

Faysal Income & Growth Fund

The prime objective of Faysal Income & Growth Fund (FIGF) is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments; in particular, the aim is to minimize interest rate risk through duration management and default risk through portfolio diversification. The Fund will employ prudent and disciplined investment management, and maximize the total investment return through systematic and informed security selection.

CONTENTS

Fund Information	04
Mission Statement	05
Report of the Directors of the Management Company	06
Fund Manager's Report	09
Trustee Report to the Unit Holders	12
Review Report to the Unit Holders on Statement of Compliance with the best practices of the code of corporate governance	13
Statement of Compliance with the best practices of the code of corporate governance	14
Independent Auditors' Report to the Unit Holders	16
Statement of Assets and Liabilities	17
Income Statement	18
Distribution Statement	19
Statement of Cash Flow	20
Statement of Movement in Unit Holders' Funds	21
Notes to the Financial Statements	22
Supplementary Non Financial Information	48

FUND INFORMATION

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. Mohammad Abdul Aleem, Chairman
Mr. Enamullah Khan, Chief Executive Officer
Mr. Razi-ur-Rahman Khan, Director
Mr. Feroz Rizvi, Director
Syed Majid Ali, Director
Mr. Zafar Ahmed Siddiqui, Director
Mr. Ibad-ur-Rehman Chishti, Director

CFO and Company Secretary of the Management Company

Mr. Najm-ul-Hassan

Audit Committee

Mr. Feroz Rizvi, Chairman
Syed Maid Ali Esq., Member
Mr. Zafar Ahmed Siddiqui, Member

Trustee

Central Depository Company of Pakistan
CDC House, 99B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

Bankers to the fund

Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
NIB Bank Limited
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Ltd.

Auditors

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.
2nd Floor, Dime Centre,
BC-4 Block-9, KDA-5,
Clifton, Karachi.

Registrar

JWAFFS Registrar Service (Pvt) Limited
Room # 505, 5th Floor, Kashif Centre,
Near Hotel Mehran, Main Shahra-e-Faisal,
Karachi.

Distributors

Access Financial Service (Pvt) Ltd.
Summit Capital Markets (Pvt) Limited
Alfalah Securities (Pvt) Limited
AKD Securities (Pvt) Limited
Faysal Asset Management Limited
Faysal Bank Limited
PICIC Commercial Bank Limited
Flow (Pvt) Limited
IGI Investment Bank Limited
JS Global Capital Limited
Pak Oman Investment Bank Limited
Reliance Financial Products (Pvt) Limited
Investment Capital & Securities (Pvt) Ltd.

MISSION STATEMENT

Faysal Income & Growth Fund seeks to provide its risk-averse investors an opportunity to earn a consistent market based income with a conservative risk profile while maintaining security of principal as its prime objective.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Directors of the Faysal Asset Management Limited, the Management Company of **Faysal Income & Growth Fund (FIGF)**, are pleased to present the 7th Annual Report on the operations of FIGF along with the audited accounts, Reports of the Trustee and Auditors to the Unit Holders for the year ended June 30, 2012.

SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 119.606 million were issued and units with a value of Rupees 241.875 million were redeemed.

UNIT HOLDERS

As of June 30, 2012, total unit outstanding were 4,953,327 with a value of Rs. 531 million (June 30, 2011: 5,778,332 units with a value of Rs. 604 million).

UNIT PRICES

Unit prices are being announced on a daily basis based on the NAV of the underlying portfolio. The highest and lowest offer/redemption prices during the year as well as the prices prevailing as of June 30, 2012 were as below:

	Offer Price	Redemption Price
Highest	108.49	107.41
Lowest	103.42	102.39
As of June 30, 2012	108.19	107.11

Economic Outlook

FY12 remained a challenging year for the economy as GDP growth slowed down and fiscal deficit widened amidst increase in trade deficit and current account deficit. GDP expanded by 3.7%, less than the target of 4.2%. This growth was primarily driven by the agricultural and services sectors as growth across the manufacturing sector remained subdued due to severe shortage of electricity and fuel. Pak Rupee depreciated by 9% during the year as the country's foreign exchange reserves depleted by USD 3bn to USD 15.2bn.

The headline Consumer Price Index (CPI) during FY12 consolidated at 11% Y/Y compared to 13.31%Y/Y in FY11. This met the market consensus and SBP target of 11%Y/Y. Descending international commodity prices excluding oil, and relatively better domestic crop production data helped ease up food price pressure, while high base effect from the previous year lend added support to price softening. Resultantly, the SBP slashed the policy rate by 200 bps to 12% over the course of the year.

Country's external side continued to face headwinds on the back of unfavorable trade terms. Prevailing uncertainty in European countries, non-materialization of 3G auction proceeds and Coalition Support Fund (CSF) - due to uneasy relation with US - resulted in lack of external funding. This along with country's foreign debt repayments - including USD ~900mn made to IMF during the FY12 - resulted in overall depletion in Foreign exchange reserve by USD 3.0bn. This exerted considerable pressure on Pakistani rupee, forcing it to breach the PKR 94 mark by June-end against the Greenback. In order to make up for external funding squeeze and fiscal deficit financing, the government's budgetary borrowing requirement stepped up substantially.

On the positive front, remittances registered a hefty increase of 17% Y/Y to reach USD ~13bn, primarily driven by channelized inflows through the banking sector under the Pakistan Remittance Initiative (PRI). Over the upcoming year, remittances are once again expected to bolster balance of payment in conjunction with a lower oil import bill on account of reduced crude oil prices. Support to the balance of payments is also expected to emanate from recommencement of Coalition Support Fund (CSF) after resumption of NATO ground lines of communication. In this regard, the US has also agreed to arrange another USD2.0bn to support Pakistan's balance of payment situation.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

MONEY MARKET REVIEW:

Since July 2011, burgeoning fiscal deficit has kept the money market more volatile than what the Central Bank would have preferred. In the absence of external financial support, the money market was the only platform for the government to fill the widening gap between revenues and expenditure. Due to the heightened demand for funds by the government, yields across all the tenors remained at historically high levels - deviating significantly from its normality of fifty to sixty basis points above the discount rate. Throughout the outgoing fiscal year, State Bank intervened to stabilize money market yields through open market operation but gradually reduced the quantum of injections. Furthermore, downward surprises in the monthly inflation drove the yields on longer tenor down during preceding fiscal year. Considering the interest rate volatility and constant fluctuations in the yields, institutional investors remained inclined towards short-tenor instruments to enjoy liquidity, ward-off interest rate risk and time the entry and exit as per economic indicators. Going forward, relatively disciplined inflationary pressure may push yields down while increased reliance on domestic borrowing is expected to keep yields elevated till successful realization of external financial flows.

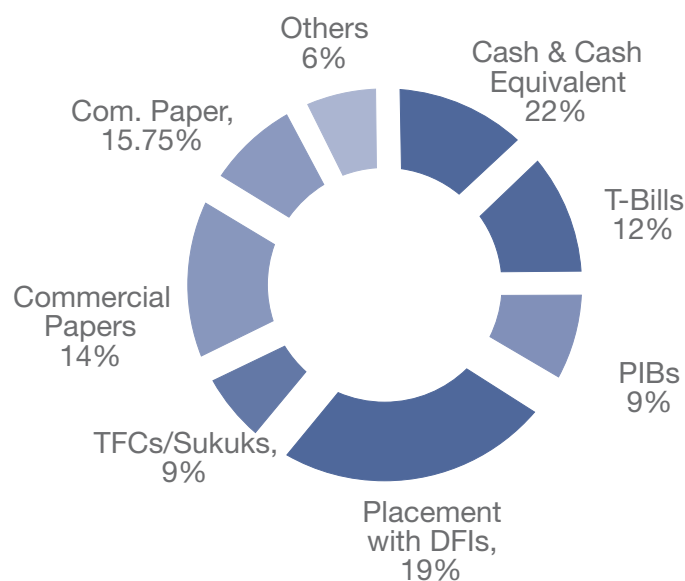
PERFORMANCE

Management takes pride in announcing FIGF's historically highest YTD return of 13.55%, which enabled the fund to outperform the benchmark by an impressive 131bps. The outperformance is attributable to management's inclination towards optimum diversification of the portfolio, whereby blend of fixed placements, high quality corporate bonds, short term money markets instruments, corporate CPs, long term PIBs and daily product accounts yielded astounding performance during the year.

