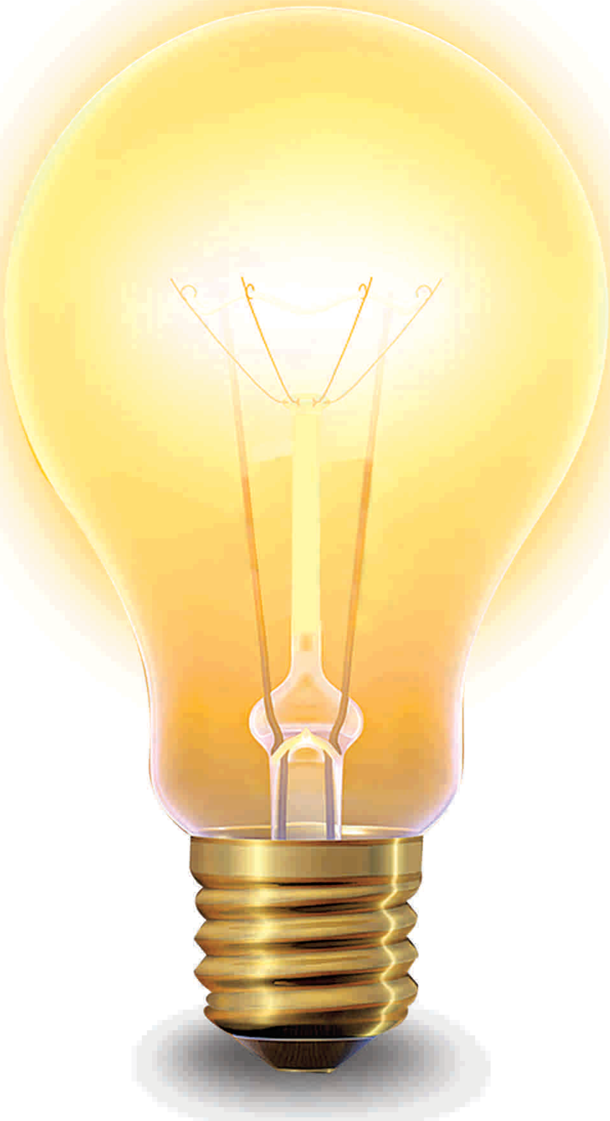
PICIC ENERGY FUND

5th Annual Report

For The Year Ended June 30, 2010



Managed By

PICIC

Asset Management Company Ltd.

A wholly owned subsidiary of NIB Bank Ltd.

Contents

Scheme's Information

Management Company
PICIC Asset Management Company Limited
9th Floor, Muhammadi House, I.I. Chundrigar Road, Karachi, 74000, Pakistan.
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Web: www.picicamc.com

Board of Directors of the Management Company
(As of June 30, 2010)

Mr. Asadullah Khawaja	Chairman
Mr. Imran R. Ibrahim	
Mr. Muhammad Faraz Haider	
Mr. Nauman Hussain	
Mr. Yameen Kerai	
Mir Adil Rashid	Chief Executive

Head of Finance & Company Secretary of the Management Company
Ms. Qurrat-ul-ain Jafari

Audit Committee of the Management Company

Mr. Yameen Kerai	Chairman
Mr. Muhammad Faraz Haider	Member
Mr. Imran R. Ibrahim	Member

Investment Committee of the Management Company

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

Human Resource Committee of the Management Company

Mr. Asadullah Khawaja	Chairman
Mr. Imran R. Ibrahim	Member
Mr. Nauman Hussain	Member
Mir Adil Rashid	Member

Trustee
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block “B” SMCHS, Main Shahra-e-Faisal, Karachi-74400, Pakistan.

Bankers
Bank AlFalah Limited
Habib Metropolitan Bank Limited
NIB Bank Limited

Auditors
M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Adviser
Bawaney & Partners

Registrar and Share Transfer Office
Noble Computer Services (Pvt) Limited
Mezzanine Floor, House of Habib Building (Siddiqsons Tower)
3-Jinnah Cooperative Housing Society, Main Shahra-e-Faisal,
Karachi, 75950, Pakistan. Tel: (021) 34325482-87 Fax: (021) 34325442

Vision Statement

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

Mission Statement

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

Directors' Report

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

PICIC ASSET MANAGEMENT COMPANY LIMITED

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

FINANCIAL RESULTS

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

	(Rupees in '000')
Un-appropriated (loss) brought forward	(140,841)
Profit after taxation for the year	116,454
(Loss) available for appropriation	(24,387)
Appropriation:	
Interim Dividend for the year ended June 30, 2010 @ 5% (Distributed on October 16, 2009)	50,000
Un-appropriated profit carried forward	(74,387)
Earning per certificate (Rupees)	1.16

MARKET REVIEW

In the Fiscal Year 2010, the KSE-100 Index rose by 35.74% from 7,162 to 9,721 as compared to a decline of 41.72% during FY 2009. Market capitalization during FY 2010 rose by 28.85% from Rs.2.12 trillion to Rs.2.73 trillion, as compared to a decline of 43.86% during FY 2009.

During the year under review the KSE-100 Index reached a High of 10,677 and a Low of 7,162 with relative stability versus the volatility witnessed in the previous fiscal year. Average daily volume stood at 161 million shares as compared to 106 million shares in FY 2009. The total Index Points Movement (IPM) during the period under review was 3,515 points as compared to 7,406 points in FY 2009.

Foreign flows into the market played a major role with a total of USD 561million flowing into the markets in FY 2010. The pattern of flows has been the feature of note as the return of the market is skewed positively towards a few key heavyweights. Of particular importance is OGDC which has contributed 52.34% to the total return of the market while the top 6 scrip's including top tier names such as OGDC (52.34%), MCB (5.69%), Unilever (4.88%), Nestle (4.41%), PPL (3.71%) and UBL (3.56%) have combined to give a 74.59% return. The market is at a 50% discount to its regional peers in particular numerous blue chip stocks in sectors such as OMCs and Banks offer even steeper discounts with higher potential capital gains.

ECONOMIC REVIEW

Pakistan, in FY 2010, posted a restated real GDP growth of 4.1%, as compared to 1.2% in FY 2009. Economic indicators have broadly improved which has resulted in an improvement in Pakistan's Sovereign Credit rating by S&P to B-/Stable. The recovery has however been mild in the latter half of FY 2010 due to widespread fiscal indiscipline.

Macroeconomic indicators have improved but the overall situation remains fragile. Inflation has fallen from 20.77% (July-June FY 2009) to a lower level of 11.73% (July-June FY 2010) which is still a relatively higher number. The current account deficit fell from 5.6% of GDP to a more manageable 2.6% of GDP backed by strong remittances growth, falling oil prices and stable export growth. Foreign reserves have also been sufficiently augmented to close at USD16 billion providing some currency stability.

The government's high fiscal spending, coupled with large domestic borrowings continues to be of concern, which has resulted in larger than expected budget deficit (estimated at 6.2% of GDP, well exceeding IMF targets of 5.1%). This excessive spending has been financed mainly through domestic bank borrowings and consequently the private sector remains constrained by the lack of liquidity in the banking system.

The floods, which have hit the country on the outset of fiscal year 2011, are a national disaster on an unprecedented scale which will further suppress the economic recovery. The funding required for emergency aid work as well as infrastructure replenishment will increase the government's borrowing requirements from the banking system, particularly as significant foreign flows have yet to materialize. This situation will further exacerbate persistent double digit inflation.

The State Bank kept a firm grip on interest rates in FY10 and implemented a marginal 50 basis point cut in the Discount Rate in November 2009 to make it 12.5%. In the first Monetary Policy Statement of 2011, the State Bank, with a mindful view of both the immediate and medium term government liquidity requirements chose to increase the Discount Rate by a 50 basis points to its current level of 13%. Given the systematic liquidity shortage and persistent high levels of inflation, further tightening remains a distinct possibility. The economic landscape remains tenuous, but the expected foreign flows should act as both a stimulus and a support, by enhancing fiscal stability and subsequently economic growth.

OPERATING RESULTS

During the period under review total income stood at Rs.160 million including unrealized loss of Rs.71 million (2009: unrealized loss of Rs.40 million) as compared to total loss of Rs.112 million in the corresponding period.

Realized capital gain during the period stood at Rs.171 million as compared to realized capital loss of Rs.148 million in the corresponding period. The dividend income during the period stood at Rs.47 million as compared to Rs.69 million in the corresponding period.

Total expenditure during the period stood at Rs.44 million as compared to Rs.30 million during the corresponding period.

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

The net profit for the period stood at Rs.116 million including unrealized loss of Rs.71 million as compared to a net loss of Rs.141 million reported for the corresponding period. This translates into earnings per certificate of Rs.1.16 for the period as compared to loss per certificate of Rs.1.41 in the corresponding period.

