

Faysal Balanced Growth Fund

The Faysal Balanced Growth Fund (FBGF) is an open-ended mutual fund. The units of FBGF are listed on the Karachi Stock Exchange and were initially offered to the public on April 19, 2004. FBGF seeks to provide long-term capital appreciation with a conservative risk profile and a medium to long-term investment horizon. FBGF's investment philosophy is to provide stable returns by investing in a portfolio balanced between equities and fixed income instruments.

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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 Majid 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

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) Limited
Summit Capital Markets (Pvt) Limited
Alfalah Securities (Pvt) Limited
AKD Securities (Pvt) Limited
Faysal Asset Management Limited
Faysal 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) Limited

MISSION STATEMENT

Faysal Balanced Growth Fund endeavours to provide investors with an opportunity to earn income and long-term capital appreciation by investing in a large pool of fund representing equity/ non equity investment in a broad range of sectors and financial instruments.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Directors of the Faysal Asset Management Limited, the Management Company of Faysal Balanced Growth Fund (FBGF), are pleased to present the 9th Annual Report on the operations of FBGF 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 1.336 million were issued and units with a value of Rupees 122.206 million were redeemed.

UNIT HOLDERS

As of June 30, 2012, 3,513,135 units with a value of Rs. 210 million were outstanding (June 30, 2011: 4,983,777 units with a value of Rs. 360 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	67.95	66.45
Lowest	59.60	58.28
As of June 30, 2012	61.13	59.78

EQUITY MARKETS 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.

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.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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.

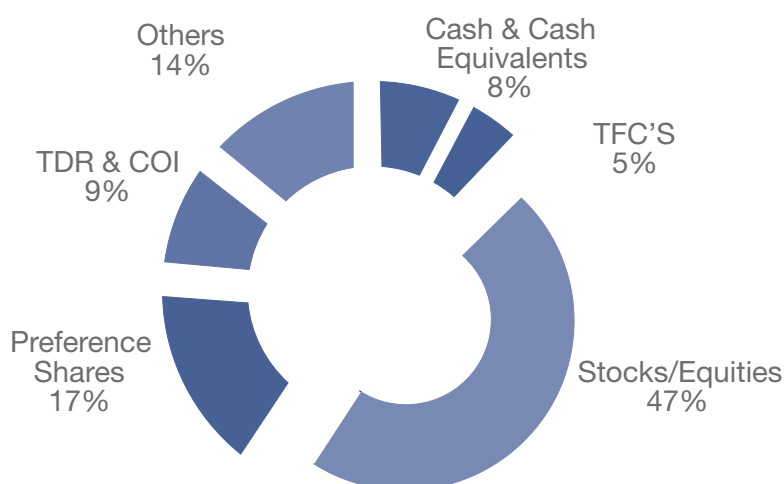
PERFORMANCE REVIEW

After a laggard 1HFY12, the fund witnessed a sharp pull-back as performance improved on the back of healthy activity within the capital market. The 21.6% return put up by the benchmark equity index bolstered returns of FBGF to divert fund performance into the green. That said, the management decided to provide completely for non-performing assets during June to eliminate any future possibility of provisioning. Resultantly, the fund ended the year with a return of -4.67%. By providing for such assets, the management has essentially cleared the fund of all potential threats from toxic assets over FY13. This shall ensure a sound and stable return trajectory over the upcoming year, where investors can expect healthy competitive performance.

Going forward, the fund aims to strike an optimal mix of fixed-income and equity securities to capitalize on equity-induced opportunities and protect against excess interest rate risk.

ASSET ALLOCATION

Asset Allocation Jun-12 FBGF



INCOME DISTRIBUTION

The Board of directors has not approved any final distribution considering the loss for the year ended June 30, 2012.

MUTUAL FUND RATING

JCR-VIS has assigned fund performance ranking of "MFR 1- Star", to FBGF.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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.

The 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 of FBGF is given as part of this Annual Report.

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retired and have completed their term of 5 consecutive years in accordance with Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations 2008. Therefore the Board on the recommendation of the Audit Committee has approved the appointment of M/s M. Yousuf Adil Saleem & Co., Chartered Accountants being eligible for appointment as auditors of FBGF 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.

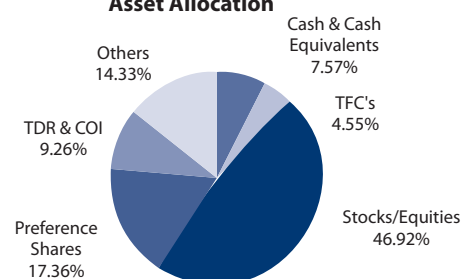
Over the quarter ending June 2012, the equity market displayed mixed trends as certain political and geopolitical factors played their part in creating an oscillating momentum that saw the market form a peak and trough of +6.2% and -2.9%, respectively, and close the period with an insignificant +0.3%. 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.