Fund Management envisages the same high yield trail for next fiscal year where high-yielding highly rated corporate instruments shall be the crux of our investment philosophy, whilst opportunistic trading in PIBs shall be targeted to further bolster our vision to outperform the peer group.

ASSET ALLOCATION

Asset Allocation Jun-12 FIGF



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

INCOME DISTRIBUTION

The Board of directors has approved fund distribution at the rate of 11.5% (Interim 8.2% and final 3.3%) (i.e Rs. 11.5 per unit of par value of Rs.100 each).

MUTUAL FUND RATING

JCR-VIS has assigned fund stability rating of "A(f)" for Faysal Income & Growth Fund (FIGF). A(f) denotes moderate degree of stability in Net Asset Value.

CORPORATE GOVERNANCE

A prescribed under clause xli of the Code of Corporate Governance 2012 Statement of Compliance with the Code of Corporate Governance along with the auditors' report thereon for the year ended June 30, 2012 forms part of this annual report.

1. Statements under clause xvi of the Code:
 - a. The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
 - b. Proper books of account of the listed company have been maintained;
 - 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
 - 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 listed company's ability to continue as a going concern;
 - g. The details of taxes, duties, levies and charges outstanding, are disclosed in the financial statements;
 - h. The number of board and committees' meetings held during the year and attendance by each director forms part of this Annual Report; and
 - i. The prescribed pattern of shareholding is given as part of this Annual Report.

There was no sale and repurchase of units of the Fund carried out by the directors, CEO, COO, CFO, Head of Internal Audit, Company Secretary, their spouses and minor children, and the Management Company.

PATTERN OF HOLDING

The Pattern of Holding as at June 30, 2012 of FIGF is given as part of this Annual Report.

AUDITORS

The present auditors M/s. A. F. Ferguson & Co., Chartered Accountants retired and are recommended for appointment as auditors of the Management Company by the audit committee being the auditors of Faysal Bank Limited (an associated company) to comply with the Code of Corporate Governance 2012. Therefore, the Board on the recommendation of the Audit Committee has approved appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible as auditors of FIGF for the year ending June 30, 2013.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to unit holders for their confidence on the Management, the Securities and Exchange Commission of Pakistan and the management of Karachi Stock Exchange for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work.

For and on behalf of the Board

Karachi: August 16, 2012

Enamullah Khan
Chief Executive Officer

FUND MANAGER'S REPORT

Economic Review

FY12 remained a challenging year for the economy as GDP growth slowed down and fiscal deficit widened amidst increase in trade deficit and current account deficit. GDP expanded by 3.7%, less than the target of 4.2%. This growth was primarily driven by the agricultural and services sectors as growth across the manufacturing sector remained subdued due to severe shortage of electricity and fuel. Pak Rupee depreciated by 9% during the year as the country's foreign exchange reserves depleted by USD 3bn to USD 15.2bn.

The headline Consumer Price Index (CPI) during FY12 consolidated at 11% Y/Y compared to 13.31%Y/Y in FY11. This met the market consensus and SBP target of 11%Y/Y. Descending international commodity prices excluding oil, and relatively better domestic crop production data helped ease up food price pressure, while high base effect from the previous year lend added support to price softening. Resultantly, the SBP slashed the policy rate by 200 bps to 12% over the course of the year.

Country's external side continued to face headwinds on the back of unfavorable trade terms. Prevailing uncertainty in European countries, non-materialization of 3G auction proceeds and Coalition Support Fund (CSF) - due to uneasy relation with US - resulted in lack of external funding. This along with country's foreign debt repayments - including USD ~900mn made to IMF during the FY12 - resulted in overall depletion in Foreign exchange reserve by USD 3.0bn. This exerted considerable pressure on Pakistani rupee, forcing it to breach the PKR 94 mark by June-end against the Greenback. In order to make up for external funding squeeze and fiscal deficit financing, the government's budgetary borrowing requirement stepped up substantially.

On the positive front, remittances registered a hefty increase of 17% Y/Y to reach USD ~13bn, primarily driven by channelized inflows through the banking sector under the Pakistan Remittance Initiative (PRI). Over the upcoming year, remittances are once again expected to bolster balance of payment in conjunction with a lower oil import bill on account of reduced crude oil prices. Support to the balance of payments is also expected to emanate from recommencement of Coalition Support Fund (CSF) after resumption of NATO ground lines of communication. In this regard, the US has also agreed to arrange another USD2.0bn to support Pakistan's balance of payment situation.

Money Market Review

Since July 2011, burgeoning fiscal deficit has kept the money market more volatile than what the Central Bank would have preferred. In the absence of external financial support, the money market was the only platform for the government to fill the widening gap between revenues and expenditure. Due to the heightened demand for funds by the government, yields across all the tenors remained at historically high levels – deviating significantly from its normality of fifty to sixty basis points above the discount rate. Throughout the outgoing fiscal year, State Bank intervened to stabilize money market yields through open market operation but gradually reduced the quantum of injections. Furthermore, downward surprises in the monthly inflation drove the yields on longer tenor down during preceding fiscal year. Considering the interest rate volatility and constant fluctuations in the yields, institutional investors remained inclined towards short-tenor instruments to enjoy liquidity, ward-off interest rate risk and time the entry and exit as per economic indicators. Going forward, relatively disciplined inflationary pressure may push yields down while increased reliance on domestic borrowing is expected to keep yields elevated till successful realization of external financial flows.

Equity Review

Pakistan's equity market proved to be one of the most dynamic and lucrative investment avenues across the global frontier markets over FY-2012, shaped primarily by noteworthy political and geopolitical proceedings. The key benchmark index, KSE-100, recorded a return of 10.45% YoY, succeeded only by Thailand's SET with a return of 12.54% YoY.

FUND MANAGER'S REPORT

Although the first half of the fiscal year proved to be a dismal one as the benchmark index receded by 9.2%, the index still managed to outpace the MSCI Frontier Index that contracted by 14.3% over the same period. This contraction was primarily based on the growing bitterness between United States and its non-NATO ally Pakistan that had emanated from the incarceration of the alleged US operative Raymond Davis, the Salala-post airstrike incident which claimed the lives of 26 Pakistani soldiers and the subsequent blockade of the NATO ground lines of communication.

The second half remained significantly more robust, as the relaxation and incentives introduced under the Capital Gain Tax regime helped the market gain 21.6%. Comparatively, the MSCI Frontier Market Index contracted by 4.7% over January-June 2012. Foreign investment trend also fared relatively better over the second half, as FIPI recorded an outflow of USD 31.7mn against outflow of USD 157.4mn in the previous half.

Over the quarter ending June 2012, the equity market displayed mixed trends as certain political and geopolitical factors played their part in creating an oscillating momentum that saw the market form a peak and trough of +6.2% and -2.9%, respectively, and close the period with an insignificant +0.3%. The benchmark index gained support on account of Capital Gain Tax incentives over the better part of the quarter with the market gaining 6.2% till first week of May 2012. The MAY FACTOR soon assumed control of the benchmark and the market, true to expectations, corrected itself, erasing all gains by the end of the historically notorious month of May.

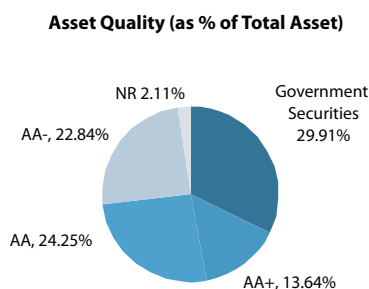
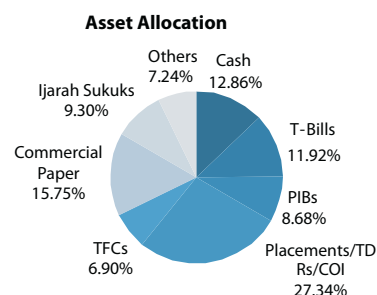
Going forward, the market is expected to remain buoyed by expected inflows from the US-funded Coalition Support Fund, especially in light of recommencement of NATO ground lines of communication in June. That said, under present circumstances, the equity market is exposed more to threats on the economic side as high import bill, IMF repayments and downgraded sovereign rating all pose considerable risk to the macroeconomic and company-specific valuations at the bourse.