The net assets increased from Rs.859 million as on June 30, 2009 to Rs.926 million as on June 30, 2010 and accordingly the net asset value per certificate increased from Rs.8.59 per certificate as on June 30, 2009 to Rs.9.26 per certificate as on June 30, 2010.

DIVIDEND

The Board of Directors of PICIC Asset Management Company Limited (the Management Company) has declared a 5% final cash dividend of PICIC Energy Fund for the year ended June 30, 2010.This dividend is in addition to the 1st interim dividend of 5%. The total dividend for the year ended June 30, 2010 amounts to 10% (i.e. Rs. 1.00 per certificate) resulting in total cash payout of Rs.100 million.

PICIC Energy Fund ("PEF") earned net income after tax of Rs:116.454 Million and after deducting unrealized capital gains, the accounting income for the Accounting Year 2009-2010 was Rs:111.013 Million (approximately). The distribution of interim dividend amounting to Rs:50 Million was made @ 5% to the certificate holders, based on September, 2009 Accounts, out of the earnings of the first quarter after taking into account the accumulated losses as at June 30, 2009 which had aggregated to Rs:74.387 Million.

In August 19,2010 no dividend was announced due to the reason that there was lack of clarity between the Regulation 63 of NBFC & NE Regulation 2008 and the Para 99 of Part-I of the Second Schedule of the Income Tax Ordinance, 2001.The Board being prudent adopted to declare NIL dividend for year ended June 30,2010.

However, after obtaining legal opinion and auditor's consent in this regard, the Board deliberated upon this issue and reconsidered the declaration of dividend of PEF for the year ended June 30, 2010 and based on the advice received has decided to declare 5% final cash dividend of PEF for the year ended June 30, 2010, which is in addition to the first interim dividend of 5% announced and paid on October 16 2009.

FUTURE OUTLOOK

The overall recovery does not come without its caveats; both the economy and resultantly the market have performed better on the basis of a base effect, as the crises in the previous fiscal year had resulted in large imbalances in the economy and steep decline in the market. Additionally both the economy and the market have recovered on account of foreign inflows. The economy still remains vulnerable to commodity prices which have remained relatively stable thus fur.

The start of FY 2011 brings numerous challenges to the fold. In no small measure the long expected implementation of Capital Gains Tax would be a test for the market. CGT was an eventuality hence it is not its imposition but the modalities involved that remain an impediment to the market, however in due time these will be factored in the investor's psyche.

The problems being faced by the market due to the imposition of CGT has spurred the drive for re-instatement of a margin product. The fact that even in the recovery phase the market, without any leveraged product, has only shown an Average Daily turnover (ADTO) of USD 84 million versus the leveraged driven ADTO of USD 436 million over the period FY 2004 - FY 2008 is noteworthy. It demonstrates the impact that leverage has on the functioning of our market and hence its likely reintroduction bodes well for the upcoming year. A total of eight new listings in FY 2010 and further listings expected in FY 2011 should also add to market interest.

The consequences of fiscal indiscipline, its resulting impact on corporate sector growth and inflation would remain key challenges for the Economy and Corporate earnings going forward. The advent of floods only added to the ongoing fiscal woes. If foreign donor flows materialize along with the flood aid pledges the fiscal situation may improve and allow room for monetary relaxation but that is unlikely to transpire in the near term. Based on fundamentals, the Pakistani market is currently trading at 50% discount to its regional peers, given the steep nature of the discount, the market is likely to show stable returns in fiscal year 2011.

PERFORMANCE RANKING OF THE FUND

JCR-VIS Credit Rating Company Limited has assessed the fund performance ranking of PICIC Energy Fund at 'MFR-5 Star' for the one year period ended March 31, 2009.

MANAGEMENT QUALITY RATING OF THE MANAGEMENT COMPANY

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

TRANSACTION WITH CONNECTED PERSONS

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

CORPORATE GOVERNANCE

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

DIRECTORS' DECLARATION ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

b. The Fund has maintained proper books of accounts.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, the Non-Banking Finance Companies & Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been consistently applied in preparation of financial statements.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the Fund's ability to continue as a going concern.

g. There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

h. Since operations of the fund started on January 20, 2006, therefore, key operating and financial data of last four years is summarized on page No. 8 (Annexure-A)

i. All trades during the year in the certificates of the Fund carried out by the Directors, CEO, Head of Finance & Company Secretary and their spouses and minor children has been annexed on page No. 9 (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. 9 (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. 10 (Annexure-D).

AUDITORS

M. Yousuf Adil Saleem & Co. (Chartered Accountants), has served as auditors of PICIC Energy for five consecutive years and hence they are non-eligible (as per Rule 59 of the NBFC Rules, 2003) to offered themselves for re-appointment for the annual audit for the year ending June 30, 2011. The only option available out of the big four audit firms for appointment as auditors of PEF is A. F. Ferguson & Co. because KPMG Taseer Hadi & Co. are the auditors of PICIC Asset Management Company Limited and Ford Rhodes Sidat Hyder & Co. are serving as Internal Auditor. A. F. Ferguson & Co., being eligible has been approached and has expressed their willingness to act as auditors of PEF for the ensuing year ending June 30, 2011. 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, 2011.

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 behalf of the board

Mir Adil Rashid
Chief Executive Officer

Karachi
August 19, 2010

PICIC ENERGY FUND

SUMMARIZED OPERATING AND FINANCIAL RESULTS
FOR THE LAST FOUR YEARS IN COMPARISION TO CURRENT YEAR

Year Ended	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
			Rupee in ' 000'		
STATEMENT OF ASSETS & LIABILITIES					
Net Assets:					
Investment in quoted shares	897,464	811,465	939,203	617,107	481,326
Other Assets	40,887	59,821	143,396	517,426	605,765
Liabilities	(12,738)	(12,127)	(12,036)	(57,523)	(67,970)
Total	925,613	859,159	1,070,563	1,077,010	1,019,121
Financed By:					
Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated (loss)/profit	(74,387)	(140,841)	70,563	77,010	19,121
Total	925,613	859,159	1,070,563	1,077,010	1,019,121
Net Asset Value per Certificate (Rupees)	9.26	8.59	10.71	10.77	10.19
INCOME STATEMENT					
Income:					
Gain/(Loss) on Sale of Investments -net	171,086	(148,277)	182,949	37,224	57,018
Diminution on remeasurement of investment - net	(71,109)	(39,530)	(128,877)	(12,086)	(60,687)
Dividend	46,631	69,072	46,258	30,330	14,280
Other Income	13,551	7,136	13,595	54,314	31,610
	160,159	(111,599)	113,925	109,782	42,221
Expenditure:					
Management Fee	29,382	21,525	33,571	31,684	14,293
Auditors' Remuneration	368	335	305	280	200
Other Expenses	11,578	7,947	11,496	19,930	8,607
	41,328	29,807	45,372	51,894	23,100
Profit/(Loss) Before Taxation	118,831	(141,406)	68,553	57,888	19,121
Worker Welfare Fund (WWF)	2,377	-	-	-	-
Taxation	-	-	-	-	-
Profit/(Loss) After Taxation	116,454	(141,406)	68,553	57,888	19,121
Earnings/(Loss) per Certificate (Rupees)	1.16	(1.41)	0.69	0.58	0.19

Annexure-B

PICIC ENERGY FUND

STATEMENT SHOWING CERTIFICATES OF PICIC ENERGY FUND HELD BY DIRECTORS, CEO, HEAD OF FINANCE, COMPANY SECRETARY OF PICIC ASSET MANAGEMENT COMPANY LTD. (THE MANAGEMENT COMPANY) AND THEIR SPOUSES AND MINOR CHILDREN

AS AT JUNE 30, 2010

Sr. No.	Names	Designation	Shares Held
1	Mr. Asadullah Khawaja	Chairman	50,000
2	Mr. Imran R. Ibrahim	Director	-
3	Mr. Muhammad Faraz Haider	Director	-
4	Mr. Nauman Hussain	Director	-
5	Mr. Yameen Kerai	Director	-
6	Mr. Mir Adil Rashid	CEO	-
7	Ms. Qurrat-ul-ain Jafari	Head of Finance & Company Secretary	-

Annexure-C

PICIC ENERGY FUND

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

FOR THE PERIOD FROM JULY 01, 2009 TO JUNE 30, 2010

Sr. No.	Names	Designation	Meetings		
			Total	Attended	Leave Granted
1	Mr. Asadullah Khawaja	Chairman	5	5	-
2	Mr. Shahid Ali Khan *	Director	5	2	1
3	Mr. Nauman Hussain	Director	5	5	-
4	Mr. Yameen Kerai	Director	5	5	-
5	Mr. Muhammad Faraz Haider	Director	5	4	1
6	Mr. Imran R. Ibrahim**	Director	5	2	-
7	Mr. Mir Adil Rashid	CEO	5	5	-