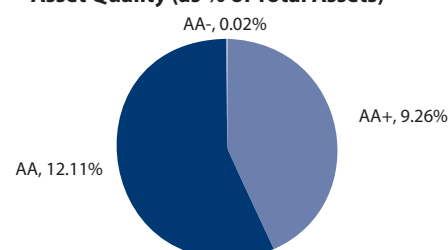
FUND INFORMATION

Fund Type	Open Ended
Category	Balanced Scheme
Risk Profile	Moderate
Net Assets (PKR mn)	210.02
NAV 30-Jun-2012	59.78
Pricing Mechanism	Forward
Trustee	CDC
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Management Fee	2.0%
Front End Load	2.25%
Back End Load	None
Launch Date	19-Apr-04
Benchmark	KSE100 Index / 6M KIBOR
Asset Manager Rating	AM3 + (JCRVIS)
* weighted average of 6M KIBOR & percentage invested in equities	

Asset Allocation



Asset Quality (as % of Total Assets)



FUND INFORMATION

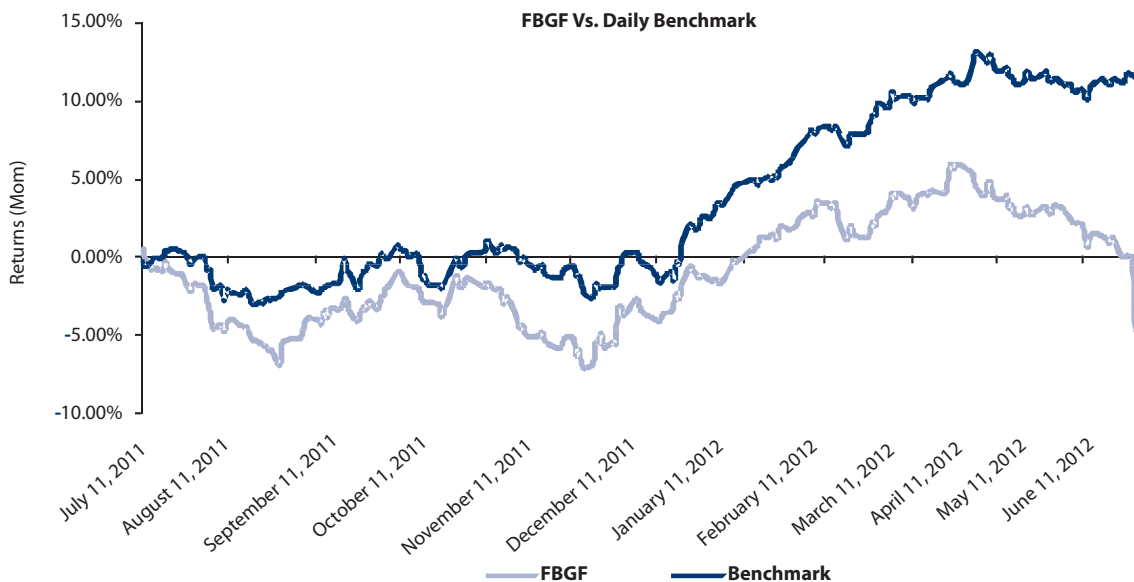
	FY12	FY11
Annual Return	-4.69	9.98
Since Inception	63.42	71.51
Benchmark	11.59	20.84

FUND MANAGER'S REPORT

FBGF Performance

After a laggard 1HFY12, the fund witnessed a sharp pull-back as performance improved on the back of healthy activity within the capital market. The 21.6% return put up by the benchmark equity index bolstered returns of FBGF to divert fund performance into the green. That said, the management decided to provide completely for non-performing assets during June to eliminate any future possibility of provisioning. Resultantly, the fund ended the year with a return of -4.67%. By providing for such assets, the management has essentially cleared the fund of all potential threats from toxic assets over FY13. This shall ensure a sound and stable return trajectory over the upcoming year, where investors can expect healthy competitive performance.

Going forward, the fund aims to strike an optimal mix of fixed-income and equity securities to capitalize on equity-induced opportunities and protect against excess interest rate risk.



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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 BALANCED 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 Balanced 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 (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Faysal Asset Management Limited (the management Company) of **Faysal Balance Growth Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited where the Fund is listed.

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

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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires the Management 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 does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended June 30, 2012.

Chartered Accountants

Dated: 16 August 2012

Karachi

STATEMENT OF COMPLIANCE BY FAYSAL BALANCED 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 Balanced 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 BALANCED 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 Balance Growth Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2012, the related statements of income, distribution statement, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management 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 the requirements of 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 accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants

Audit Engagement Partner: **Shabbir Yunus**

Dated: 16 August 2012

Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2012

		June 30, 2012	June 30, 2011
	Note	----- (Rupees) -----	
Assets			
Bank balances	7	16,351,685	102,285,282
Dividend, deposits and other receivables	8	26,648,953	6,353,385
Investments	9	169,704,476	254,550,476
Receivable from the Management Company	10	3,230,314	3,230,314
Total assets		<u>215,935,428</u>	<u>366,419,457</u>
Liabilities			
Payable to the Management Company	11	425,827	617,991
Remuneration payable to the Trustee	12	57,377	60,891
Accrued and other liabilities	13	5,427,589	5,550,138
Total liabilities		<u>5,910,793</u>	<u>6,229,020</u>
Net assets		<u>210,024,635</u>	<u>360,190,437</u>
Unit holders' fund (as per the statement attached)		<u>210,024,635</u>	<u>360,190,437</u>
		----- (Number of units) -----	
Number of units in issue		<u>3,513,135</u>	<u>4,983,777</u>
		----- (Rupees) -----	
Net asset value per unit		<u>59.78</u>	<u>72.27</u>
Contingencies and commitments	14		