FUND INFORMATION

Fund Type	Open Ended
Category	Aggressive Income Fund
Risk Profile	Medium
Net Assets (PKR mn)	530.54
NAV 30-Jun-2012	107.11
Pricing Mechanism	Forward
Trustee	CDC
Auditor	A. F. Ferguson & Co.
Management Fee	1.5%
Front End Load	1%
Back End Load	Nil
Launch Date	10-Oct-05
Benchmark	90% 1 Yr KIBOR and 10% average of most recent published 3month deposit rates of top 3 scheduled Commercial Bank by deposit size
Fund Rating	A(f) (JCRVIS)
Asset Manager Rating	AM3 + (JCRVIS)

FUND RETURNS

	FY12	FY11
Annual Return	13.55	9.71
Since Inception	10.72	10.23
Benchmark	12.24	13.30



FUND MANAGER'S REPORT

FIGF Performance

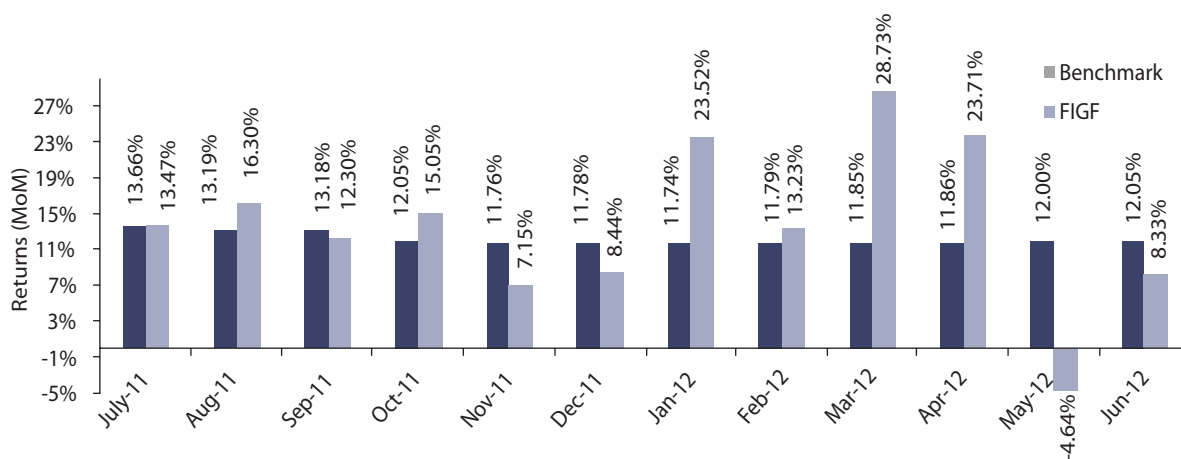
Management takes pride in announcing FIGF's historically highest YTD return of 13.55%, which enabled the fund to outperform the benchmark by an impressive 131bps. The outperformance is attributable to management's inclination towards optimum diversification of the portfolio, whereby blend of fixed placements, high quality corporate bonds, short term money markets instruments, corporate CPs, long term PIBs and daily product accounts yielded astounding performance during the year.

Fund Management envisages the same high yield trail for next fiscal year where high-yielding highly rated corporate instruments shall be the crux of our investment philosophy, whilst opportunistic trading in PIBs shall be targeted to further bolster our vision to outperform the peer group.

Distributions

FY12

	PKR Per Unit
1st Interim Distribution	3.00
NAV Before Distribution	106.51
Nav After Distribution	103.51
Distribution Date	October 28, 2011
2nd Interim Distribution	3.20
NAV Before Distribution	107.25
Nav After Distribution	104.05
Distribution Date	February 11, 2012
3rd Interim Distribution	2.00
NAV Before Distribution	107.39
Nav After Distribution	105.39
Distribution Date	April 21, 2012
Final Interim Distribution	3.30
NAV Before Distribution	107.11
Nav After Distribution	103.81
Distribution Date	July 5, 2012



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahr-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

FAYSAL INCOME & GROWTH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Income & Growth Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) 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: September 27, 2012

REVIEW REPORT TO THE UNIT 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 Faysal Asset Management Limited, the management Company of **Faysal Income & Growth Fund**, to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company'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 Company's personnel and review of various documents prepared by the 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.

Regulation 35 (x) of the listing regulations notified by the Karachi Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transaction carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf 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, 2012.

Chartered Accountants

Dated: September 12, 2012

Karachi

STATEMENT OF COMPLIANCE BY FAYSAL INCOME & GROWTH FUND WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No 35 of the Listing Regulations of Karachi Stock Exchange (Guarantee) Limited 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. The Board of Directors (the Board) of Faysal Asset Management Limited (the Management Company), an unlisted public company, manages the affairs of **Faysal Income & Growth Fund (the Fund)**. The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present, the Board includes:

Category	Names
Independent Directors	Mr. Mohammad Abdul Aleem Mr. Feroz Rizvi Mr. Zafar Ahmed Siddiqui
Executive Director	Mr. Enamullah Khan (CEO)
Non-Executive Directors	Mr. Syed Majid Ali Mr. Syed Ibadur Rehman Chishti Mr. Razi-Ur-Rehman Khan

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

2. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. During the year under review one casual vacancy occurred on the Board on June 19, 2012, which was filled within 30 days thereof.
5. The company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, an overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these 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 and other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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. In order to apprise the directors on their duties and responsibilities and the requirements of the Code, the company has a policy to conduct formal orientations for directors. The Board did not arrange director training / education program required under the Code as all the directors meet the exemption criteria of minimum fourteen years of education and fifteen years of experience. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

STATEMENT OF COMPLIANCE BY FAYSAL INCOME & GROWTH FUND WITH THE CODE OF CORPORATE GOVERNANCE

10. The Board approved the appointments of Chief Financial Officer (CFO) and Company Secretary including the remuneration and terms and conditions of employment.
11. The Directors' report relating to the Fund for the year ended June 30, 2012 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and acting CFO of the Management Company before approval of the Board.
13. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than disclosed in the Directors' Report.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the Chairman of the Committee who is an independent non-executive director.
16. The meetings of the Audit Committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed an HR and Compensation Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the Committee.
18. The Management Company has outsourced its internal audit function to KPMG Taseer Hadi & Co. Chartered Accountants 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's units, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the the Code have been complied with.

For and on behalf of the Board

Karachi, August 16, 2012

Enamullah Khan
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Faysal Income & Growth Fund**, which comprise the statement of assets and liabilities as at June 30, 2012, the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement of the year then ended, and a summary of significant policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial position of the Fund as at June 30, 2012, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance companies and Notified Entities Regulations, 2008.