* Mr. Shahid Ali Khan resigned from Board during the year ended June 30, 2010 and
**Mr. Ibrahim was appointed as Director of PICIC Asset Management Company Limited

Annexure-D

PICIC ENERGY FUND

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

AS AT JUNE 30, 2010

Certificates From	Certificates To	Number of Certificate-holders	Holdings
1	100	30	1,125
101	500	4,190	2,091,609
501	1,000	954	951,655
1,001	5,000	1,286	3,722,659
5,001	10,000	315	2,714,880
10,001	15,000	96	1,243,205
15,001	20,000	94	1,777,176
20,001	25,000	61	1,483,000
25,001	30,000	37	1,071,498
30,001	35,000	16	542,775
35,001	40,000	17	665,105
40,001	45,000	14	608,500
45,001	50,000	43	2,142,999
50,001	55,000	8	425,120
55,001	60,000	10	591,988
60,001	65,000	7	439,000
65,001	70,000	5	346,050
70,001	75,000	2	150,000
75,001	80,000	6	473,500
80,001	85,000	3	250,000
85,001	90,000	4	358,000
90,001	95,000	3	283,949
95,001	100,000	18	1,794,500
100,001	200,000	39	6,099,983
200,001	1,000,000	31	16,432,256
1,000,001	100,000,000	13	53,339,468
	TOTAL	7,302	100,000,000

PICIC ENERGY FUND

STATEMENT SHOWING CATEGORY OF CERTIFICATE-HOLDERS OF PICIC ENERGY FUND

AS AT JUNE 30, 2010

Category Description	Number of Certificate-holders	Holdings	%
INDIVIDUALS	7,196	44,500,520	44.50
FINANCIAL INSTITUTION	5	7,467,472	7.47
INSURANCE COMPANIES	4	449,000	0.45
INVESTMENT BANKS/COMPANIES	2	6,342,865	6.34
JOINT STOCK COMPANIES	51	1,874,792	1.87
MODARABA COMPANIES	3	16,537	0.02
CHARITABLE TRUST	5	420,000	0.42
LEASING COMPANIES	1	1,000,000	1.00
ICP	-	-	-
NITL	1	799,095	0.80
NIUT	1	1,477,772	1.48
NIB BANK LIMITED	1	11,130,160	11.13
PICIC AMC	1	16,042,000	16.04
FOREIGNERS	13	3,731,287	3.73
CO-OPERATIVE SOCIETY	3	938,500	0.94
OTHERS	15	3,810,000	3.81
TOTAL	7,302	100,000,000	100.00

PICIC ENERGY FUND

PATTERN OF CERTIFICATE-HOLDING OF PICIC ENERGY FUND AS PER REQUIREMENT OF THE CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2010

Category Description	Certificate Held
Individuals	44,450,520
Associated Company	
NIB Bank Limited	11,130,160
Management Company	
PICIC Asset Management Company Limited	16,042,000
National Investment Trust Limited (NITL)	799,095
National Investment Unit Trust (NIUT)	1,477,772
Investment Corporation of Pakistan (ICP)	-
Chief Executive	
Mir Adil Rashid	-
Directors & their Spouses	
Mr. Asadullah Khawaja	50,000
Mr. Imran R. Ibrahim	-
Mr. Muhammad Faraz Haider	-
Mr. Nauman Hussain	-
Mr. Yameen Kerai	-
Executives	-
Joint Stock Companies	1,874,792
Banks	7,467,472
Development Financial Institutions	-
Non-Banking Finance Institutions	6,342,865
Insurance Companies	449,000
Modarabas	16,537
Mutual Funds	-
Foreign Investors	3,731,287
Others	6,168,500
Total	100,000,000

DETAILS OF CERTIFICATE-HOLDERS HOLDING TEN PERCENT OR MORE CERTIFICATES OF PICIC ENERGY FUND

AS AT JUNE 30, 2010

Category Description	Holding	%
PICIC ASSET MANAGEMENT COMPANY LIMITED	16,042,000	16.04
NIB BANK LIMITED	11,130,160	11.13

FUND MANAGERS' REPORT

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

MARKET REVIEW

In the Fiscal Year 2010, the KSE-100 Index rose by 35.74% from 7,162 to 9,721 as compared to a decline of 41.72% during FY 2009. Market capitalization during FY 2010 rose by 28.85% from Rs.2.12 trillion to Rs.2.73 trillion, as compared to a decline of 43.86% during FY 2009.

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Foreign flows played a major role in market revival in FY 2010 with a total of USD 561million. Whilst significant it's the pattern of flows that have been the feature of note as the return of the market is positively skewed towards a few key heavyweights. Of particular importance is OGDC which has contributed 44% to the total return of the market while the top 6 scrip's including OGDC, MCB and PPL have combined to give a 74.59% return. The market is at a 50% discount to its regional peers in particular numerous blue chip stocks in sectors such as OMCs and Banks offer even steeper discounts with higher potential capital gains.

PERFORMANCE

During the year under review PEF recorded a return of 13.58% a 22.17% underperformance vs. the Benchmark KSE-100. The performance of the Fund has been inhibited due to the skewed nature of market returns.

Only six scrips combined to give approximately 75% of index returns in FY 2010 which included OGDC (52.34%), MCB (5.69%), Unilever (4.88%), Nestle (4.41%), PPL (3.71%) and UBL (3.56%).

Within the KSE-100 index the Energy Fund has two investable sectors; Oil sector which comprises 40% of market capitalization and Electricity sector which comprises 4% of market capitalization; Oil sector (21.29% return) and Electricity sector (0.21% return) contributed 60% and 0.57% respectively in the KSE-100 Index return of 35.74% in FY10. This implies that by its sector specific nature Energy fund was not able to capture 14.24% return. Energy fund by its mandate could not invest in sectors comprising 56% of market capitalization which resulted in losing 39% contribution to the index performance.

As on June 2010 closing the market was trading at approximately an earnings multiple of 7.0X. Key Blue chip scrips in Oil sector were trading at varied earnings multiples, of these OGDC (10X), PPL (7.6X), POL (6.6X), APL (5.3X) and PSO at (4.9X). During the fiscal year 2010 this kind of relative multiples variation was broadly observed hence we offloaded our OGDC stake and increased weightage in PPL, APL and PSO which altogether comprised 60% of PEF portfolio weightage. However, due to foreign interest OGDC continued to trade at inflated multiples whereas yet, PPL, PSO and APL continue to under-perform.

The current earnings multiples and our internal research estimates; reinforced by sell side reports reflect that OGDC is trading at a substantive premium to the market earning multiples and its fundamentally determined consensus fair value; whilst our top picks within the energy fund i.e. PPL, PSO and APL are trading at steep discounts. Based on fundamentals, we feel that OGDC is expensive and a downward price adjustment can significantly recuperate the return differential with KSE-100 index. Like-wise as APL, PSO and PPL realize their true worth Energy fund's return will increase substantively.

Energy fund is also roughly 25% invested in the Electricity sector with approximately 15% dividend yield which should also augment the returns in addition to the capital gains upside that is inherent in the portfolio.

The fund management team maintains that it has built a portfolio of stocks that consists of sound companies with strong fundamentals. We are convinced that in due course of time this portfolio will realize its true potential and will not only recuperate the return differential with the index but will also outperform.

STRATEGY

The management team at PICIC has formalized in detail the strategic parameters of the Fund, whereby investment decisions are determined by certain core parameters that amongst others take into account fundamentals, liquidity and strategic interest. Stock selection and allocation is an ongoing process on the basis of relative attraction of scrip's subject to the aforementioned parameters.

Three developments will have a significant bearing on the asset allocation as firstly sectors have been reclassified at the bourses, secondly regulatory limits for stock wise and index wise exposure have been raised and thirdly the induction of new IPOs into the market.