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

INCOME STATEMENT

AS AT JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011
Income		----- (Rupees) -----	
Profit earned on debt and government securities		3,306,348	8,646,381
Dividend income		9,741,001	14,169,066
Return on bank balances		5,786,392	12,772,549
Net (loss) / gain on investments 'at fair value through profit or loss'			
- Net capital gain on sale of investments		7,899,716	49,102,246
- Net unrealised loss on revaluation of investments	9.7	(4,808,036)	(844,783)
- Provision against non-performing assets	9.4	(24,225,927)	(12,502,653)
		(21,134,247)	35,754,810
Total income		(2,300,506)	71,342,806
Expenses			
Remuneration of the Management Company		5,270,106	9,130,199
Sales tax on management fee	15	843,510	-
Remuneration of the Trustee		698,533	913,023
Brokerage charges		1,289,772	2,262,927
Bank charges		28,176	22,853
Auditors' remuneration	16	538,932	487,256
SECP annual fee		222,371	388,049
Legal and professional charges		60,000	67,188
Fees and subscription		175,000	165,000
Settlement charges, federal excise duty and capital value tax		468,280	672,814
Printing charges and other expenses		261,691	100,976
Provision for Workers' Welfare Fund		-	1,077,119
Total expenses		9,856,371	15,287,404
Net (loss) / income from operating activities		(12,156,877)	56,055,402
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed		1,825,101	(3,276,570)
Net (loss) / income for the year before taxation		(10,331,776)	52,778,832
Taxation	17	-	-
Net (loss) / income for the year after taxation		(10,331,776)	52,778,832
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(10,331,776)	52,778,832

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 loss brought forward [includes unrealised loss on investments of Rs.54,380,933 (2011: unrealised loss of Rs.75,002,571)]	(138,187,249)	(40,602,595)
Final bonus distribution for the year ended June 30, 2011 @ 9.55 per unit (2010: Rs.27 per unit declared for distribution on July 07, 2010) declared for distribution on July 09, 2011	(30,456,252)	(99,208,199)
Final cash dividend for the year ended June 30, 2011 @ 9.55 per unit (2010: Rs.27 per unit declared for distribution on July 07, 2010) declared for distribution on July 09, 2011	(17,138,814)	(51,155,287)
Net (loss) / income for the year after taxation	(10,331,776)	52,778,832
Undistributed loss carried forward [includes unrealised loss on investments of Rs.6,922,966 (2011: unrealised loss of Rs.54,380,933)]	<u>(196,114,091)</u>	<u>(138,187,249)</u>

The annexed notes from 1 to 24 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 (loss) / income for the year before taxation		(10,331,776)	52,778,832
Adjustments for non-cash and other items:			
Net capital gain on sale of investments 'at fair value through profit or loss'		(7,899,716)	(49,102,246)
Net unrealised loss on revaluation of investments 'at fair value through profit or loss'		4,808,036	844,783
Provision against non-performing assets		24,225,927	12,502,653
Profit earned on debt and government securities		(3,306,348)	(8,646,381)
Dividend income		(9,741,001)	(14,169,066)
Return on bank balances		(5,786,392)	(12,772,549)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed		(1,825,101)	3,276,570
		<u>(9,856,371)</u>	<u>(15,287,404)</u>
(Increase) / decrease in assets			
Dividend, deposits and other receivables		(19,907,500)	80
Decrease in liabilities			
Payable to the Management Company		(192,164)	(237,735)
Remuneration payable to the Trustee		(3,514)	(24,682)
Accrued and other liabilities		(122,549)	(2,532,673)
		<u>(318,227)</u>	<u>(2,795,090)</u>
		(30,082,098)	(18,082,414)
Proceed from sale / redemption of investments		795,820,956	1,529,830,297
Payment against purchase of investments		(731,040,426)	(1,409,596,362)
Profit received on debt and government securities		2,891,098	9,295,880
Dividend received		8,087,507	17,491,567
Return received on bank balances		6,398,291	13,496,629
Net cash generated from operating activities		<u>52,075,328</u>	<u>142,435,597</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issue of units		1,336,022	75,578,273
Payments made against redemption of units		(122,206,133)	(236,587,151)
Dividend paid		(17,138,814)	(51,155,287)
Net cash used in financing activities		<u>(138,008,925)</u>	<u>(212,164,165)</u>
Net decrease in cash and cash equivalents during the year		(85,933,597)	(69,728,568)
Cash and cash equivalents at the beginning of the year		102,285,282	172,013,850
Cash and cash equivalents at the end of the year	7	<u>16,351,685</u>	<u>102,285,282</u>

The annexed notes from 1 to 24 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 asset value per unit at the beginning of the year	<u>72.27</u>	<u>92.71</u>
Net asset value per unit at the end of the year	<u>59.78</u>	<u>72.27</u>
Net assets at the beginning of the year	360,190,437	516,299,200
Amounts received on issue of units *	1,336,022	75,578,273
Amounts paid on redemption of units **	(122,206,133)	(236,587,151)
	(120,870,111)	(161,008,878)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed	(1,825,101)	3,276,570
Final cash dividend for the year ended June 30, 2011 @ 9.55 per unit (2010: Rs.27 per unit declared for distribution on July 07, 2010) declared for distribution on July 09, 2011	(17,138,814)	(51,155,287)
Net capital gain on sale of investments	7,899,716	49,102,246
Net unrealised loss on revaluation of investments	(4,808,036)	(844,783)
Net (loss) / income for the year	(13,423,456)	4,521,369
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	(10,331,776)	52,778,832
Net assets at the end of the year	210,024,635	360,190,437
	----- (Number of units) -----	
* Number of units issued (including 485,591 bonus units issued during the year ended June 30, 2012 and 1,509,788 bonus units issued during the year ended June 30, 2011)	<u>506,798</u>	<u>2,615,235</u>
** Number of units redeemed	<u>1,977,440</u>	<u>3,200,476</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Executive Officer

Director

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

Faysal Balanced Growth Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on February 18, 2004. It has been constituted under a Trust Deed, dated January 29, 2004, between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Muslim Commercial Financial Services (Private) Limited as the Trustee till June 04, 2005 and thereafter 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 is an open ended balanced mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Karachi Stock Exchange (Guarantee) Limited. The Fund was launched on April 19, 2004.

