%</u>
TECHNOLOGY AND COMMUNICATION											
Eye Television Network Limited	-	1,888,500	-	150,000	1,738,500	91,026	91,026	102,398	2.02%	3.48%	3.38%
NetSol Technologies Limited	-	3,663,000	527,000	2,689,000	1,501,000	141,453	141,453	146,017	2.88%	2.51%	4.82%
Pakistan Telecommunication Company Limited "A"	3,124,000	2,650,000	-	4,089,000	1,685,000	82,108	82,108	65,108	1.29%	0.04%	2.15%
TRG Pakistan Limited	-	1,750,000	-	750,000	1,000,000	12,311	12,311	6,250	0.12%	0.27%	0.21%
	<u>3,124,000</u>	<u>9,951,500</u>	<u>527,000</u>	<u>7,678,000</u>	<u>5,924,500</u>	<u>326,898</u>	<u>326,898</u>	<u>319,773</u>	<u>6.31%</u>		<u>10.56%</u>
FERTILIZER											
Dawood Hercules Chemicals Limited	-	120,000	-	-	120,000	48,410	48,410	46,740	0.92%	0.12%	1.54%
Engro Chemical (Pak) Limited	1,000,050	1,140,000	254,037	1,887,687	506,400	116,335	122,675	142,202	2.81%	0.24%	4.69%
Fauji Fertilizer Bin Qasim Limited	4,420,000	885,000	-	5,305,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	1,125,288	400,000	-	1,272,288	253,000	31,678	31,678	33,477	0.66%	0.05%	1.10%
	<u>6,545,338</u>	<u>2,545,000</u>	<u>254,037</u>	<u>8,464,975</u>	<u>879,400</u>	<u>196,423</u>	<u>202,763</u>	<u>222,419</u>	<u>4.39%</u>		<u>7.33%</u>
PHARMACEUTICALS											
Sanofi-Aventis Pakistan Limited	47,500	-	-	47,500	-	-	-	-	-	-	-
	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>47,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PICIC INVESTMENT FUND (PIF)

NAME OF THE INVESTEE COMPANY						BALANCE AS AT JUNE 30, 2008			PERCENTAGE IN RELATION TO		
	As at July 1, 2007	Purchases during the year	Bonus / Rights issue	Sales during the year	As at June 30, 2008	Cost	Carrying value	Market value	Market Value as a percentage of net assets	Investee paid up capital	Total Investment
	----- (Number of shares / certificates) -----					----- (Rupees in '000') -----					
CHEMICALS											
Nimir Resins Limited (Rs. 5 per share)	-	500,000	-	-	500,000	7,900	7,900	3,795	0.07%	0.79%	0.13%
ICI Pakistan Limited	766,700	-	-	766,700	-	-	-	-	-	-	-
	<u>766,700</u>	<u>500,000</u>	<u>-</u>	<u>766,700</u>	<u>500,000</u>	<u>7,900</u>	<u>7,900</u>	<u>3,795</u>	<u>0.07%</u>	<u>0.13%</u>	
PAPER & BOARD											
Packages Limited	100,477	286,000	35,400	245,477	176,400	57,422	57,422	44,433	0.88%	0.21%	1.47%
	<u>100,477</u>	<u>286,000</u>	<u>35,400</u>	<u>245,477</u>	<u>176,400</u>	<u>57,422</u>	<u>57,422</u>	<u>44,433</u>	<u>0.88%</u>		<u>1.47%</u>
MISCELLANEOUS											
Ti-Pack Films Limited	-	546,000	-	148,000	398,000	68,023	68,023	68,544	1.35%	1.33%	2.26%
Pace (Pakistan) Limited	1,733,500	4,033,500	-	103,000	5,664,000	161,817	165,901	160,518	3.17%	2.57%	5.30%
Siddiqsons Tin Plate Limited	-	1,911,000	-	117,500	1,793,500	59,234	59,235	34,650	0.68%	2.28%	1.14%
	<u>1,733,500</u>	<u>6,490,500</u>	<u>-</u>	<u>368,500</u>	<u>7,855,500</u>	<u>289,074</u>	<u>293,159</u>	<u>263,712</u>	<u>5.20%</u>		<u>8.70%</u>
SUSPENDED / DELISTED COMPANIES											
Sunshine Cloth	50,000	-	-	-	50,000	-	-	-	-	-	-
Mohib Textile Mills Limited	40,820	-	-	-	40,820	-	-	-	-	-	-
	<u>90,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>37,076,839</u>	<u>68,458,880</u>	<u>5,403,631</u>	<u>62,420,830</u>	<u>48,518,520</u>	<u>3,529,162</u>	<u>3,549,618</u>	<u>3,031,191</u>	<u>59.83%</u>		<u>100%</u>