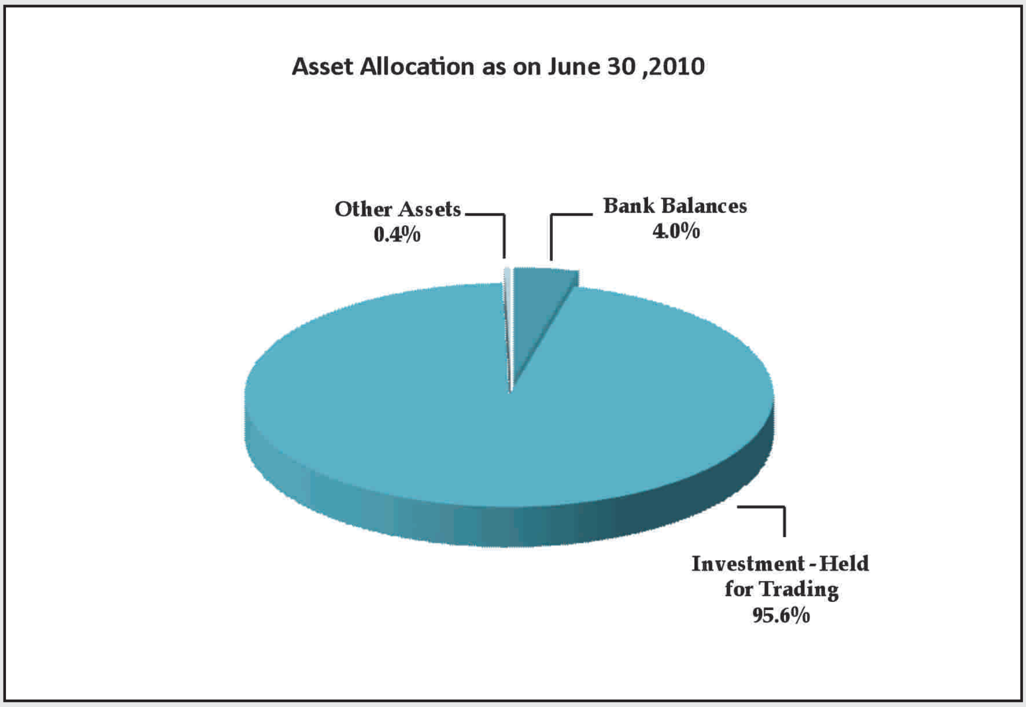
In terms of future outlook, the consequences of Government fiscal indiscipline, its resulting impact on corporate sector growth and inflation would remain key challenges for the Economy and Corporate earnings going forward. The advent of floods only added to the ongoing fiscal woes. If foreign donor flows materialize along with the flood aid pledges the fiscal situation may improve and allow room for monetary relaxation but that is unlikely to transpire in the near term.

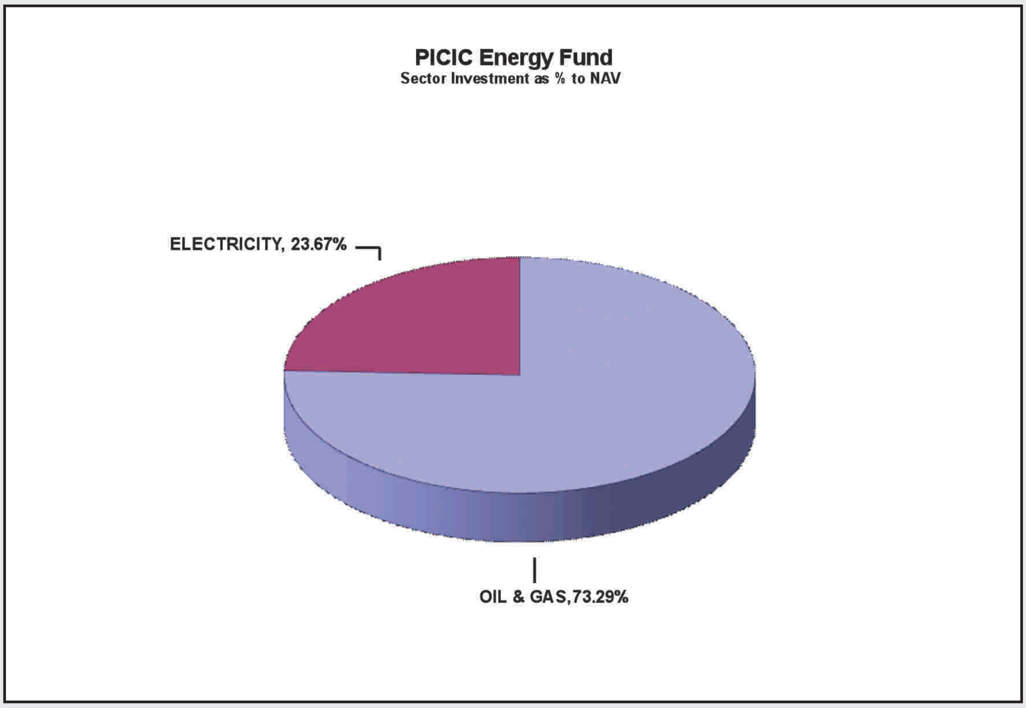
In the current scenario therefore low leverage companies and sectors which face inelastic demand markets are the ideal defensive choice; exposure to the Oil Sector, Power and Chemicals are such defensive positions.

Strategic direction for Energy Fund is straight forward by its nature, a smaller investment universe and the highest per scrip regulatory investment limit for Energy sector based scrip's result in fewer and more focused bets. Strong fundamentals, high yields and strong potential for capital gains within the Energy sector result in a portfolio which is mainly invested in the oil marketing /exploration companies (Oil Sector) and Independent Power Producers (Power).

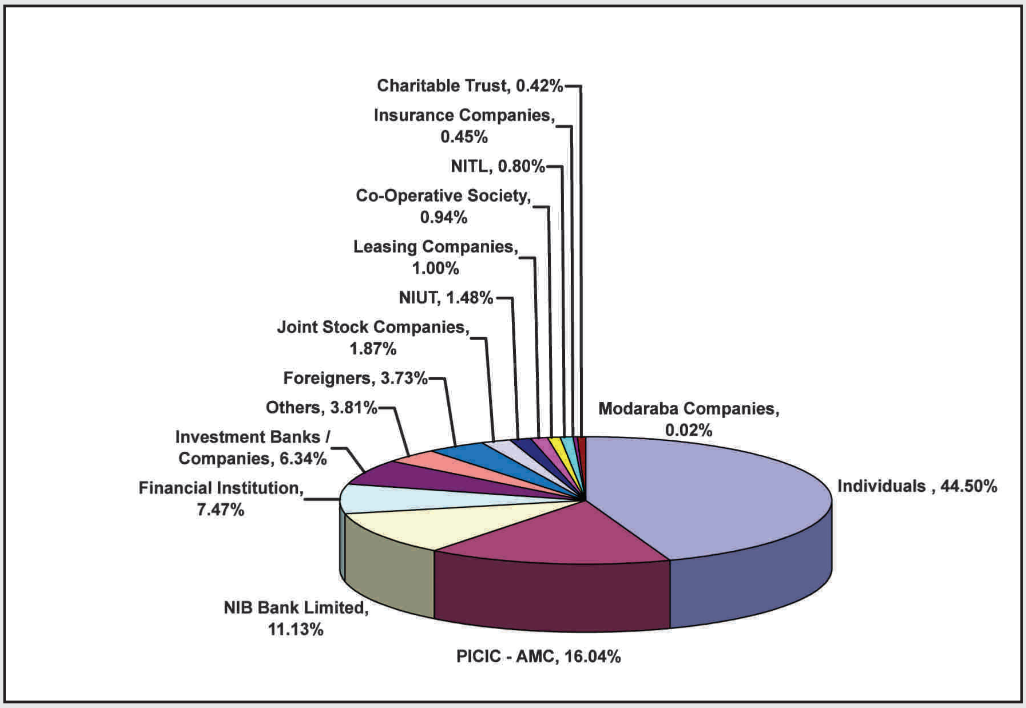
ASSET ALLOCATION

Following charts give the fund's asset allocation as on June 30, 2010 are as follows:





PATTERN OF CERTIFICATE HOLDERS AS ON JUNE 30, 2010



STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

AS DIRECTORS:

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

AS EXECUTIVES, MANAGERS AND STAFF:

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

FINANCIAL INTEGRITY:

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

Core Values

Picic Asset Management Company Limited, Management Company of Picic Energy Fund Believes In:

- Highest standards of personal and professional ethics and integrity.
- Providing impeccable services to its certificate holders.
- Maximizing certificate holders' value through meeting their expectations.
- Innovation and technology as rewarding investments.
- Training, development and recognition as employees' key motivators.
- Democratic leadership and candor as key ingredients for effective team work.
- These core values are the manifestation of its claim of being “The Trusted Name”.

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

FOR THE YEAR ENDED JUNE 30, 2010

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

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

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board comprises of six (6) directors of which five (5) are non-executive and only the Chief Executive Officer (CEO) is an executive director. The Company, being an un-listed company, does not have any minority interest.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. One casual vacancy occurred in the Board on February 19, 2010, which was filled by the Directors on April 7, 2010.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

10. Although no orientation courses were held, the directors have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Company & Fund, its policies and procedures and provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.

11. The Board has approved appointment of Head of Finance & Company Secretary, including remuneration and terms and conditions of employment, as determined by the CEO.