The principal activity of the Fund is to make investments in equity market and fixed income securities including money market instruments.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of 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 NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations) and directives issued by the 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.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for investments and derivatives which are accounted for as stated in notes 4.3 and 4.4 below.

3.2 These financial statements are presented in pak rupees, which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in notes 4.1 and 4.2.

4.1 New and amended standards and interpretations

During the year, following amendments, interpretations and improvements to the accounting standards became effective:

NOTES TO THE FINANCIAL STATEMENTS

- IFRS 7 – Financial Instruments: Disclosures (Amendment)
- IAS 24 – Related Party Disclosures (Revised)
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 – Financial Instruments: Disclosures - Clarification of disclosures

IAS 1 – Presentation of Financial Statements - Clarification of statement of changes in equity

IAS 34 – Interim Financial Reporting - Significant events and transactions

IFRIC 13 – Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements of the Fund.

4.2 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 sold less those in units redeemed" (the element) is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

From July 01, 2012, the fund has revised the method of computation of the element. As per the revised method, the element is arrived at by comparing the unit prices with opening Ex-Nav at the beginning of financial year. The element so computed is recognised in the income statement except to the extent that the amount represented by the unrealised appreciation / diminution arising on available for sale is included in distribution statement. Previously, the fund used to calculate the Element by comparing unit prices with the face value of the units.

The revised methodology, in opinion of the management, would ensure that the continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. Since the element is an equalisation account between income for the period and undistributed income, the change did not have any impact on Net Assets Value (NAV) of the Fund. Had the methodology not been changed, net loss for the year ended June 30, 2012 would have been lower by Rs.54.825 million.

4.3 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss, available-for-sale or held to maturity investments as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments that require delivery within the time frame established by the regulation of market convention are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within the period generally established by the regulation or market convention such as "T+2".

NOTES TO THE FINANCIAL STATEMENTS

At fair value through profit or loss

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

- Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short-term profit taking are classified as held-for-trading.
- Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

These investments are initially recognised at fair value, being the cost of the consideration given.

After initial measurement, investment at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

Held to maturity investments

Investment securities with fixed maturities and fixed or determinable payments are classified as 'held-to-maturity' investments when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except in case of debt securities and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

Available-for-sale investments

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the unit holders' fund until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in unit holders' fund is taken to the income statement.

Fair value of investments is determined as follows:

Listed shares

These are valued on the basis of closing market prices quoted on the respective stock exchanges.

Debt securities

These are valued at the rates quoted by Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated January 06, 2009, read with Regulation 66(b) of the NBFC Regulations.

Government securities

These are valued by reference to the quotations obtained from the Reuters page.

NOTES TO THE FINANCIAL STATEMENTS

4.4 Derivatives

Derivative instruments held by the Fund generally comprise of futures contracts, options and forward contracts etc in the capital market. These are initially recognised at cost and are subsequently remeasured at their fair value. The fair value of derivative instruments is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the instrument. Derivative with positive market values (un-realised gains) are included in other assets and derivatives with negative market values (un-realised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in income currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by IAS-39 Financial Instruments: Recognition and Measurement, consequently hedge accounting is not used by the Fund.

4.5 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.

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 financial liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

4.6 Impairment of financial assets

An assessment is made at each statement of assets and liabilities date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss, is recognised in the income statement.

Impairment is determined as follows:

- (a) for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate.
- (b) for assets carried at fair value, impairment is the difference between cost and fair value.
- (c) for assets carried at cost, impairment is present value of future cash flows discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For available-for-sale equity investments, reversal of impairment losses are recorded as increases in cumulative changes in fair value through unit holders' fund.

In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

4.7 Provisions

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

4.8 Issue and redemption of units

Units issued are recorded at the offer price prevalent on the day on which application form, (complete in all respects) is received. The offer price represents the net asset value of units at the end of the day plus the allowable sales load. The sales load is payable to the Management Company as processing fee. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, prevalent on the day on which the redemption form (complete in all respects) is accepted. The redemption price represents the net asset value of units at the end of the day. Redemption of units is recorded on acceptance of application for redemption.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

4.10 Revenue recognition

Gain or loss on sale of investments is accounted for in the year in which it arises.

Dividend income on equity securities is recognised in the income statement when the right to receive the dividend is established.

Unrealised gains or losses arising on revaluation 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.

Mark-up on government securities, debt securities, return on certificates of investments, profit on clean placements, return on bank balances and income from reverse repurchase agreements are recognised on a time proportion basis using effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

4.11 Taxation

The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the unit holders.

4.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.13 Net Asset Value (NAV) 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 in issue at the year end.

4.14 Distribution to unit holders

Dividends declared and transfers between reserves, made subsequent to the statement of assets and liabilities date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4.15 Financial assets and financial liabilities

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income statement currently.

Financial assets carried in the statement of assets and liabilities include bank balances, return on bank balances, profit on debt securities, commercial paper, dividends, deposits, investments and receivable against redemption of preference shares.

Financial liabilities carried in the statement of assets and liabilities include payable to Management Company, remuneration payable to the Trustee and accrued and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes to the financial statements.