Other matters

The financial statements of the Fund for the year ended June 30, 2011 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 24, 2011.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**
Dated: September 12, 2012
Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2012	Note	June 30, 2012	June 30, 2011
		----- (Rupees) -----	
ASSETS			
Bank balances and term deposit receipts	4	117,173,710	181,445,195
Investments	5	386,215,737	415,566,997
Dividend, deposits and other receivables	6	34,472,671	12,907,552
Total assets		537,862,118	609,919,744
LIABILITIES			
Payable to Faysal Asset Management Limited - Management Company	7	785,268	793,643
Payable to Central Depository Company of Pakistan Limited - Trustee	8	73,169	89,500
Accrued and other liabilities	9	6,464,469	5,490,447
Total liabilities		7,322,906	6,373,590
NET ASSETS		530,539,212	603,546,154
Unit holders' fund (as per statement attached)		530,539,212	603,546,154
Contingencies and commitments	10		
		----- (Number of units) -----	
Number of units in issue		4,953,327	5,778,332
		----- (Rupees) -----	
Net assets value per unit		107.11	104.45

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011
----- (Rupees) -----			
INCOME			
Income from debt and government securities		55,884,190	35,387,978
Dividend income		3,911,975	2,112,108
Return on bank deposits and term deposit receipts		13,953,454	46,815,234
Gains / (losses) on investments classified as 'at fair value through profit or loss'			
- Capital losses on sale of investments - net		(780,528)	(969,121)
- Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.7	12,412,195	(4,832,093)
		<u>11,631,667</u>	<u>(5,801,214)</u>
		85,381,286	78,514,106
EXPENSES			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	8,234,233	9,864,796
Sindh Sales tax on Management Company's remuneration		1,317,476	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	933,216	1,220,603
Annual fee - Securities and Exchange Commission of Pakistan		404,579	493,243
Brokerage charges		74,641	252,975
Bank charges		75,943	122,617
Auditors' remuneration	11	463,892	408,305
Legal and professional charges		60,000	69,710
Annual rating fee		190,000	180,000
Annual listing fee		40,000	40,000
Settlement charges, federal excise duty and capital value tax		196,887	194,775
Printing and other expenses		261,733	86,447
Provision against debt securities		2,445,631	1,261,058
Provision for Workers Welfare Fund		1,371,128	3,918,442
		<u>16,069,359</u>	<u>18,112,971</u>
Net income from operating activities		69,311,927	60,401,135
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(2,126,643)	(5,207,902)
Net income for the year before taxation		67,185,284	55,193,233
Taxation	12	-	-
Net income for the year after taxation		67,185,284	55,193,233
Other comprehensive income for the year		-	-
Total comprehensive income for the year		67,185,284	55,193,233
Earnings per unit	13		

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Undistributed income brought forward [includes unrealised loss on re-measurement of investments classified as 'at fair value through profit or loss' amounting to Rs 13,968,886 (2011: Rs 16,608,699)]	25,712,767	29,572,287
Final distribution: - Rs 2.50 per unit on July 9, 2011 (2011: Rs 2.75 per unit on July 7, 2010)		
Cash distribution	(4,684,718)	(5,153,190)
Issue of bonus units	(9,761,113)	(14,575,335)
Interim distribution: - Rs 3.00 per unit on October 28, 2011 (2011: Nil)		
Cash distribution	(5,621,662)	-
Issue of bonus units	(11,933,160)	-
Interim distribution: - Rs 3.20 per unit on February 11, 2012 (2011: Rs 3.00 per unit on February 19, 2011)		
Cash distribution	(5,996,440)	(5,621,663)
Issue of bonus units	(8,881,694)	(12,566,945)
Interim distribution: - Rs 2.00 per unit on April 21, 2012 (2011: Rs 3.5 per unit on April 23, 2011)		
Cash distribution	(3,747,775)	(6,558,606)
Issue of bonus units	(5,456,404)	(14,577,014)
Net income for the year after taxation	67,185,284	55,193,233
Undistributed income carried forward [includes unrealised loss on re-measurement of investments classified as 'at fair value through profit or loss' amounting to Rs 3,497,242 (2011: Rs 13,968,886)]	36,815,085	25,712,767

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011
		-----	-----
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		67,185,284	55,193,233
Adjustments:			
Capital losses on sale of investments - net		780,528	969,121
Dividend income		(3,911,975)	(2,112,108)
Income from debt and government securities		(55,884,190)	(35,387,978)
Profit on bank deposits and term deposit receipts		(13,953,454)	(46,815,234)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		2,126,643	5,207,902
Provision against debt securities		2,445,631	1,261,058
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net		(12,412,195)	4,832,093
		<u>(13,623,728)</u>	<u>(16,851,913)</u>
Increase in assets			
Dividend, deposits and other receivables		(20,273,604)	-
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(8,375)	(123,148)
Payable to Central Depository Company of Pakistan Limited - Trustee		(16,331)	(32,739)
Accrued and other liabilities		974,022	3,889,351
		<u>949,316</u>	<u>3,733,464</u>
		<u>(32,948,016)</u>	<u>(13,118,449)</u>
Amounts received against sale / redemption of investments		1,230,186,434	3,006,925,456
Payments made against purchase of investment		(1,184,014,885)	(3,072,894,973)
Dividend received		2,107,108	2,987,108
Income received on debt and government securities		48,500,301	26,749,418
Profit received on bank balances and term deposit receipts		14,216,442	49,307,933
		<u>78,047,384</u>	<u>(43,507)</u>
Net cash generated from / (used in) from operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts / (payments) made against sales / redemption of units		(122,268,274)	(186,494,811)
Dividend paid		(20,050,595)	(17,333,459)
Net cash used in financing activities		<u>(142,318,869)</u>	<u>(203,828,270)</u>
Net decrease in cash and cash equivalents during the year		<u>(64,271,485)</u>	<u>(203,871,777)</u>
Cash and cash equivalents as at the beginning of the year		181,445,195	385,316,972
Cash and cash equivalents as at the end of the year	4	<u><u>117,173,710</u></u>	<u><u>181,445,195</u></u>

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS FUND

FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
----- (Rupees) -----		
Net assets at beginning of the year	603,546,154	746,973,289
Amount received on issue of units *	119,606,820	652,427
Amount paid on redemption of units **	(241,875,094)	(187,147,238)
	(122,268,274)	(186,494,811)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	2,126,643	5,207,902
Capital gains / (losses) on sale of investments - net	(780,528)	(969,121)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net	12,412,195	(4,832,093)
Other net income for the year	55,553,617	60,994,447
Total income for the year	67,185,284	55,193,233
Final distribution:		
- Rs 2.50 (2011: Rs 2.75 on July 7, 2010) per unit on July 9, 2011		
Cash distribution	(4,684,718)	(5,153,190)
Interim distribution:		
- Rs 3.00 (2011: Nil) per unit on October 28, 2011		
Cash distribution	(5,621,662)	-
Interim distribution:		
- Rs 3.20 (2011: 3.00 on February 19, 2011) per unit on February 11, 2012		
Cash distribution	(5,996,440)	(5,621,663)
Interim distribution:		
- Rs 2.00 (2011: 3.50 on April 23, 2011) per unit on April 23, 2012		
Cash distribution	(3,747,775)	(6,558,606)
Net assets at the end of the year	530,539,212	603,546,154
Net asset value per unit at the beginning of the year	104.45	104.12
Net asset value per unit at the end of the year	107.11	104.45
	----- (Number of units) -----	
* Number of units issued (including 348,162 bonus units issued during the year ended June 30, 2012 and 410,056 bonus units issued during the year ended June 30, 2011)	1,476,445	416,370
** Number of units redeemed	2,301,450	1,812,046

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Income & Growth Fund (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and was authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on June 24, 2005. It was constituted under a Trust Deed dated April 27, 2005 between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984. The Fund was launched on October 10, 2005.

The Fund is an open-ended Aggressive Fixed Income Scheme and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The units are listed on the Karachi Stock Exchange (Guarantee) Limited.

The objective of the Fund is to provide investors optimal yield through diversified portfolio consisting of both long-term fixed instruments as well as short term money market instruments.

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 (IASB) 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 Regulation, 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 the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2011:

- a) IFRS 7, 'Financial Instruments: Disclosures' (effective January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any significant impact on the Fund's financial statements, other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- b) IFRS 7, 'Financial instruments: Disclosures' (effective July 1, 2011). This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Fund's financial statements during the current year.
- c) IAS 1, 'Presentation of financial statements' (effective January 1, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact on the Fund's financial statements as currently no items are being reported in other comprehensive income.
- d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The revised standard does not have any impact on the Fund's financial statements.
- e) IAS 34, 'Interim financial reporting' (effective January 1, 2011). The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and adds disclosure requirements around:
- The circumstances likely to affect fair values of financial instruments and their classification;
 - Transfers of financial instruments between different levels of the fair value hierarchy;
 - Changes in classification of financial assets; and
 - Changes in contingent liabilities and assets.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

The following standards and amendments to standards have been published and are mandatory for accounting periods beginning on or after July 1, 2012:

- a) IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment will not have any effect on the Fund's financial statement as presently no items are reported in other comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- b) IFRS 7, 'Financial instruments: Disclosures' (effective January 1, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.
- c) IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's 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 recognised 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 area involving a higher degree of judgment or complexity, or area where estimates and assumptions are significant to the financial statements is classification and valuation of investments (notes 3.1 and 5)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for investments which are accounted for as stated in note 3.1 below.