12. The Directors' Report for the year ended June 30, 2010 of PICIC Energy Fund has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Fund were duly endorsed by the CEO and Head of Finance before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the certificates of the Funds other than that disclosed in the pattern of certificate-holding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors, including the chairman of the committee.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the Audit Committee has been approved by the Board.

18. The Asset Management Company has outsourced the internal audit function of the Company to M/s Ford Rhodes Sidat Hyder & Co, Chartered Accountants, Karachi, for the financial year ended June 30, 2010, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied with.

For and behalf of the board

Mir Adil Rashid
Chief Executive Officer

Karachi
August 19, 2010

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PICIC ASSET MANAGEMENT COMPANY LIMITED** (the Management Company) of the **PICIC ENERGY FUND** to comply with the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges where the Fund is listed.

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

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

Further listing regulations Karachi, Lahore and Islamabad Stock Exchange require the Fund to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further all such transactions are required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the compliance of the Management Company of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2010.

Karachi
August 19, 2010

Chartered Accountants

TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

PICIC ENERGY FUND

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

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

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 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, 2008 and the constitutive documents of the Fund.

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

Karachi
October 25, 2010

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the accompanying financial statements of PICIC Energy Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2010, and the income statement, distribution statement, cash flow statement, statement of movement in equity and reserves 'per certificate' and statement of movement in equity and reserves for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2010 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other Matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

This supersedes our audit report dated August 19, 2010 on these financial statements (refer note 26). The revised financial statements reflect declaration of final dividend (refer note 27) for the year ended June 30, 2010 which has been approved by the Board of Directors of the Management Company on October 19, 2010.

Chartered Accountants
Mushtaq Ali Hirani
Engagement Partner

Karachi
October 19, 2010

PICIC ENERGY FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2010

	Note	2010	2009
		Rupee in ' 000'	
ASSETS			
Bank balances		37,179	48,431
Investments - at fair value through profit or loss	4	897,464	811,465
Dividend receivable		-	4,144
Accrued income on bank deposits		8	545
Security deposits		2,700	3,700
Preliminary and floatation costs	5	1,000	3,000
Total Assets		**938,351**	**871,285**
LIABILITIES			
Fee payable to Management Company		2,314	2,148
Preliminary and floatation costs payable to Management Company		3,000	5,000
Fee payable to Trustee		103	98
Fee payable to S.E.C.P.		930	682
Payable against purchase of investments		-	1,350
Accrued expenses and other liabilities	6	3,698	1,163
Dividend payable		2,693	1,685
Total Liabilities		12,738	12,126
NET ASSETS		**925,613**	**859,159**
CERTIFICATE HOLDERS' EQUITY			
Authorized capital			
100,000,000 certificates of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	7	1,000,000	1,000,000
Accumulated loss		(74,387)	(140,841)
Total certificate hoders' equity		**925,613**	**859,159**
NET ASSET VALUE PER CERTIFICATE - Rupees	8	**9.26**	**8.59**
CONTIGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman Chief Executive Director

PICIC ENERGY FUND

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rupee in ' 000'	
INCOME			
Capital gain / (loss) on sale of investments - net		171,086	(148,277)
Dividend income		46,631	69,072
Unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit and loss - net		(71,109)	(39,530)
Return on banks deposits		13,551	7,138
		160,159	(111,597)
OPERATING EXPENSES			
Fee to Management Company	10	29,382	21,525
Fee to Trustee	11	1,259	1,049
Fee to S.E.C.P.		930	682
Securities transaction costs	12	5,433	2,073
Auditors' remuneration	13	368	335
Amortisation of preliminary and floatation costs		2,000	2,000
Other expenses	14	1,956	2,143
		41,328	29,807
Net income / (loss) from operating activities		**118,831**	**(141,404)**
Workers' Welfare Fund	15	2,377	-
Net income / (loss) before taxation		**116,454**	(141,404)
Taxation		-	-
Net income / (loss) after taxation		**116,454**	**(141,404)**
Other comprehensive income	16	-	-
Total comprehensive income / (loss) for the year		116,454	(141,404)
Earnings / (loss) per certificate - Basic and diluted (Rupee)	17		
With unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit and loss - net		1.16	(1.41)
Without unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit and loss - net		1.88	(1.02)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman | Chief Executive | Director

PICIC ENERGY FUND

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rupee in ' 000'	
(Accumulated loss) / undistributed profit brought forward			
Realised		(11,647)	194,328
Unrealised		(129,194)	(123,765)
		(140,841)	70,563
Interim cash dividend @ 5 % for the year ended June 30, 2010 [Re. 0.50 (2008 : Re. 0.70) per certificate] Distributed on December 16 , 2009		(50,000)	-
Final cash dividend for the year ended June 30, 2009: Nil (2008: Re. 0.70 per certificate)		-	(70,000)
Net income / (loss) after taxation		116,454	(141,404)
Accumulated loss carried forward		(74,387)	(140,841)
Accumulated loss carried forward			
Realised		43,010	(11,647)
Unrealised		(117,397)	(129,194)
		(74,387)	(140,841)

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman | Chief Executive | Director

PICIC ENERGY FUND

STATEMENT OF MOVEMENT IN EQUITY & RESERVES - PER CERTIFICATE HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rupee in ' 000'	
Net assets per certificate at the beginning of the year		8.59	10.71
Movements in net assets per certificate from operations			
Capital gain / (loss) on sale of investments - net		1.71	(1.48)
Dividend income		0.47	0.69
Unrealised diminution on remeasurement of investments to fair value - net		(0.71)	(0.40)
Return on bank deposits		0.14	0.07
		1.61	(1.12)
Operating expenses		(0.41)	(0.30)
Workers' Welfare Fund		(0.02)	-
Increase / (decrease) in net assets value per certificate from operations		1.17	(1.42)
Movements in net assets per certificate from financing			
Dividend paid		(0.50)	(0.70)
Net assets per certificate at the end of the year		9.26	8.59

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman Chief Executive Director

PICIC ENERGY FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		Rupee in ' 000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) before taxation		116,454	(141,404)
Adjustments for non-cash items:			
Capital (gain) / loss on sale of investments - net		(171,086)	148,277
Dividend income		(46,631)	(69,072)
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit and loss - net		71,109	39,530
Amortisation of preliminary and floatation costs		2,000	2,000
Operating cash flows before working capital changes		(28,154)	(20,669)
(Increase) / decrease in assets / liabilities			
Investments - at fair value through profit or loss - net		13,978	(60,069)
Accrued income on bank deposits		537	117
Security deposits		1,000	-
Other receivable		-	35
Fee payable to Management Company		166	(341)
Preliminary and floatation costs payable to Management Company		(2,000)	(2,000)
Fee payable to Trustee		5	(8)
Fee payable to S.E.C.P.		248	(437)
Payable against purchase of investments		(1,350)	1,350
Accrued expenses and other liabilities		2,535	362
Cash used in operations		(13,035)	(81,660)
Dividend received		50,775	70,892
Net cash flow from/(used in) operating activities		37,740	(10,768)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(48,992)	(68,836)
Net cash used in financing activities		**(48,992)**	**(68,836)**
Net decrease in cash and cash equivalents		**(11,252)**	**(79,604)**
Cash and cash equivalents at beginning of the year		**48,431**	**128,035**
Cash and cash equivalents at end of the year		**37,179**	**48,431**

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman Chief Executive Director

PICIC ENERGY FUND

STATEMENT OF MOVEMENT IN EQUITY & RESERVES

FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed & paid- up capital	Undistributed income / (accumulated loss)	Total
	Rupee in ' 000'		
Balance at July 1, 2008	1,000,000	70,563	1,070,563
Total comprehensive loss for the year ended June 30, 2009	-	(141,404)	(141,404)
Final cash dividend @ 7 % for the year ended June 30, 2008 (Re. 0.70 per certificate)	-	(70,000)	(70,000)
Balance at June 30, 2009	1,000,000	(140,841)	859,159
Total comprehensive income for the year ended June 30, 2010	-	116,454	116,454
Interim cash dividend @5 % for the year ended June 30, 2010 (Re. 0.5 per certificate)	-	(50,000)	(50,000)
Balance at June 30, 2010	1,000,000	(74,387)	925,613

The annexed notes from 1 to 28 form an integral part of these financial statements.

For PICIC Asset Management Company Limited (Management Company)

Chairman | Chief Executive | Director

1 STATUS AND NATURE OF BUSINESS

1.1 PICIC Energy Fund (the Fund) is a closed end scheme. The registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on all three Stock Exchanges of Pakistan. Principal business of the Fund is to invest in listed equity securities of energy sector with an objective to capture significant return.