6.2 Investment in marketable securities - 'available for sale'

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

OIL & GAS MARKETING COMPANIES

Pakistan State Oil Company Limited	3,738,731	-	-	-	3,738,731	484,439	484,439	1,559,948	30.79%	2.18%	94.32%
Sui Northern Gas Pipeline Company Limited	2,154,134	-	-	-	2,154,134	33,053	33,053	93,856	1.85%	0.39%	5.68%
	<u>5,892,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,892,865</u>	<u>517,492</u>	<u>517,492</u>	<u>1,653,804</u>	<u>32.64%</u>		<u>100.00%</u>

6.2.1 The above mentioned shares of Pakistan State Oil Company Limited and Sui Northern Gas Pipelines Limited are blocked / frozen by an order of the Government of Pakistan (GoP) as the same form part of a strategic shareholding under the control of the GoP. As a result, the Fund is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus/ right shares in respect thereof. Further, the exposure limit mentioned in regulation 64 of the NBFC & NE Regulations shall not apply to frozen shares.

7. CAPITAL

7.1 Issued, subscribed and paid up capital

2008	2007		2008	2007
No. of Certificates in '000'		Fully paid ordinary certificates of Rs.10 each	----- Rupees in '000' -----	
272,875	272,875	Issued for cash	2,728,750	2,728,750
11,250	11,250	Issued as bonus certificates	112,500	112,500
<u>284,125</u>	<u>284,125</u>		<u>2,841,250</u>	<u>2,841,250</u>

7.2 PICIC Asset Management Company Limited (PICIC-AMC) hold 55,159,172 certificates of Rs.10/- each as at June 30, 2008 (June 30, 2007 : 55,159,172 certificates)

NIB Bank holds 41,894,845 certificates of Rs.10/- each as at June 30, 2008 (June 30, 2007: 41,665,149 certificates were held by Pakistan Industrial Credit and Investment Corporation Limited).

7.3 Pattern of certificate holding at June 30, 2008

Pattern of certificate holding at June 30, 2008

Category	Number of certificate holders	Certificates held	Percentage
Individuals	19,083	94,767,523	33.35%
Associated Companies / Directors	3	97,054,811	34.16%
Insurance Companies	22	8,533,906	3.00%
Banks / DFIs	20	12,349,449	4.35%
NBFCs	11	533,680	0.19%
Retirement Funds	20	2,047,852	0.72%
Public Limited Companies	117	4,498,826	1.58%
Others	87	64,338,953	22.64%
	<u>19,363</u>	<u>284,125,000</u>	<u>100.00%</u>

8. NET ASSET VALUE PER CERTIFICATE

	2008	2007
Total net assets - Rupees in thousand	5,065,741	6,273,909
Total certificates in issue - in thousand	284,125	284,125
Net assets value per certificate - Rupees	17.83	22.08

9 . FEE TO MANAGEMENT COMPANY

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

10. FEE TO TRUSTEE

In accordance with the Trust Deed, the Trustee is entitled to a monthly remuneration as consideration out of the net assets of the Fund. Based on the Trust Deed the tariff structure applicable to the Fund in respect of the trustee fee is Rs. 3.875 million plus 0.05 % per annum on the net assets value of the Fund exceeding Rs. 5,000 million.

11. SECURITIES TRANSACTION COSTS

	2008	2007
	----- Rupees in '000' -----	
Transaction costs associated with -initial recognition of financial assets	9,491	25,688
Transaction costs associated with -derecognition of financial assets	<u>8,541</u>	<u>21,892</u>
	<u>18,032</u>	<u>47,580</u>

11.1 List of top ten brokers by percentage of commission paid

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

12. AUDITORS' REMUNERATION

	2008	2007
	----- Rupees in '000' -----	
Annual statutory audit fee	225	200
Half yearly review fee	125	125
Fee for review of statement of compliance with best practices of Code of Corporate Governance	50	50
Tax services	75	221
Other certifications	10	-
Out of pocket expenses	<u>24</u>	<u>12</u>
	<u>509</u>	<u>608</u>