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.1 Investments

3.1.1 Classification

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

a) Loans and receivables

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

b) Financial assets at fair value through profit or loss

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

c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

d) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.1.2 Regular way contracts

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

3.1.3 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.

3.1.4 Subsequent measurement

a) Financial assets classified as 'at fair value through profit or loss' and 'available for sale'

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 1 of 2009 dated January 6, 2009. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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

Net gains and losses arising from changes in fair value of available for sale financial assets are recorded in other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the other comprehensive income is transferred to income before taxation.

b) Financial assets classified as 'Loans and receivables' and 'Held to maturity'

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

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

3.1.5 Derivatives

Derivative financial instruments are initially recognised at fair value and subsequent to initial measurement each derivative financial instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.1.6 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

3.1.7 Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement in case of held for trading financial assets. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is reclassified from other comprehensive income to income before taxation.

For financial assets classified as 'loans and receivable' and 'held to maturity', 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 original terms. The amount of the provision is the difference between the asset's carrying value and present value of estimated future cash outflows, discounted at the original effective interest rate.

Provision for non-performing debt securities is made in accordance with the criteria for provision of non-performing debt securities specified in Circular No. 1 dated January 06, 2009 and Circular No. 13 dated May 4, 2009 issued by the SECP. The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company.

3.1.8 Derecognition

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

3.2 Financial liabilities

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is 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.

3.4 Provisions

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

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during dealing hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company. Transaction costs are recorded as the income of the Fund.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during dealing hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and other short term highly liquid investments with original maturities of three months or less and which are subject to insignificant changes in value, net of short-term finances. Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost.

3.7 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on marking to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income from government securities and debt securities, return on certificates of investment, profit on bank deposits and term deposit receipts and income from reverse repurchase agreements are recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The 'element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed' account is credited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net asset value and included in the sale proceeds of units. Upon redemption of units, the 'element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed' account is debited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the net asset value and included in the redemption price.

The net 'element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed' during an accounting period is transferred to the 'income statement'.

3.8.1 During the year the Fund has revised the methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is arrived at by comparing opening NAV as reduced by final distribution for the financial year then ended with the NAV prevailing on the date on which units were issued / redeemed and recognised in the income statement except to the extent that it is represented by unrealised appreciation / (diminution) on available for sale financial assets, which is included in other comprehensive income. Previously, the Fund used to determine element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed by comparing prevailing NAV with the face value of the units issued / redeemed.

The element of income / loss and capital gains / (losses) included in prices of units issued less those in units redeemed is an equalisation account between income for the period and undistributed income, the change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology profit for the period would have been lower by Rs 1.608 million.

3.9 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 unit holders.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.10 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

3.11 Proposed dividend and transfer between reserves

Distributions declared and transfers between reserves made subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared or transfers are made.

		June 30, 2012	June 30, 2011
4 BANK BALANCES AND TERM DEPOSIT RECEIPTS	Note	----- (Rupees) -----	
Savings accounts	4.1	69,173,710	131,445,195
Term deposit receipts	4.2	48,000,000	50,000,000
		<u>117,173,710</u>	<u>181,445,195</u>

4.1 These carry mark-up ranging from 6% to 11.75% (2011: 5% to 13.50%) per annum and include balance of Rs. 2.997 million (2011: Rs. 0.069 million) held with Faysal Bank Limited, a related party.

4.2 This carries mark-up of 12.40% (2011: 13.75%) per annum having one month maturity.

		June 30, 2012	June 30, 2011
5 INVESTMENTS			
At fair value through profit or loss	Note	----- (Rupees) -----	
Preference shares - listed	5.1	-	21,050,009
Term finance certificates - listed	5.2	-	2,449,755
Term finance certificates - unlisted	5.2	25,794,315	32,265,560
Sukuk certificates	5.2	11,325,000	-
Government securities	5.4	160,821,580	309,782,700
		<u>197,940,895</u>	365,548,024
Held-to-maturity			
Certificates of investment	5.5	100,451,374	50,018,973
Commercial papers	5.6	76,037,530	-
Sukuk certificates	5.6	11,785,938	-
		<u>188,274,842</u>	50,018,973
		<u>386,215,737</u>	<u>415,566,997</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1 Preference shares

Listed preference shares having face value of Rs.10 each.

Name of the investee company	----- Number of shares -----				Market value as at June 30, 2012	-----Investment as percentage of -----		
	As at July 01, 2011	Purchased during the year	Disposed / redeemed during the year	As at June 30, 2012		Net assets	Total Investments	Issue size
(Rupees)								
Industrial transportation								
Pakistan International Container Terminal Limited - note 5.1.1	2,107,108	-	(2,107,108)	-	-	-	-	-
	2,107,108	-	(2,107,108)	-	-	-	-	-

5.1.1 The company served notice on May 04, 2012 to exercise the option to call and redeem the preference shares on July 04, 2012 and for that purpose the book closure period was held from June 27, 2012 to July 03, 2012. The investment in preference shares was treated as redeemed from the date of the start of the book closure and has been recorded as receivable against redemption of preference shares in these financial statements.

5.2 Term finance certificates and sukuk certificates

Name of the investee company	----- Number of certificates -----				Market value as at June 30, 2012	-----Investment as percentage of -----		
	As at July 01, 2011	Purchased during the year	Disposed / redeemed during the year	As at June 30, 2012		Net assets	Total Investments	Issue size
(Rupees)								
Term finance certificates - listed								
Fixed line telecommunication								
Telecard Limited	2,020	-	-	2,020	3,706,689	-	-	-
Less: Provision for impairment - note 5.2.1					(3,706,689)	-	-	-
Term finance certificates - unlisted								
Banks								
Askari Bank Limited	-	25	-	25	25,794,315	4.86%	6.68%	2.58%
Sukuk certificates								
Construction and materials								
Kohat Cement Limited	10,000	-	-	10,000	11,325,000	2.14%	2.93%	1.50%
	12,020	25	-	12,045	37,119,315	7.00%	9.61%	4.08%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2.1 Due to the financial difficulties, Telecard Limited was unable to make the payment of principal amounting to Rs 0.445 million due on May 27, 2011 and negotiated the restructuring with the certificate holders on November 24, 2011. As per the revised repayment schedule, the maturity of the instrument has been extended from November 2013 to May 2015. Mark-up for the period from May 27, 2011 to November 27, 2011 was deferred and will be paid in installments from May 27, 2012 to May 27, 2015. On May 27, 2012, The issuer has made partial payment of mark-up for the current period. However full amount of deferred mark-up installment and principal amount due on the said date has been paid. The Fund has recognised full provision against the principal outstanding as at June 30, 2012. Mark-up on the instrument is also suspended since May 2011.

The above provision and suspension of related mark-up are in accordance with the provisioning policy of the Fund duly approved by the Board of Directors of the Management Company and related circulars of Securities and Exchange Commission of Pakistan (SECP).