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

JCR -VIS Credit Rating Company Limited has assessed the Fund's performance ranking at 'MFR - 5 Star' for one year and two year periods, in their report dated March 05, 2010. Management quality rating of 'AM3' has been assigned by JCR -VIS Credit Rating Company Limited to PICIC Asset Management Company Limited.

1.2 As per clause 65 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan (SECP), a closed end fund shall upon expiry of five years from November 21, 2007, would seek the approval of the certificate holders (by special resolution) to continue as a closed end fund or to convert it into an open end scheme or to cancel the closed end scheme.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Changes in accounting policies and disclosures arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (i.e, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of assets and liabilities as at the beginning comparative period, in addition to the current requirement to present statements of assets and liabilities at the end of the current period and comparative period.

The Fund has adopted IAS 1 (Revised) and has elected to present one performance statement. As a result the non-owner changes in equity, if any, which were previously required to credit directly in the statement of changes in equity are now shown as other comprehensive income in the performance statement (referred to as the income statement in these financial statements). The adoption of the above standard has not affected the values of the net assets of the Fund for either the current or any of the prior periods as the Fund does not have any items of income and expenses representing other comprehensive income. Therefore, restated statement of assets and liabilities has not been presented.The adoption of this standard has resulted in increase in certain disclosures.

IFRS 8 'Operating Segments' replaces IAS 14, 'Segment reporting' (effective from January 1, 2009). The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The adoption of this standard has resulted in some additional entity-wide disclosures as given in note 25 of these financial statements. There is no impact on earning per certificate.

2.3 Other standards, interpretations and amendments to published approved accounting standards that are effective in current year

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after July 1, 2009

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, but does not have an impact on the Fund's financial position or performance.

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

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2009 but were considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these Fund's financial statements.

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

(a) IFRS 8 (Amendment), 'Operating segments' (effective from January 1, 2010). There is a minor amendment to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The amendment is not expected to have any impact on the Fund's financial statements.

(b) IAS 7 (Amendment), 'Statement of Cash Flows' (effective from January 1, 2010). Amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The amendment is not expected to have any impact on the Fund's financial statements.

(c) IAS 24 'Related Party Disclosures' (revised) (effective from January 1, 2011). The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies relate to the classification and valuation of investments as disclosed in notes 3.2 and 4 of these financial statements.

2.6 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments which are stated at fair value.

2.7 Functional and Presentation Currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as explained in note 2.2 of these financial statements.

3.1 Cash and cash equivalents

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

3.2.1 Financial Assets

The Management Company of the Fund classifies its financial assets in the following categories: financial assets 'at fair value through profit or loss' and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

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

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

b) Loans and receivables

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

3.2.2 Regular way Contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell the assets.

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss'

The investments in quoted equity securities is classified as financial assets 'at fair value through profit or loss'. This investment is marked to market using the quoted market prices available at the stock exchange.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

b) 'Loans and receivables'

These financial assets are carried at amortised cost.

3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 Derecognition

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

Transaction costs associated with derecognition of all categories of financial assets are expensed out in the income statement.

3.2.7 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Taxation

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

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its certificate holders every year.

3.5 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.

3.6 Provisions

Provisions are recognized 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.

3.7 Dividend distribution

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

3.8 Payable against purchase of investments

Payable against purchase of investment represents payables for securities purchased, that have been contracted for but not yet settled on the balance sheet date.

3.9 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 a net basis, or realise the assets and settle the liabilities simultaneously.

3.10 Revenue recognition

- Gains / (losses) whether realised or unrealised arising on sale of investments are included in the income statement in the period in which they arise.

- Dividend income on equity securities are recognised in the income statement when the entity's right to receive payment is established.

- Profit on bank deposit is recognised on accrual basis.

3.11 Preliminary and floatation costs

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

4 INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS - HELD FOR TRADING

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

Name of Investee Company	Number of Shares					Balance as at June 30, 2010			Percentage in relation to		
	As at July 1, 2009	Purchases during the period	Bonus/ Rights issue	Sales during the period	As at June 30, 2010	Cost	Carrying value	Market value	Net Assets of the Fund	Investee paid up capital	Total market value of investment
	No. of shares					Rupees					
Electricity											
Hub Power Company Limited	5,822,000	2,550,000	-	4,445,000	3,927,000	125,898,697	120,066,250	125,506,920	13.56%	0.34%	13.98%
Kohinoor Energy Limited	529,000	21,198	-	-	550,198	17,792,228	15,923,193	14,574,745	1.57%	0.32%	1.62%
Kot Addu Power Company Limited	500,000	1,583,854	-	925,739	1,158,115	51,379,031	51,379,031	48,339,720	5.22%	0.13%	5.39%
Nishat Chunian Power Limited	-	3,088,131	-	-	3,088,131	30,870,668	30,870,668	30,696,022	3.32%	0.84%	3.42%
						225,940,624	218,239,142	219,117,407	23.67%	1.63%	24.41%
Oil & Gas											
Attock Petroleum Limited	514,000	192,358	-	190,009	516,349	182,619,421	170,553,294	149,612,123	16.16%	0.90%	16.67%
National Refinery Limited	484,900	-	-	303,529	181,371	66,426,212	39,905,247	33,163,687	3.58%	0.23%	3.70%
Oil & Gas Development Co. Limited	2,072,200	4,893,205	-	6,965,405	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Oilfields Limited	-	1,586,493	-	949,066	637,427	142,447,756	142,447,756	137,620,489	14.87%	0.27%	15.33%
Pakistan Petroleum Limited	558,900	1,165,000	-	774,400	949,500	184,490,351	184,490,351	174,821,940	18.89%	0.10%	19.48%
Pakistan State Oil Company Limited	365,000	2,042,724	-	1,703,925	703,799	212,936,925	212,936,925	183,128,500	19.78%	0.41%	20.41%
						788,920,665	750,333,573	678,346,739	73.28%	1.91%	75.59%
						1,014,861,289	968,572,715	897,464,146	96.95%	3.54%	100%

5 PRELIMINARY AND FLOATATION COSTS

	2010	2009
	Rupee in ' 000'	
Total cost	10,000	10,000
Accumulated amortisation	(9,000)	(7,000)
	1,000	3,000

6. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	June 30, 2010	June 30, 2009
		Rupee in ' 000'	
Auditor remuneration		250	250
Worker's Welfare Fund	6.1	2,377	-
Other liabilities		1,071	913
		3,698	1,163

7 CAPITAL

7.1 Issued, subscribed and paid-up capital

2010	2009		June 30, 2010	June 30, 2009
"Number of Certificates in '000'"			Rupee in ' 000'	
100,000	100,000	Fully paid ordinary certificates of Rs. 10/- each issued for cash	1,000,000	1,000,000

7.2 PICIC Asset Management Company Limited holds 16,042,000 certificates of Rs.10 each as at June 30, 2010 (2009: 16,042,000 certificates) .

7.3 NIB Bank Limited holds 11,130,160 certificates of Rs. 10 each as at June 30, 2010 (2009 : 11,130,160 certificates).

7.4 Pattern of certificate holding at June 30, 2010

Category	Number of certificate holders	Certificates held	Percentage
Individuals	7,195	44,450,520	44.45%
Associated Companies / Directors	3	27,222,160	27.22%
Insurance Companies	4	449,000	0.45%
Banks / DFIs	5	7,467,472	7.47%
NBFCs	2	6,342,865	6.34%
Retirement Funds	13	2,183,500	2.18%
Public Limited Companies	51	1,874,792	1.87%
Others	29	10,009,691	10.01%
	7,302	100,000,000	100.00%

7.5 Pattern of certificate holding at June 30, 2010

Category	Number of certificate holders	Certificates held	Percentage
Individuals	7,702	44,485,619	44.49%
Associated Companies / Directors	2	27,172,160	27.17%
Insurance Companies	4	609,340	0.61%
Banks / DFIs	7	8,264,248	8.26%
NBFCs	3	8,066,000	8.07%
Retirement Funds	17	3,960,000	3.96%
Public Limited Companies	59	2,646,501	2.65%
Others	24	4,796,132	4.80%
	7,818	100,000,000	100.00%

8 NET ASSET VALUE PER CERTIFICATE

	June 30, 2010	June 30, 2009
Total net assets - Rupees in thousand	925,613	859,159
Total certificates in issue - in thousand	100,000	100,000
Net assets value per certificate - Rupees	9.26	8.59

9 CONTINGENCIES AND COMMITMENTS

There is no contigencies and commitments of the Fund

10 FEE TO MANAGEMENT COMPANY

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

	June 30, 2010	June 30, 2009
	Rupee in ' 000'	
Average annual net assets	979,400	717,484
Remuneration (3% of average annual net assets)	29,382	21,525

11 FEE TO TRUSTEE

The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2010 is as follows:

Amount of Funds under management (Net Assets)	Tariff per annum
Up to Rs 250 million	Rs. 500,000
On amount exceeding Rs 250 million upto Rs 500 million	Rs 500,000 plus 0.15% p.a. on amount exceeding Rs 250 million
On amount exceeding Rs 500 million up to Rs 2,000 million	Rs 875,000 plus 0.08% p.a. on amount exceeding Rs 500 million

12 SECURITIES TRANSACTION COSTS

	June 30, 2010	June 30, 2009
	Rupee in ' 000'	
Transaction costs associated with initial recognition of financial assets	2,793	843
Transaction costs associated with derecognition of financial assets	2,640	1,230
	5,433	2,073

12.1 List of top ten brokers with percentage of commission paid for the year ended June 30, 2010:

		Percentage
(i)	Global Securities Pakistan Limited.	19.35
(ii)	Cassim Investments (Private) Limited.	6.91
(iii)	KASB Securities Limited.	6.46
(iv)	D J M Securities (Private) Limited.	5.85
(v)	Intermarket Securities Limited.	5.56
(vi)	Foundation Securities (Private) Limited.	4.72
(vii)	WE Financial Services Limited.	4.57
(viii)	Elixir Securities Pakistan (Private) Limited.	3.99
(ix)	Fortune Securities Limited.	3.37
(x)	Ismail Iqbal Securities (Private) Limited.	3.33

12.2 List of top ten brokers with percentage of commission paid for the year ended June 30, 2010 :

		Percentage
(i)	WE Financial Services Limited	21.50
(ii)	Global Securities (Pakistan) Limited	17.89
(iii)	First Capital Equities Limited	10.80
(iv)	Al Falah Securities (Private) Limited	9.63
(v)	Foundation Securities (Private) Limited	7.42
(vi)	Invisor Securities (Private) Limited	5.96
(vii)	AKD Securities Limited	4.74
(viii)	Taurus Securities Limited	4.17
(ix)	DJM Securities (Private) Limited	3.09
(x)	KASB Securities Limited	2.62

	June 30, 2010	June 30, 2009
	Rupee in ' 000'	
13 AUDITORS' REMUNERATION		
Annual statutory audit fee	200	200
Fee for half yearly review	75	50
Fee for review of statement of compliance of Code of Corporate Governance	50	50
Other certifications	10	10
Out of pocket expenses	33	25
	368	335
14 OTHER EXPENSES		
Printing and stationery	614	1,043
CDS charges	199	161
Tax consultancy fee	-	70
Professional tax	100	100
Annual listing fee	238	208
Postage	422	363
Bank charges	6	3
Other	377	195
	1,956	2,143

15 WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applied. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare the funds are not establishments and as a result are not liable to pay contribution to the WWF. The honorable Court has rejected the petition on the technical grounds and stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. The Central Depository Company of Pakistan on behalf of funds under its trusteeship along with a few investors has filed another petition in this regard with the Honorable High Court of Sindh. However, subsequent to filing of the petition, the Ministry of Labour and Manpower issued into a letter which states that mutual funds are not liable to WWF. The clarification went on to state that WWF Ordinance 1971 does not have any provisions for the applicability of the WWF on those entities whose income are exempt from income tax under the provision of any law, and West Pakistan Shop and Establishment Ordinance, 1969 is not applicable to any public listed company and any organised financial institutions because they are ruled and governed by separate laws such as mutual funds.

The MUFAP, on behalf of its member AMCs, obtained a legal opinion to assess the implications of the letter issued by the Ministry of Labour and Manpower. The legal opinion, among other things, states that mutual funds are not required to provide for contribution to WWF and earlier provisioning, if any, can be reversed and the terms of the letter suggest that provisioning was neither required nor necessary. Further, opinion suggest that the petition filed with the High Court of Sindh be withdrawn. However, on prudence basis, the management has made the provision of WWF in these financial statements.

16 TAXATION

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

17 EARNINGS PER CERTIFICATE

	June 30, 2010	June 30, 2009
	Rupee in ' 000'	
There is no dilutive effect on earnings per certificate as computed below: -		
Net income / (loss) after taxation (with unrealised diminution re-measurement of investments to fair value - net) - Rupees in thousand	116,454	(141,404)
Net income / (loss) after taxation (without unrealised diminution on re-measurement of investments to fair value - net) - Rupees in thousand	187,563	(101,874)
Weighted average number of certificates - in thousand	100,000	100,000
Earnings / (loss) per certificate (with diminution on re-measurement of investments to fair value - net) - Rupee	1.16	(1.41)
Earnings / (loss) per certificate (without diminution on re-measurement of investments to fair value - net) - Rupee	1.88	(1.02)

18 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Among others, connected persons include PICIC Asset Management Company Limited being the Management Company of the Fund, NIB Bank Limited being the holding company of the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund. The transactions with the related parties have been entered at arm length's basis.

Details of transactions and balances with connected persons are as follows:

	For the year ended June 30, 2010	For the year ended June 30, 2009
	Rupee in ' 000'	
18.1 Transactions during the year		
PICIC Asset Management Company Limited		
Remuneration of the Management Company	29,382	21,525
Amortisation of preliminary and floatation cost	2,000	2,000
NIB Bank Limited		
Return on bank deposit	9,813	1,123
Central Depository Company of Pakistan Limited		
Fee to Trustee	1,259	1,049
Global Securities Pakistan Limited		
Brokerage charges	906	353

	June 30, 2010	June 30, 2009
	Rupee in ' 000'	
18.2 Transactions outstanding at the year end		
PICIC Asset Management Company Limited		
Fee payable	2,314	2,148
Preliminary and floatation cost payable	3,000	5,000
Certificates issued (No. of certificates 16,042,000)	160,420	160,420
NIB Bank Limited		
Bank balances	32,184	5,155
Certificates issued (No. of certificates 11,130,600)	111,306	111,306
Central Depository Company of Pakistan Limited		
Fee payable to trustee	103	98

19 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which Fund is exposed and to minimize potential adverse effects on the Fund's financial performance.

The Fund's use different methods to measure and manage the various types of risks to which it is exposed, these are summarized below:

19.1 Market risk

Market risk is the risk that fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

19.1.1 Currency risk

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

19.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Fund has no significant interest-bearing assets, the Fund's income and operating cash flows are substantially independent of changes in market interest rates. The Management Company through investment committee monitors the Fund's overall interest rate sensitivity on periodic basis.

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

	Exposed to interest rate risk as at June 30, 2010			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
	Rupee in ' 000'				
On-balance sheet financial instruments					
Financial Assets					
Bank balances	37,179	-	-	-	37,179
Investments - at fair value through profit and loss	-	-	-	897,464	897,464
Accrued income on bank deposits	-	-	-	8	8
Security deposits	-	-	-	2,700	2,700
	37,179	-	-	900,172	937,351
Financial Liabilities					
Fee payable to Management Company	-	-	-	2,314	2,314
Preliminary and floatation costs payable to Management Company	-	-	-	3,000	3,000
Fee payable to Trustee	-	-	-	103	103
Fee payable to SECP	-	-	-	930	930
Accrued expenses and other liabilities	-	-	-	3,698	3,698
Dividend payable	-	-	-	2,693	2,693
	-	-	-	12,738	12,738
On-balance sheet gap	37,179	-	-	887,434	924,613
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	37,179	-	-		
Cumulative interest rate sensitivity gap	37,179	37,179	37,179		

	Exposed to interest rate risk as at June 30, 2010				
	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
	Rupee in ' 000'				
On-balance sheet financial instruments					
Financial Assets					
Bank Balances	48,431	-	-	-	48,431
Investments - at fair value through profit and loss	-	-	-	811,465	811,465
Dividend receivable	-	-	-	4,144	4,144
Accrued income on bank deposits	-	-	-	545	545
Security deposits	-	-	-	3,700	3,700
	48,431	-	-	819,854	868,285
Financial Liabilities					
Fee payable to Management Company	-	-	-	2,148	2,148
Preliminary and floatation costs payable to Management Company	-	-	-	5,000	5,000
Fee payable to Trustee	-	-	-	98	98
Fee payable to SECP	-	-	-	682	682
Payable against purchase of investments	-	-	-	1,350	1,350
Accrued expenses and other liabilities	-	-	-	1,163	1,163
Dividend payable	-	-	-	1,685	1,685
	-	-	-	12,126	12,126
On-balance sheet gap	48,431	-	-	807,728	856,159
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total interest rate sensitivity gap	48,431	-	-		
Cumulative interest rate sensitivity gap	48,431	48,431	48,431		

19.1.3 The rates of returns on financial instruments are as follows :

	2010	2009
	Percentage per annum	
Balance with banks - in deposit accounts	6% - 11.6%	10% - 14.5%

19.1.4 Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as financial assets at fair value through 'profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to no more than 20% of net assets, or issued capital of the investee company, whichever is lower.