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 1 Presentation of Financial Statements – Presentation of items of comprehensive income	July 01, 2012
IAS 12 Income Taxes (Amendment) - Recovery of Underlying Assets	January 01, 2012
IAS 19 Employee Benefits – (Amendment)	January 01, 2013
IAS 32 Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application except for certain additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

	Note	June 30, 2012	June 30, 2011
7. BANK BALANCES	-----	(Rupees) -----	
Cash at bank - PLS saving accounts	7.1	<u>16,351,685</u>	<u>102,285,282</u>
7.1 These carry mark-up ranging from 6% to 11.75% (June 30, 2011: 5% to 13.25%) per annum and include balance of Rs.148,218 (June 30, 2011: Rs.96,297) held with Faysal Bank Limited (a related party).			

	Note	June 30, 2012	June 30, 2011
8. DIVIDEND, DEPOSITS AND OTHER RECEIVABLES - CONSIDERED GOOD	-----	(Rupees) -----	
Dividend receivable		1,918,494	265,000
Security deposit			
- National Clearing Company of Pakistan Limited		<u>2,500,000</u>	<u>2,500,000</u>
- Central Depository Company of Pakistan Limited		<u>107,500</u>	<u>107,500</u>
		2,607,500	2,607,500
Profit receivable on debt securities		330,227	983,754
Receivable against redemption of preference shares	8.1	19,907,500	-
Income tax refundable	8.2	1,736,410	1,736,410
Return receivable on bank balances		148,822	760,721
		<u>26,648,953</u>	<u>6,353,385</u>

NOTES TO THE FINANCIAL STATEMENTS

- 8.1** This represents receivable against full redemption of Preference shares of Pakistan International Containers Terminal Limited (PICTL). The issuer has served notice dated May 04, 2012 to exercise the option to call and redeem the Series A Preference shares on July 04, 2012 and for that purpose PITCL has announced book closure from June 27, 2012 to July 03, 2012 (both days inclusive) and notified the Stock Exchange that the preference shares issued by the PICTL shall be and deemed to stand cancelled and non-traceable from the date of start of book closure i.e. June 27, 2012.
- 8.2** This represents tax withheld till September 30, 2004 under Section 233(A) of the Income Tax Ordinance, 2001. This amount has been claimed as refundable in the return of income for the year ended June 30, 2005 and efforts are being made through tax advisor of the Fund to recover the same as soon as possible.

		June 30, 2012	June 30, 2011
9. INVESTMENTS	Note	----- (Rupees) -----	
At fair value through profit or loss			
Held-for-trading			
Listed equity securities	9.1	57,836,521	143,353,065
Designated 'at fair value through profit or loss'			
Listed equity securities	9.2	43,480,800	-
Listed preference shares	9.3	37,490,000	58,576,392
Listed debt securities		9,828,378	57,033,519
Less: Provision against TFC principal redemption		-	(4,412,500)
	9.4	9,828,378	52,621,019
Held to maturity			
Commercial Papers - sukuk certificates	9.5	21,068,777	-
		169,704,476	254,550,476

NOTES TO THE FINANCIAL STATEMENTS

9.1 Listed equity securities *- held-for-trading

Name of the investee company	Note	----- Number of shares -----				Market value as at June 30, 2012 (Rupees)	--- Investment as % of ---			
		As at July 01, 2011	Purchased during the period	Bonus / right shares received	Disposed off during the period		As at June 30, 2012	Net assets	Total Investments	Investee company paid-up capital
* Ordinary shares having a face value of Rs.10 each unless stated otherwise										
Construction and materials										
AkzoNobel Pakistan Limited	9.1.1	-	14,573	-	-	14,573	1,910,083	0.91%	1.13%	0.031%
Lafarge Pakistan Cement Limited		-	1,150,000	-	850,000	300,000	1,296,000	0.62%	0.76%	0.023%
Lucky Cement Limited		-	140,000	-	140,000	-	-	-	-	-
							3,206,083	1.53%	1.89%	0.054%
Banks										
Bank Alfalah Limited		-	-	-	-	-	-	-	-	-
Habib Metropolitan Bank Limited		-	75,000	-	-	75,000	1,294,500	0.62%	0.76%	0.007%
MCB Bank Limited		-	200,000	-	200,000	-	-	-	-	-
National Bank of Pakistan		-	360,000	5,000	365,000	-	-	-	-	-
The Bank of Khyber	6,033,125	-	-	-	6,033,125	-	-	-	-	-
United Bank Limited		-	135,000	-	135,000	-	-	-	-	-
							1,294,500	0.62%	0.76%	0.007%
Chemicals										
Arif Habib Corporation Limited		-	325,000	-	325,000	-	-	-	-	-
Dawood Hercules Corporation Limited		-	32,881	-	12,881	20,000	660,200	0.31%	0.39%	0.004%
Dewan Salman Fibre Limited		-	1,000,000	-	1,000,000	-	-	-	-	-
Engro Corporation Limited	100,000	457,600	10,500	568,100	-	-	-	-	-	-
Fatima Fertilizer Company Limited		-	650,000	-	555,000	95,000	2,343,650	1.12%	1.38%	0.005%
Fauji Fertilizer Bin Qasim Limited		-	45,000	-	45,000	-	-	-	-	-
Fauji Fertilizer Company Limited		-	225,000	-	185,000	40,000	4,442,000	2.11%	2.62%	0.002%
ICI Pakistan Limited	9.1.1	-	43,553	-	14,573	28,980	3,798,408	1.81%	2.24%	0.031%
Lotte Pakistan PTA Limited		-	327,786	-	257,786	70,000	492,100	0.23%	0.29%	0.005%
							11,736,358	5.58%	6.92%	0.047%
Non-life insurance										
TPL Direct Insurance Limited		-	50,000	-	50,000	-	-	-	-	-
							-	-	-	-
Food producers										
Engro Foods Limited		-	100,000	-	100,000	-	-	-	-	-
							-	-	-	-
Oil and gas										
Attock Petroleum Limited		40,500	-	-	40,500	-	-	-	-	-
Attock Refinery Limited		-	25,000	-	25,000	-	-	-	-	-
Oil & Gas Development Company Limited		-	195,000	-	195,000	-	-	-	-	-
Pakistan Oilfields Limited		35,000	115,000	-	150,000	-	-	-	-	-
Pakistan Petroleum Limited		50,000	10,000	5,000	65,000	-	-	-	-	-
Pakistan State Oil Company Limited	9.1.2	125,000	15,000	-	95,000	45,000	10,612,800	5.05%	6.25%	0.026%
							10,612,800	5.05%	6.25%	0.026%