5.3 Significant terms and conditions of term finance certificates and sukuk certificates outstanding as at year end are as follows:

Name of security	Number of certificates	Face value (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
Term finance certificates - listed						
Telecard Limited	2,020	5,000	5.04% + 6 months KIBOR	May, 2015	Secured	D
Term finance certificates - unlisted						
Askari Bank Limited	25	1,000,000	1.75% + 6 months KIBOR	December, 2021	Unsecured	AA-
Sukuk certificates						
Kohat Cement Limited	10,000	5,000	1.5% + 3 months KIBOR	September, 2016	Secured	Non-rated

5.4 Government securities

Particulars	Rate	Face value -----				Balance as at June 30, 2012 -----			Investment as percentage of	
		As at July 01, 2011	Purchased during the year	Disposed / matured during the year	As at June 30, 2012	Carrying Value	Market value	Appreciation / (diminution)	Net assets	Total investments
----- (Rupees) -----										
Treasury Bills										
3 Months	11.87	-	150,000,000	110,000,000	40,000,000	39,860,667	39,855,695	(4,972)	7.52%	10.32%
1 Year	12.81	150,000,000	262,000,000	387,000,000	25,000,000	24,260,749	24,247,525	(13,224)	4.57%	6.28%
		150,000,000	412,000,000	497,000,000	65,000,000	64,121,416	64,103,220	(18,196)	12.09%	16.60%
Pakistan Investment Bonds										
3 years		-	75,000,000	75,000,000	-	-	-	-	-	-
5 years		-	25,000,000	25,000,000	-	-	-	-	-	-
10 years	13.22	-	175,000,000	125,000,000	50,000,000	46,800,155	46,693,360	(106,795)	8.80%	12.09%
		-	275,000,000	225,000,000	50,000,000	46,800,155	46,693,360	(106,795)	8.80%	12.09%
Government of Pakistan Ijara Sukuk Certificates										
3 years	11.87	175,000,000	-	125,000,000	50,000,000	50,000,000	50,025,000	25,000	9.43%	12.95%
		175,000,000	-	125,000,000	50,000,000	50,000,000	50,025,000	25,000	9.43%	12.95%
		325,000,000	687,000,000	847,000,000	165,000,000	160,921,571	160,821,580	(99,991)	30.32%	41.64%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.5 Certificates of investment

Name of the investee company	Rate	Maturity date	Face value				Carrying value as at June 30, 2012	Investment as percentage of	
			As at July 01, 2011	Purchased during the year	Matured during the year	As at June 30, 2012		Net assets	Total investments
(Rupees)									
Pak Brunei Investment Company Limited	12.5	7-Sep-12	50,000,000	50,000,000	50,000,000	50,000,000	50,410,963	9.50%	13.05%
PAIR Investment Company Limited	12.5	30-Jul-12	-	49,000,000	-	49,000,000	50,040,411	9.43%	12.96%
			50,000,000	99,000,000	50,000,000	99,000,000	100,451,374	18.93%	26.01%

5.6 Commercial papers

Name of the investee company	Rate	Maturity date	Face value					Carrying value as at June 30, 2012	Investment as percentage of		
			As at July 01, 2011	Purchased during the year	Disposed during the year	Matured during the year	As at June 30, 2012		Net assets	Total investments	Issue size
(Rupees)											
Hub Power Company Limited	13.09	3-Aug-12	-	105,000,000	-	55,000,000	50,000,000	52,671,795	9.93%	13.64%	2.63%
Kot Addu Power Company Limited	13.10	-	-	25,000,000	-	25,000,000	-	-	-	-	
Tameer Micro Finance Bank Limited	14.29	27-Dec-12	-	23,320,085	-	-	23,320,085	23,365,735	4.40%	6.05%	4.17%
			-	153,320,085	-	80,000,000	73,320,085	76,037,530	14.33%	19.69%	6.80%

5.7 Sukuk certificates

Name of the investee company	Number of certificates				Carrying value as at June 30, 2012	Investment as percentage of		
	As at July 01, 2011	Purchased during the year	Disposed off during the year	As at June 30, 2012		Net assets	Total investments	Issue size
(Rupees)								
Engro Fertilizer Company Limited	-	2,272	-	2,272	11,785,938	2.22%	3.05%	0.59%
	-	2,272	-	2,272	11,785,938	2.22%	3.05%	0.59%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Note	June 30, 2012	June 30, 2011
		----- (Rupees) -----	
5.7 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit and loss'			
Market value of investments		197,940,895	366,363,672
Less: Carrying value of investments		<u>(201,438,137)</u>	<u>(380,332,558)</u>
		(3,497,242)	(13,968,886)
Unrealised diminution on re-measurement of investments at the beginning of year - Net		13,968,886	16,608,699
Realised on disposal during the year		1,940,551	(7,471,906)
		15,909,437	9,136,793
		12,412,195	(4,832,093)
6 DIVIDEND, DEPOSITS AND OTHER RECEIVABLES			
Profit on debt and government securities		9,064,853	9,315,217
Security deposits			
- National Clearing Company of Pakistan Limited		2,500,000	2,500,000
- Central Depository Company of Pakistan Limited		100,000	100,000
		2,600,000	2,600,000
Return receivable on bank balances and term deposit receipts		729,347	992,335
Receivable against sale of units		127,534	-
Receivable against redemption of preference shares		20,146,070	-
Dividend income		1,804,867	-
		34,472,671	12,907,552
7 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED MANAGEMENT COMPANY			
Management fee	7.1	645,579	789,665
Sales load		139,689	3,978
		785,268	793,643

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is entitled to receive remuneration for services rendered to the Fund during the first five years of a Fund's existence, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets. During the current year, the Management Company has charged its remuneration at the rate of 1.5% (June 30, 2011: 1.5%) of the average annual net assets of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Note	June 30, 2012	June 30, 2011
		----- (Rupees) -----	
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Trustee fee	8.1	<u>73,169</u>	<u>89,500</u>

8.1 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 daily net assets value of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund as at June 30, 2012 is as follows:

Net Assets	Tariff per annum
Upto Rs 1 billion	Rs 0.6 million or 0.17 percent per annum of NAV whichever is higher.
Rs 1 billion to Rs 5 billion	Rs 1.7 million plus 0.085 percent per annum of NAV exceeding Rs 1 billion.
Over Rs 5 billion	Rs 5.1 million plus 0.07 percent per annum of NAV exceeding Rs 5 billion.

9 ACCRUED AND OTHER LIABILITIES

Fee payable to Securities and Exchange Commission of Pakistan	9.1	411,758	500,422
Provision for Workers' Welfare Fund	9.2	5,289,570	3,918,442
Sindh Sales tax payable on remuneration of Management Company	9.3	103,291	-
Auditor's remuneration		355,000	380,000
Other liabilities		304,850	691,583
		<u>6,464,469</u>	<u>5,490,447</u>

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay, as an annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the scheme.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on July 8, 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, without prejudice to the above, the Management Company has decided to retain and continue with the provision for WWF amounting to Rs. 5.29 million (including Rs. 1.371 million for the current year) in these financial statements. Had the above provision not been made the net asset value per unit of the Fund would have been higher by Rs 1.07 per unit.

9.3 During the year, the Provincial Government of Sindh has levied Sindh Sales Tax (SST) at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

10 CONTINGENCIES AND COMMITMENTS

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

	Note	June 30, 2012	June 30, 2011
11 AUDITORS' REMUNERATION		-----	(Rupees) -----
Annual audit fee		275,000	250,000
Half yearly review fee		100,000	70,000
Code of Corporate Governance review fee		50,000	30,000
Other certifications		30,000	30,000
Out of pocket expenses		8,892	28,305
		<u>463,892</u>	<u>408,305</u>

12 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 unit holders. The Fund has not recorded provision for taxation as the Management Company has distributed at least 90 percent of the Fund's accounting income for the current year as reduced by capital gains, whether realised or unrealised, to its unit holders.