13. OTHER EXPENSES

	2008	2007
	----- Rupees in '000' -----	
Printing and stationery	1,547	1,382
Advertising	66	76
CDS charges	868	1,277
Legal and professional	100	130
Listing fee	208	208
Postage	1,062	1,520
Professional tax	100	100
Stamp duty	-	561
Bank charges	57	177
Other	88	52
	<u>4,096</u>	<u>5,483</u>

14. TAXATION

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

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

15. EARNINGS PER CERTIFICATE

	2008	2007
	----- Rupees in '000' -----	
There is no dilutive effect on earnings per certificate as computed below :-		Restated
Net profit / (loss) after taxation (with unrealised appreciation / diminution)	<u>(251,604)</u>	<u>1,086,858</u>
Net profit after taxation (without unrealised appreciation / diminution)	<u>266,822</u>	<u>812,152</u>
Weighted average number of certificates - in thousand	<u>284,125</u>	<u>284,125</u>
Basic earnings / (loss) per certificate (with unrealised appreciation / diminution) - Rupees	(0.89)	3.83
Basic earnings per certificate (without unrealised appreciation / diminution) - Rupees	<u>0.94</u>	<u>2.86</u>

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include PICIC Asset Management Company Limited being the Management Company of the Fund, NIB Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being Trustee of the fund and National Fullerton Asset Management Limited being a company under common control.

PICIC INVESTMENT FUND (PIF)

	2008	2007
	----- Rupees in '000' -----	
PICIC Asset Management Company Limited		
Fee payable to Management Company	8,442	110,963
Remuneration to Management Company	111,802	110,963
Central Depository Company of Pakistan Limited		
Fee payable to Trustee	302	366
Fee to Trustee	4,170	4,128
NIB Bank Limited		
Bank balances - deposit and current accounts	108,719	2,941
Return on bank deposit accounts	511	20

17 . FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

PICIC INVESTMENT FUND (PIF)

Exposed to MROR risk as at June 30, 2007

	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
----- (Rupees in '000') -----					
On-balance sheet financial instruments					
Financial Assets					
Bank balances	780,247	-	-	2,932	783,179
Investments	-	-	-	5,637,334	5,637,334
Receivable against sale of investments	-	-	-	194,600	194,600
Dividend receivable	-	-	-	25,434	25,434
Accrued income on bank deposits	-	-	-	6,800	6,800
Security Deposit	780,247	-	-	1,200	1,200
				5,867,100	6,647,347
Financial Liabilities					
Fee payable to Management Company	-	-	-	110,963	110,963
Fee payable to Trustee	-	-	-	366	366
Payable against purchase of investments	-	-	-	210,838	210,838
Accrued expenses	-	-	-	1,569	1,569
Dividend	-	-	-	51,856	51,856
	-	-	-	375,592	375,592
On-balance sheet gap	780,247	-	-	5,491,508	6,271,755
Off-balance sheet financial instruments					
				-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	780,247	-	-		
Cumulative MROR sensitivity gap	780,247	780,247	780,247		

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

	2008	2007
Balance with banks - in deposit accounts	8% to 11%	8.66% to 9.00%

18. MATURITIES OF ASSETS AND LIABILITIES

	As at June 30, 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
Assets				
Bank balances	425,377	425,377	-	-
Investments	4,684,995	3,031,191	-	1,653,804
Receivable against sale of investments	-	-	-	-
Prepayments	28	28	-	-
Dividend receivable	19,720	19,720	-	-
Accrued income on bank deposits	1,895	1,895	-	-
Taxation - net	6,474	-	6,474	-
Security deposits	3,700	-	-	3,700
	<u>5,142,189</u>	<u>3,478,211</u>	<u>6,474</u>	<u>1,657,504</u>
Liabilities				
Fee payable to Management Company	8,442	8,442	-	-
Fee payable to Trustee	302	302	-	-
Fee payable to S.E.C.P	5,590	5,590	-	-
Payable against purchase of investments	-	-	-	-
Accrued expenses	2,417	2,417	-	-
Dividend	59,697	59,697	-	-
	<u>76,448</u>	<u>76,448</u>	<u>-</u>	<u>-</u>
Net Assets	<u>5,065,741</u>	<u>3,401,763</u>	<u>6,474</u>	<u>1,657,504</u>