NOTES TO THE FINANCIAL STATEMENTS

Name of the investee company	Note	----- Number of shares -----					Market value as at June 30, 2012 (Rupees)	--- Investment as % of ---		
		As at July 01, 2011	Purchased during the period	Bonus / right shares received	Disposed off during the period	As at June 30, 2012		Net assets	Total Investments	Investee company paid-up capital
Electricity										
Nishat Power Limited		-	50,000	-	50,000	-	-	-	-	-
The Hub Power Company Limited		200,000	-	-	200,000	-	-	-	-	-
Fixed line telecommunication										
Pakistan Telecommunication Company Limited		-	1,200,992	-	1,200,992	-	-	-	-	-
Multiutilities (gas and water)										
Sui Northern Gas Pipelines Limited		-	700,000	-	452,000	248,000	4,188,720	1.99%	2.47%	0.043%
							4,188,720	1.99%	2.47%	0.043%
Personal goods										
Nishat Mills Limited		-	355,000	-	355,000	-	-	-	-	-
Engineering										
Millat Tractors Limited		-	45,186	-	-	45,186	21,818,060	10.39%	12.86%	0.123%
							21,818,060	10.39%	12.86%	0.123%
Tobacco										
Pakistan Tobacco Company Limited		205,150	-	-	205,150	-	-	-	-	-
Technology Hardware and Equipment										
Trakker Pakistan Limited	9.1.3	-	498,000	-	-	498,000	4,980,000	2.37%	2.93%	0.017%
							4,980,000	2.37%	2.93%	0.017%
		6,788,775	8,540,571	20,500	13,870,107	1,479,739	57,836,521	27.53%	34.08%	0.317%

9.1.1 The scheme of arrangement for reconstruction of ICI Pakistan Limited was executed on June 27, 2012 whereby the paints business and all assets, rights, liabilities and obligations pertaining thereto have been separated and vested into AkzoNobel Pakistan Limited. As a consequence of the transfer and vesting, AkzoNobel Pakistan Limited issued Ordinary shares of Rs.10 each and such allotment is made in proportion of 66.54:33.46 based on the proportion of net assets of the paints business to the total net assets of ICI Pakistan Limited. Consequently the Fund's holding of 43,533 shares in ICI Pakistan Limited as on June 27, 2012 is reduced to 28,980 Ordinary shares of ICI Pakistan Limited and 14,573 Ordinary shares of AkzoNobel Pakistan Limited issued to the Fund.

9.1.2 This investment includes securities with fair value aggregating to Rs.10.612 million (June 30, 2011: UBL-TFC Rs.28.353 million and 10,000 shares of APL Rs.3.743 million) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

9.1.3 This represents shares purchased through participation in initial public offer of TPL Trakker Limited through book building process of the Regulation 6(8) of Karachi Stock Exchange (Guarantee) Limited.