13 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the year has not been disclosed as in the opinion of the Management Company determination of the same is not practicable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2012, all the financial assets carried on the Statement of Assets and Liabilities are categorised either as financial assets 'at fair value through profit or loss', 'loans and receivables' or 'held-to-maturity'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

	----- June 30, 2012 -----			
	Loans and receivables	At fair value through profit or loss	Held to maturity	Total
	----- (Rupees in '000) -----			
Financial assets				
Bank balances and term deposit receipts	117,173,710	-	-	117,173,710
Investments	-	197,940,895	188,274,842	386,215,737
Dividend, deposits and other receivables	34,472,671	-	-	34,472,671
	<u>151,646,381</u>	<u>197,940,895</u>	<u>188,274,842</u>	<u>537,862,118</u>

	----- June 30, 2012 -----			
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total	
	----- (Rupees in '000) -----			
Financial liabilities				
Payable to Faysal Asset Management Limited - Management Company	-	785,268		785,268
Payable to Central Depository Company of Pakistan Limited - Trustee	-	73,169		73,169
Accrued and other liabilities	-	763,141		763,141
	<u>-</u>	<u>1,621,578</u>		<u>1,621,578</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	----- June 30, 2011 -----			
	Loans and receivables	At fair value through profit or loss	Held to maturity	Total
	----- (Rupees in '000) -----			
Financial assets				
Bank balances and term deposit receipts	181,445,195	-	-	181,445,195
Investments	-	365,548,024	50,018,973	415,566,997
Dividend, deposits and other receivables	12,907,552	-	-	12,907,552
	<u>194,352,747</u>	<u>365,548,024</u>	<u>50,018,973</u>	<u>609,919,744</u>

	----- June 30, 2012 -----			
		Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	----- (Rupees in '000) -----			
Financial liabilities				
Payable to Faysal Asset Management Limited - Management Company		-	793,643	793,643
Payable to Central Depository Company of Pakistan Limited - Trustee		-	89,500	89,500
Accrued and other liabilities		-	1,071,583	1,071,583
		<u>-</u>	<u>1,954,726</u>	<u>1,954,726</u>

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons / related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities having common management and / or directorship and the directors and officers of the Management Company and the Trustee.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

15.3 The details of significant transactions carried out by the Fund with connected persons and balances with them at year end are as follows:

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Transactions during the year		
Faysal Asset Management Limited		
Remuneration for the year	8,234,233	9,864,796
Sales load	346,670	14,474
Sindh Sales tax on remuneration of Management Company	1,317,476	-
Faysal Bank Limited		
Cash dividend	20,050,595	17,333,459
Purchase of Government securities	459,461,513	1,644,022,774
Sale of Government securities	-	194,591,600
Profit on saving accounts	249,234	33,690
Bank charges	3,750	3,600
Faysal Bank Limited - Staff Provident Fund		
Issue of 32,697 bonus units (2011: 51,638 units)	3,361,422	5,256,284
Redemption of 635,798 units (2011: NIL units)	66,014,921	-
Faysal Bank Limited - Staff Gratuity Fund		
Issue of 17,056 bonus units (2011: 26,942 units)	1,753,453	2,741,891
Redemption of 331,658 units (2011: NIL units)	34,436,062	-
Central Depository Company of Pakistan Limited		
Remuneration for the year	933,216	1,220,603
Settlement charges	6,111	11,352
Unit holder holding 10% or more units		
National Refinery Limited - Executive Staff Post Retirement Medical Fund		
Redemption of 944,032 units (2011: NIL units)	100,000,000	-
Issue of 139,280 bonus units (2011: 139,534 units)	14,402,643	14,200,424
Outstanding balances as at year end		
Faysal Asset Management Limited		
Remuneration payable	645,579	789,665
Sales load payable	139,689	3,978
Sindh Sales tax payable	103,291	-
Faysal Bank Limited		
Units in issue 1,873,887 units (2011: 1,873,887 units)	200,712,037	195,727,497
Balance in PLS saving account	2,996,878	69,611

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Faysal Bank Limited - Staff Provident Fund		
Units in issue NIL units (2011: 603,101 units)	-	62,993,888
Faysal Bank Limited - Staff Gratuity Fund		
Units in issue NIL units (2011: 314,602 units)	-	32,860,168
Faysal Money Market Fund		
Receivable against conversion of units	127,534	-
Central Depository Company of Pakistan Limited		
Remuneration payable	73,169	89,500
Deposit	100,000	100,000
Unit holder holding 10% or more units		
National Refinery Limited - Executive Staff Post Retirement Medical Fund		
Units in issue 824,591 units (2011 : 1,629,343 units)	88,321,942	170,184,876

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

16.1 Market risk

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

The Management Company manages market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee 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 other price risk.

(i) 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 currency exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds GoP Ijara sukuk, sukuk certificates and KIBOR based term finance certificates, exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2012, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.046 million.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds treasury bills and Pakistan investment bonds which are classified as 'at fair value through profit or loss', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association of Pakistan on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be lower by Rs 2.46 (2011: Rs 1.63) million. In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2012, with all other variables held constant, the net income for the year and net assets would be higher by Rs 2.65 (2011: 1.63) million.

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2012 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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

----- June 30, 2012 -----					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and up to one year	More than one year		
	Percentage	(Rupees)			
On-balance sheet financial instruments					
Financial assets					
Bank balances and term deposit receipts	6 - 12.4	117,173,710	-	-	117,173,710
Investments	11.87 - 14.29	51,180,695	100,066,840	46,693,360	188,274,842
Dividends, deposits and other receivables		-	-	-	34,472,671
		168,354,405	100,066,840	46,693,360	222,747,513
					537,862,118
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	-	785,268
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	73,169
Accrued and other liabilities		-	-	-	763,141
		-	-	-	1,621,578
On-balance sheet gap		168,354,405	100,066,840	46,693,360	221,125,935
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		168,354,405	100,066,840	46,693,360	221,125,935
Cumulative interest rate sensitivity gap		168,354,405	268,421,245	315,114,605	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

----- June 30, 2011 -----

	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
On-balance sheet financial instruments		Percentage ----- (Rupees) -----				
Financial assets						
Bank balances and term deposit receipts	5 - 13.5	181,445,195	-	-	-	181,445,195
Investments	13.39 - 13.85	32,265,560	312,232,455	-	71,068,982	415,566,997
Dividends, deposits and other receivables		-	-	-	12,907,552	12,907,552
		213,710,755	312,232,455	-	83,976,534	609,919,744
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company		-	-	-	793,643	793,643
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	89,500	89,500
Accrued and other liabilities		-	-	-	691,583	691,583
		-	-	-	1,574,726	1,574,726
On-balance sheet gap		213,710,755	312,232,455	-	82,401,808	608,345,018
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		213,710,755	312,232,455	-	82,401,808	608,345,018
Cumulative interest rate sensitivity gap		213,710,755	525,943,210	525,943,210		

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund, at present does not hold any security which exposes the Fund to price risk.

16.2 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 to the Fund.

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current period.

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

----- June 30, 2012 -----			
Upto three months	More than three months and up to one year	More than one year	Total
----- (Rupees) -----			
Payable to Faysal Asset Management Limited - Management Company	-	-	785,268
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	73,169
Accrued and other liabilities	-	-	763,141
1,621,578	-	-	1,621,578

----- June 30, 2012 -----			
Upto three months	More than three months and up to one year	More than one year	Total
----- (Rupees) -----			
Payable to Faysal Asset Management Limited - Management Company	-	-	793,643
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	89,500
Accrued and other liabilities	-	-	1,071,583
1,954,726	-	-	1,954,726

16.3 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in Treasury Bills, Term Deposit Receipts and balances with banks. The Fund does not foresee any credit risk with respect to Market Treasury Bills since these represent the interests of the Government of Pakistan. The credit risk on liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The table below analyses the Fund's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at the reporting date:

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Bank balances and term deposit receipts	117,173,710	181,445,195
Preference shares - listed	-	21,050,009
Term finance certificates - listed	-	2,449,755
Term finance certificates - unlisted	25,794,315	32,265,560
Sukuk certificates	11,325,000	-
Certificates of investment	100,451,374	50,018,973
Commercial papers	76,037,530	-
Sukuk certificate	11,785,938	-
Dividend, deposits and other receivables	32,108,927	10,307,552
	<u>374,676,794</u>	<u>297,537,044</u>

The analysis below summarizes the credit rating quality of the Fund's financial assets as at June 30, 2012:

	June 30, 2012	June 30, 2011
	----- % -----	
Rating category		
AA+, AA, AA-	79.81	86.87
A+, A, A-	15.36	-
Unrated	4.83	13.13
	<u>100</u>	<u>100</u>

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.

The table below analyses the Fund's concentration of credit risk by industrial distribution:

	June 30, 2012	June 30, 2011
	<u>% of assets exposed to credit risk</u>	
Commercial banks	38.65	18.91
Financial services	33.29	67.96
Electricity	14.16	0.93
Chemicals	3.17	-
Construction and Materials	4.87	-
Industrial transportation	5.86	12.20
	<u>100</u>	<u>100</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Collateral

The Fund does not hold any collateral from the counter parties against its investment in Treasury Bills, Term Deposit Receipts and balances with banks and these are unsecured. The Fund enters into reverse repo transactions for which the counter party provides its securities as collateral to the Fund. These securities do not form part of the Fund's investment portfolio. As at June 30, 2012 no securities have been pledged with the Fund as no reverse repo transactions are outstanding.