	As at June 30, 2007			
	Total	Upto three months	More than three months and upto one year	More than one year
----- (Rupees in '000) -----				
Assets				
Bank balances	783,179	783,179	-	-
Investments	5,637,334	4,021,406	-	1,615,928
Receivable against sale of investments	194,600	194,600	-	-
Prepayments	28	28	-	-
Dividend receivable	25,434	25,434	-	-
Accrued income on bank deposits	6,800	6,800	-	-
Taxation - net	6,474	-	6,474	-
Security deposits	1,200	-	-	1,200
	<u>6,655,049</u>	<u>5,031,447</u>	<u>6,474</u>	<u>1,617,128</u>
Liabilities				
Fee payable to Management Company	110,963	110,963	-	-
Fee payable to Trustee	366	366	-	-
Fee payable to S.E.C.P	5,548	5,548	-	-
Payable against purchase of investments	210,838	210,838	-	-
Accrued expenses	1,569	1,569	-	-
Dividend	51,856	51,856	-	-
	<u>381,140</u>	<u>381,140</u>	<u>-</u>	<u>-</u>
Net Assets	<u>6,273,909</u>	<u>4,650,307</u>	<u>6,474</u>	<u>1,617,128</u>

19. RISK MANAGEMENT

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

19.1 Yield / Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Fund is not exposed to yield / interest rate risk as there are no material interest bearing financial assets and liabilities.

19.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The management company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

19.3 Credit Risk

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

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

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

19.4 Liquidity Risk

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

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

21 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.

22 FUND MANAGEMENT

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

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

23 ATTENDANCE AT MEETING OF BOARD OF DIRECTORS

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

Name of Director	Number of meetings		
	Held	Attended	Leave granted
Mr. Asadullah Khawaja	4	4	-
Major (Retd) Muhammad Durrani	4	4	-
Mr. Masroor Ahmed Qureshi	4	3	1
Mr. Nauman Qureshi	4	4	-
Mr. Yameen Kerai	4	3	1
Mr. Hussain A Naqvi	4	4	-

24. PERFORMANCE TABLE

	2008	2007	2006	2005
Net Assets at June 30 - ex final distribution (Rupees in million)	5,066	5,493	5,206	5,314
Net Assets Value per certificate - ex final distribution (Rupees)	17.83	19.33	18.32	18.70
Distribution per certificate				
Cash Dividend				
1st Interim	0.75	1.00	1.00	-
2nd Interim	-	-	1.50	-
3rd Interim	-	-	1.50	-
Final	-	2.75	1.00	2.00
Stock Dividend				
1st Interim	-	-	-	-
Distribution dates				
Cash Dividend				
1st Interim	15-Mar-08	16-Feb-07	26-Oct-05	-
2nd Interim	-	-	19-Jan-06	-
3rd Interim	-	-	21-Apr-06	-
Final	-	18-Aug-07	29-Jul-06	21-Jul-05
Stock Dividend				
1st Interim	-	-	-	-
KSE 100 Index Growth percentage	-10.77%	37.87%	34.08%	41.10%
Return of Fund as a percentage of average NAV				
Total return	-3.82%	24.36%	21.43%	21.87%
Capital growth	-7.63%	5.16%	-1.77%	4.01%
Income distribution	3.81%	19.20%	23.20%	17.86%
Average Annual Return				
Current Year	-3.82%			
last two years	10.22%			
last three years	14.20%			

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

25. DATE OF AUTHORISATION FOR ISSUE

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

26. FIGURES

Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Company Limited
(Management Company)

Asadullah Khawaja
Chairman

Hussain A. Naqvi
Chief Executive

Yameen Kerai
Director

PICIC ASSET MANAGEMENT COMPANY LIMITED

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

Rupees in '000'

INCOME	
Management fee	111,802
Dividend income	193,057
Unrealised diminution in the value of investments classified as 'held for trading'	(90,136)
Impairment in the value of investments classified as 'available for sale'	(200,876)
	<u>13,847</u>
EXPENSES	
Salaries, allowances and other benefits	4,945
Contributions to defined contribution plan	170
Directors' fee	196
Rent, rates and taxes	597
Fees and subscription	1,338
Vehicle running and maintenance cost	214
Travelling and conveyance	78
Repairs and maintenance	86
Legal and professional charges	12,000
Telephone and utilities	417
Insurance	339
Depreciation	749
Amortisation of intangible assets - management rights	30,015
Others	176
	<u>(51,319)</u>
Loss before taxation	(37,472)
Taxation - current	(40,913)
Loss after taxation	<u><u>(78,384)</u></u>

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



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