NOTES TO THE FINANCIAL STATEMENTS

9.2 Listed equity securities *- designated 'at fair value through profit or loss'

Name of the investee company	Note	----- Number of shares -----					Market value as at June 30, 2012 (Rupees)	--- Investment as % of ---		
		As at July 01, 2011	Purchased during the year	Bonus / right shares received	Disposed off during the period	As at June 30, 2012		Net assets	Total Investments	Investee company paid-up capital
* Ordinary shares having a face value of Rs.10 each unless stated otherwise										
Construction and materials										
Lafarge Pakistan Cement Limited	-	650,000	-	-	-	650,000	2,808,000	1.34%	1.65%	1.40%
Lucky Cement Limited	-	50,000	-	-	50,000	-	-	-	-	-
							2,808,000	1.34%	1.65%	1.40%
Banks										
Bank Alfalah Limited	-	100,000	-	-	-	100,000	1,710,000	0.81%	1.01%	0.01%
National Bank of Pakistan	-	37,000	-	-	37,000	-	-	-	-	-
							1,710,000	0.81%	1.01%	0.01%
Chemicals										
Engro Corporation Limited	-	10,000	-	-	10,000	-	-	-	-	-
Fatima Fertilizer Company Limited	-	100,000	-	-	-	100,000	2,467,000	1.17%	1.45%	0.02%
Fauji Fertilizer Bin Qasim Limited	-	150,000	-	-	150,000	-	-	-	-	-
Fauji Fertilizer Company Limited	-	49,000	-	-	49,000	-	-	-	-	-
Lotte Pakistan PTA Limited	-	200,000	-	-	-	200,000	1,406,000	0.67%	0.83%	0.01%
							3,873,000	1.84%	2.28%	0.03%
Non-life insurance										
TPL Direct Insurance Limited	-	125,000	-	-	-	125,000	1,485,000	0.71%	0.88%	0.27%
							1,485,000	0.71%	0.88%	0.27%
Oil and gas										
Oil & Gas Development Company Limited	-	83,000	-	-	83,000	-	-	-	-	-
Pakistan Oilfields Limited	-	25,000	-	-	25,000	-	-	-	-	-
Pakistan Petroleum Limited	-	25,000	-	-	25,000	-	-	-	-	-
							-	-	-	-
Electricity										
Kot Addu Power Company Limited	-	388,734	-	-	228,734	160,000	7,200,000	3.43%	4.24%	0.02%
The Hub Power Company Limited	-	690,000	-	-	690,000	-	-	-	-	-
							7,200,000	3.43%	4.24%	0.02%
Personal goods										
Nishat Mills Limited	-	190,000	-	-	-	190,000	9,040,200	4.30%	5.33%	0.05%
							9,040,200	4.30%	5.33%	0.05%
Multiutilities (gas and water)										
Sui Northern Gas Pipelines Limited	-	140,000	-	-	-	140,000	2,364,600	1.13%	1.39%	0.02%
							2,364,600	1.13%	1.39%	0.02%
Fixed line telecommunication										
Pakistan Telecommunication Company Limited	-	100,000	-	-	100,000	-	-	-	-	-
							-	-	-	-
Technology Hardware and Equipment										
Trakker Pakistan Limited	9.1.3	1,500,000	-	-	-	1,500,000	15,000,000	7.14%	8.84%	0.05%
							15,000,000	7.14%	8.84%	0.05%
-		4,612,734	-	1,447,734	3,165,000	43,480,800	20.70%	25.62%	1.85%	

NOTES TO THE FINANCIAL STATEMENTS

9.3 Listed preference shares * - designated 'at fair value through profit or loss'

Name of the investee company	Note	Number of shares				As at June 30, 2012	Market value as at June 30, 2012 (Rupees)	--- Investment as % of ---	
		As at July 01, 2011	Purchased during the year	Redeemed during the year	Disposed off during the year			Net assets	Total Investments

* Preference shares having a face value of Rs.10 each unless stated otherwise

Household Goods

Pak Elektron Limited	9.3.1	3,749,000	-	-	-	3,749,000	37,490,000	17.85%	22.09%
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Industrial Transportation

Pakistan International Container Terminal Limited		2,110,750	2,500	1,990,750	122,500	-	-	-	-
		5,859,750	2,500	1,990,750	122,500	3,749,000	37,490,000	17.85%	22.09%

9.3.1 In response to the clarification sought by the management company through letter dated February 07, 2012, the SECP in its letter SCD/AMCW/FBGF/68/2012 dated March 09, 2012 has advised the management company to treat the above instrument as debt or equity instrument as per the recommendation of Audit Committee. The Audit Committee, after consultation with the internal auditors of the Fund, in its meeting held on April 21, 2012, has decided to treat the instrument as debt security.

9.4 Listed debt securities * - designated 'at fair value through profit or loss'

Name of the investee company	Note	Number of shares				As at June 30, 2012	Market value as at June 30, 2012 (Rupees)	--- Investment as % of ---	
		As at July 01, 2011	Purchased during the year	Redeemed during the year	Disposed off during the year			Net assets	Total Investments

* Term Finance Certificates (TFCs)

Banks

United Bank Limited (1st issue)		6,000	-	-	-	6,000	9,828,378	4.68%	5.79%
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Fixed Line Telecommunication

Telecard Limited	9.4.1	20,010	-	-	-	20,010	36,728,580	17.49%	21.64%
Less: Provision against debt securities	9.4.1						(36,728,580)	-17.49%	-21.64%
		26,010	-	-	-	26,010	9,828,378	4.68%	5.79%

9.4.1 Due to the financial difficulties, Telecard Limited was unable to make the payment of principal amounting to Rs.4.413 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 has been 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 coupon. 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 on June 30, 2012. Mark-up on the instrument is also suspended since May 2011.

NOTES TO THE FINANCIAL STATEMENTS

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).

9.4.2 Significant terms and conditions of TFCs are as follows:

Name of security	Number of certificates	Face value (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
United Bank Limited (1st issue)	6,000	5,000	8.45%	August 2012	Unsecured	AA
Telecard Limited	20,010	5,000	5.04% + 3 months KIBOR	May 2015	Secured	D

9.5 Commercial papers - Sukuk certificates (secured) - held to maturity

Name of the investee company	Rate of return per annum	Face Value					Carrying value as at June 30, 2012 (Rupees)	Maturity	Rating	--- Face Value as % of ---	
		As at July 01, 2011	Purchased during the year	Matured during the year	Disposed off during the year	As at June 30, 2012				Net assets	Total investments
Hub Power Company Limited - Sukuk	13.09%	-	20,000,000	-	-	20,000,000	21,068,777	August 03, 2012	AA+	9.52%	11.79%