In case of 1% increase / decrease in KSE 100 index on June 30, 2010, post-tax profit for the year would be affected by Rs.6.10 million (2009 : Rs 5.65 million) as a result of gains / losses on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2010 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

19.2 Credit risk

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

The analysis below summarises the credit quality of the Fund's financial assets as at June 30, 2010

Bank balances by rating category	**2010**	**2009**
A1+	100.00%	100.00%

The maximum exposure to credit risk, before any credit enhancement as at June 30, 2010, is the carrying amount of the financial assets. Investments in equity securities, however are not exposed to credit risk.

Concentration of credit risk

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

19.3 Liquidity Risk

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

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

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

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

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

	As at June 30, 2010			
	Upto three months	**More than three months and upto one year**	**More than one year**	**Total**
	Rupee in ‘ 000’			
Fee payable to Management Company	2,314	-	-	2,314
Preliminary and floatation costs payable to Management Company	-	2,000	1,000	3,000
Fee payable to Trustee	103	-	-	103
Fee payable to SECP	930	-	-	930
Accrued expenses and other liabilities	3,698	-	-	3,698
Dividend payable	2,693	-	-	2,693
	9,738	2,000	1,000	12,738

	As at June 30, 2009			
	Upto three months	More than three months and upto one year	More than one year	Total
	Rupee in ' 000'			
Fee payable to Management Company	2,148	-	-	2,148
Preliminary and floatation costs payable to Management Company	-	2,000	3,000	5,000
Fee payable to Trustee	98	-	-	98
Fee payable to SECP	682	-	-	682
Payable against purchase of investments	1,350	-	-	1,350
Accrued expenses and other liabilities	1,163	-	-	1,163
Dividend payable	1,685	-	-	1,685
	7,126	2,000	3,000	12,126

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.

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

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

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

According to Amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure -Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investments of the Fund carried at fair value are categorised in the level 1 category.

20.1 Financial instruments by category

	As at June 30, 2010		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
	Rupee in ' 000'		
Bank balances	37,179	-	37,179
Investments - at fair value through profit or loss	-	897,464	897,464
Accrued income on bank deposits	8	-	8
Security deposits	2,700	-	2,700
	39,887	897,464	937,351

	As at June 30, 2010		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	Rupee in ' 000'		
Fee payable to Management Company	-	2,314	2,314
Preliminary and floatation costs payable to Management Company	-	3,000	3,000
Fee payable to Trustee	-	103	103
Fee payable to S.E.C.P.	-	930	930
Accrued expenses and other liabilities	-	1,321	1,321
Dividend payable	-	2,693	2,693
	-	10,361	10,361

	As at June 30, 2009		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
	Rupee in ' 000'		
Bank balances	48,431	-	48,431
Investments - at fair value through profit or loss	-	811,465	811,465
Dividend receivable	4,144	-	4,144
Accrued income on bank deposits	545	-	545
Security deposits	3,700	-	3,700
	56,820	811,465	868,285

	As at June 30, 2009		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	Rupee in ' 000'		
Fee payable to Management Company	-	2,148	2,148
Preliminary and floatation costs payable to Management Company	-	5,000	5,000
Fee payable to Trustee	-	98	98
Fee payable to S.E.C.P.	-	682	682
Payable against purchase of investments	-	1,350	1,350
Accrued expenses and other liabilities	-	1,163	1,163
Dividend payable	-	1,685	1,685
	-	12,126	12,126

21 CAPITAL MANAGEMENT

The Fund's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide return 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. The Fund is not subject to externally imposed requirements

22 FUND MANAGEMENT

The Management Company has constituted a Management Investment Committee for making investment decisions with respect to different classes of assets in which the funds of the close end schemes (i.e. PICIC Growth Fund, PICIC Investment Fund and PICIC Energy Fund) are to be invested, disinvested and re-invested from time to time.

22.1 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Mir Adil Rashid

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

Mr. Khashe Lodhi

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

Syed Shahnawaz Nadir Shah*

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

* Resigned w.e.f. June 2, 2010

Mr. Ali Sibtain

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

Mr. Muhammad Faraz Khan

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

23 ATTENDANCE AT MEETING OF BOARD OF DIRECTORS

During the year, the Board of Directors of PICIC Asset Management Limited met on August 19, 2009, October 16, 2009, February 19, 2010, April 19, 2010, and May 7, 2010. The number of meetings attended by each director are as follows:

Name of Director	Number of meetings		
	Held	Attended	Leave granted
Mr. Asadullah Khawaja	5	5	-
Mr. Yameen Kerai	5	5	-
Mr. Muhammad Faraz Haider	5	4	1
Mr. Imran R. Ibrahim **	5	2	-
Mr. Shahid Ali Khan *	5	2	1
Mr. Nauman Hussain	5	5	-
Mr. Mir Adil Rashid	5	5	-

* Resigned during the year
** Appointed during the year

24 PERFORMANCE TABLE

	2010	2009	2008	2007
Total net assets value (Rupees in 000)	925,613	859,159	1,070,563	1,002,010
Net assets value per unit - Rupees	9.26	8.59	10.71	10.02
Distribution per certificate				
Cash dividend (Rupees)				
Interim	0.50	-	-	-
Final	-	-	0.70	0.75
Distribution dates				
Cash dividend				
Interim	16-Dec,2009	-	-	-
Final	-	-	28-July,08	18-July,07
KSE100 Index Growth (%)	35.74%	-41.72%	-10.77%	37.87%

	2010	2009	2008	2007
Return of the Fund (%)				
Total	11.84%	-19.71%	6.09%	5.48%
Income Distribution	0.01%	9.76%	-	7.10%
Capital Growth	11.83%	-29.46%	6.09%	-1.62%
Average annual return				
Last one year	11.84%	-19.71%	6.09%	5.48%
Last two years	-3.94%	-6.81%	5.80%	3.66%
Last three years	-0.59%	-2.71%	4.49%	-

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

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

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

25 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Investment Committee of the Management Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

The Fund has determined the operating segments based on the reports reviewed by the Investment Committee, which are used to make strategic decisions.

The Investment Committee is responsible for the Fund’s entire portfolio and considers the Fund to have a single operating segment. The Investment Committee asset allocation decisions are based on a single, targeted investment strategy, and the Fund’s performance is evaluated on an overall basis.

The Fund trades in listed equity securities of energy sector in Stock Exchanges of Pakistan with an objective to capture significant return. The Fund has no single investment which accounts for more than 20% of the Fund’s total investment.

The internal reporting provided to the Investment Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRSs. The Fund has no assets classified as non-current assets.

There were no change in the reportable segment during the year.

The Fund is domiciled in Pakistan. All of the Fund's income is from investments in entities incorporated in Pakistan.

The Fund also has a diversified certificate holder population. As at June 30, 2010, there were only two (2009: two) certificate holders who each held more than 10% of the Fund's certificate capital. Their holdings were 16.04% and 11.13% (2009: 16.04% and 11.13%) respectively.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2010 and revised on October 19, 2010 by the Board of Directors of the Management Company. The financial statements were revised to disclose non-adjusting event relating to declaration of final dividend.

27 NON - ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Management Company in its meeting held on October 19, 2010 approved a final cash dividend @ 5% (i.e. Re.0.5 per certificate) amounting to Rs.50,000,000/- for the year ended June 30, 2010.

28 GENERAL

28.1 Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison.

28.2 Figures have been rounded off to the nearest thousand rupees.

For PICIC Asset Management Company Limited (Management Company)

Chairman	Chief Executive	Director

PICIC ASSET MANAGEMENT COMPANY LIMITED

INCOME STATEMENT
IN RELATION TO PICIC ENERGY FUND (SCHEME)

FOR THE YEAR ENDED JUNE 30, 2010

	Rupee in ' 000'
INCOME	
Management fee	29,382
Dividend income	8,021
Unrealised diminution in the value of investments classified as 'held for trading'	3,927
Impairment in the value of investments classified as available for sale	(12,550)
	28,780
EXPENSES	
Salaries, allowances and other benefits	12,112
Charge for defined benefit plan	198
Contributions to defined contribution plan	452
Directors' fee	203
Rent, rates and taxes	1,385
Fees and subscription	592
Vehicle running and maintenance cost	645
Travelling and conveyance	166
Repairs and maintenance	260
Legal and professional charges	1,512
Telephone and utilities	959
Insurance	502
Depreciation	1,329
Others	426
	(20,737)
Loss before taxation	8,043
Taxation - current	(3,796)
Profit after taxation	4,247

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

PICIC
Asset Management Company Ltd.

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