Investment of the Fund in debt securities is collateralised by creation of first charge in favour of the trustee of the issue over the fixed assets (including / excluding land and building as specified) by the issuer.

17 UNIT HOLDER'S FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. These are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund has no restrictions or specific capital requirements on the subscription and redemption of units.

The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to seek maximum preservation of unit holders' fund and an optimum rate of return by investing investment avenues having good credit rating and liquidity and to maintain a strong capital base to support the development of the investment activities of the Fund.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: 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) and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

	----- As at June 30, 2012 -----		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Investment in securities - financial assets 'at fair value through profit or loss'		-	
Term finance certificates - unlisted	-	25,794,315	-
Sukuk certificate	-	11,325,000	-
Government securities	-	160,821,580	-
	<u>-</u>	<u>197,940,895</u>	<u>-</u>
	----- As at June 30, 2011 -----		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Investment in securities - financial assets 'at fair value through profit or loss'			
Listed preference shares	21,050,009	-	-
Term finance certificates - listed	-	2,449,755	-
Term finance certificates - unlisted	-	32,265,560	-
Government securities	-	309,782,700	-
	<u>21,050,009</u>	<u>344,498,015</u>	<u>-</u>

19 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on July 05, 2012 approved a distribution of Rs 3.30 per unit (2011: Rs 2.50 per unit). The financial statements of the Fund for the year ended June 30, 2012 do not include the effect of the final distribution for the year ended June 30, 2012 which will be accounted for in the financial statements of the Fund for the year ending June 30, 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

20 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding top ten brokers or dealers by percentage of commission paid by the Fund, details of members of the investment committee with their qualification and experience, name and qualification of the fund manager and details of other collective investment scheme (CIS) managed by the same manager, the date, names of persons attending each meeting of the board of directors, latest rating of the CIS and Management Company and pattern of unit holding have been disclosed in the Annexure to the financial statements.

21 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

21 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise specified.

22 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 16, 2012 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(i) PATTERN OF UNIT HOLDING

Category	Number of unit holders	Number of units held	Net asset value of the amount invested Rupees	Percentage of total investment
1 Individuals	157	1,028,315	110,142,820	20.76%
2 Associated companies and directors	1	1,873,887	200,712,037	37.83%
3 Retirement funds	11	1,614,356	172,913,671	32.59%
4 Public limited companies	1	36,096	3,866,243	0.73%
5 Others	7	400,673	42,904,441	8.09%
	177	4,953,327	530,539,212	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

List of brokers by percentage of commission paid during the year ended June 30, 2012

S. No.	Particulars	Percentage
1	Alfalah Securities (Pvt) Limited	23.40
2	Invest Capital Securities (Pvt) Limited	20.91
3	BMA Capital Management Limited	17.92
4	Invest One Market Limited	8.69
5	Icon Securities (Pvt) Limited	8.45
6	Jahangir Siddiqui Capital Markets Limited	6.70
7	Burj Capital Pakistan (Pvt) Limited	6.20
8	Global Securities Pakistan Limited	4.38
9	KASB Securities Limited	3.35

(iii) MEMBERS OF THE INVESTMENT COMMITTEE

The following are the members of the Investment Committee of the Fund:

Name	Qualification	Experience
Mr. Enam Ullah Khan	B. Eco , FSA, Accreditations	Over 20 years
Mr. Mansoor Khalil	MBA	19 years
Mr. Najam UI Hassan	MBA, ACMA, CFA I	Over 17 years
Mr. Vasseh Ahmed	Master in Science	Over 4 years
Mr. Ayub Khuhro	BSC Economics, CFA I	over 4 years
Mr. Syed Shahid Iqbal	B. COM	Over 22 years experience
Mr. Imran Altaf	MBA, CFA II	over 4 years of experience

DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(iv) PARTICULARS OF FUND MANAGERS

Name	Qualification	Experience	Other Collective Schemes
Imran Altaf	MBA	Over 4 years	Faysal Islamic Savings Growth Fund

(v) MEETINGS OF THE BOARD OF DIRECTORS

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

Name of Directors	Meetings Attended	Meetings held on						
		July 09, 2011	Sept 24, 2011	Oct 28, 2011	Jan 17, 2012	Feb 11, 2012	April 21, 2012	June 19, 2012
Mr. Mohammad Abdul Aleem, Chairman	7	1	1	1	1	1	1	1
Mr. Feroz Rizvi, Director	6	0	1	1	1	1	1	1
Syed Majid Ali, Director	7	1	1	1	1	1	1	1
Mr. Zafar Ahmed Siddiqui, Director	5	1	1	0	1	1	1	0
Mr Syed Ibadur Rahman Chishti, Director	6	1	1	0	1	1	1	1
Mr. Aliuddin Ansari, Director	2	0	1	1	0	0	0	0
Mr. Salman Haider Sheikh *	3	1	1	1	0	0	0	0
Mr. Enamullah Khan **	4	0	0	0	1	1	1	1

*Resigned with effect from January 4, 2012.

**Appointed as new CEO by the Board of directors with effect from January 4, 2012.

DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(vi) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Meetings Attended	Meetings held on							
		July 09, 2011	Sept 23, 2011	Oct 21, 2011	Jan 17, 2012	Feb 10, 2012	April 3, 2012	April 21, 2012	May 16, 2012
Mr. Feroz Rizvi, Director	7	0	1	1	1	1	1	1	1
Syed Majid Ali, Director	8	1	1	1	1	1	1	1	1
Mr. Zafar Ahmed Siddiqui, Director	7	1	1	1	1	1	0	1	1

(vii) MEETINGS OF THE BOARD HR COMMITTEE

Following is the analysis of the attendance in the meetings of the Board HR Committee of the Management Company during the year:

Name of Directors	Meetings Attended	Meetings held on	
		July 8, 2011	Feb 11, 2012
Mr. Zafar Ahmed Siddiqui, Chairman	2	1	1
Syed Majid Ali, Member	2	1	1
Mr. Enamullah Khan	1	0	1
Mr. Salman Haider Sheikh	1	1	0

(viii) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a " A(f) " fund rating to Faysal Income & Growth Fund.

JCR - VIS has awarded an " AM3+ " asset manager rating to the Management Company.

**DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE
ACCOUNTS SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH
SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND
NOTIFIED ENTITIES REGULATIONS, 2008**

	June 30, 2012	June 30, 2011	June 30, 2010
	-----	(Rupees)	-----
(ix) PERFORMANCE TABLE			
Net assets	<u>530,539,212</u>	<u>603,546,154</u>	<u>746,973,289</u>
Net asset value per unit	<u>107.11</u>	<u>104.45</u>	<u>104.12</u>
Offer price	<u>108.19</u>	<u>105.50</u>	<u>105.17</u>
Repurchase price per unit	<u>107.11</u>	<u>104.45</u>	<u>104.12</u>
Highest offer price per unit	<u>108.49</u>	<u>107.43</u>	<u>107.91</u>
Highest repurchase price per unit	<u>107.41</u>	<u>106.36</u>	<u>106.84</u>
Lowest offer price	<u>103.42</u>	<u>101.91</u>	<u>102.77</u>
Lowest repurchase price per unit	<u>102.39</u>	<u>100.90</u>	<u>101.75</u>
Total return:			
- capital growth	2.01%	0.71%	0.29%
- income distribution	11.50%	9.00%	10.75%
Average annual return: (Launch date: May 12, 2007)			
- one year	13.51%	9.71%	11.04%
- two years	11.61%	10.38%	9.97%
- three years	11.42%	10.24%	9.96%
Distribution per unit:			
- Interim distribution per unit	8.20%	6.50%	8.00%
- Final distribution per unit	<u>3.30%</u>	<u>2.50%</u>	<u>2.75%</u>
	<u>11.50%</u>	<u>9.00%</u>	<u>10.75%</u>

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.