9.6 Government Securities - designated 'at fair value through profit or loss'

Name of the security	Face Value				As at June 30, 2012	Carrying value as at June 30, 2012 (Rupees)	--- Face Value as % of ---	
	As at July 01, 2011	Purchased during the year	Disposed off during the year	Matured during the year			Net assets	Total investments
Market Treasury Bills - 1 year	-	100,000,000	100,000,000	-	-	-	-	-
Pakistan Investment Bonds - 3 years	-	50,000,000	50,000,000	-	-	-	-	-
Pakistan Investment Bonds - 5 years	-	25,000,000	25,000,000	-	-	-	-	-
Pakistan Investment Bonds - 10 years	-	25,000,000	25,000,000	-	-	-	-	-
Pakistan Investment Bonds - 10 years	-	25,000,000	25,000,000	-	-	-	-	-
	-	225,000,000	225,000,000	-	-	-	-	-

9.7 Net unrealised loss on revaluation of investments 'at fair value through profit or loss'

Market value of investments	148,635,699	254,550,476
Cost of investments	(155,558,665)	(308,931,409)
	(6,922,966)	(54,380,933)
Net unrealised loss on investments at the beginning of the year	46,290,486	75,002,571
Provision against non-performing assets	-	8,090,447
Realised on disposal during the year	(44,175,556)	(29,556,868)
	2,114,930	53,536,150
	(4,808,036)	(844,783)

NOTES TO THE FINANCIAL STATEMENTS

9.8 Details of non-compliant investments with the investment criteria of assigned category

Name of the investee company	Note	Type of investment	Required rating	Rating of instrument	Value before provision	Provision held (if any)	Value of investment after provision	% of net assets	% of gross assets
Millat Tractors Limited	9.8.1	Ord. Shares	-	-	21,818,060	-	21,818,060	10.39%	10.10%
Telecard Limited	9.8.2	TFC	A-	D	36,728,580	36,728,580	-	-	-
Pak Elektron Limited	9.8.2 & 9.8.3	Pref. Shares	A-	D	37,490,000	-	37,490,000	17.85%	17.36%

9.8.1 The above exposure is in excess of the limit prescribed by the NBFC Regulations and disclosure for breach of exposure limit is made as required by the Circular No. 16 of 2010 dated July 07, 2010 by the SECP. Exposure limit exceeded the prescribed limit of 10% due to reduction in fund size on June 30, 2012. However, the NBFC Regulations allow three months time period to regularize these exposures.

9.8.2 Circular No. 7 of 2009 issued by the SECP requires that the rating of any debt security in the portfolio shall not be lower than A-. However, the rating of above mentioned debt securities is D.

9.8.3 SECP has granted extension upto September 2012 to regularise the exposure vide its letter SCD/AMCW/FBGF/98/2012 dated April 03, 2012.

10. RECEIVABLE FROM THE MANAGEMENT COMPANY

In the matter involving the levy of Workers' Welfare Fund (WWF) on mutual funds (as fully explained in note 13.2), the Fund, as a matter of abundant caution, has created a provision for WWF since July 2008. Further, in order to compensate the unit holders of the Fund, the Board of Directors of the Management Company in their meeting held on October 02, 2010 decided to reduce their management fee for the year ended June 30, 2010 by Rs.3,230,314 i.e. the amount of provision for WWF as on June 30, 2010. Accordingly, this amount has been recorded as receivable from the Management Company and will be settled by the Management Company only upon payment of WWF to the relevant authorities otherwise it will be reversed in case decision regarding the applicability of WWF on Collective Investment Schemes is in favour of the Fund.

	Note	June 30, 2012	June 30, 2011
11. PAYABLE TO THE MANAGEMENT COMPANY			
Management fee payable	11.1	366,143	608,884
Sales tax payable on management fee		58,581	-
Sales load payable		1,103	9,107
		<u>425,827</u>	<u>617,991</u>

NOTES TO THE FINANCIAL STATEMENTS

11.1 The Management Company is entitled to a remuneration for services rendered to the Fund under the provisions of the NBFC Regulations 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 per cent of such assets. The Management Company has charged its remuneration at the rate of 2% (June 30, 2011: 2%) per annum of the daily net asset value of the Fund.

12. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund.

13. ACCRUED AND OTHER LIABILITIES	Note	June 30,	June 30,
		2012	2011
		----- (Rupees) -----	
SECP annual fee payable	13.1	224,059	389,738
Accrued liabilities		895,509	850,249
Zakat payable		588	588
Settlement charges payable		-	2,130
Provision for Workers' Welfare Fund	13.2	4,307,433	4,307,433
		<u>5,427,589</u>	<u>5,550,138</u>

13.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.085% (June 30, 2011: 0.085%) per annum of the daily net asset value of the Fund.

13.2 Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the current year, in August 2011, the Lahore High Court has issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 are declared unconstitutional and therefore struck down.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence, has decided to retain and continue with the provision for WWF amounting to Rs.4.307 million (June 30, 2011: Rs.4.307 million) in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.0.306 (0.51%) per unit (June 30, 2011: Rs.0.216 per unit).

NOTES TO THE FINANCIAL STATEMENTS

14. CONTINGENCIES AND COMMITMENTS

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

15. SALES TAX ON MANAGEMENT FEE

During the year, an amount of Rs.0.843 million (June 30, 2011: Rs.Nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
16. AUDITORS' REMUNERATION		
Audit fee	330,000	300,000
Review and other certifications	208,932	187,256
	538,932	487,256

17. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. The Fund suffered loss during the current year. Accordingly, no provision for tax has been made in these financial statements.

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES		
18.1 Transactions during the year		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	5,270,106	9,130,199
Sales tax on management fee	843,510	-
Sales load	30,808	42,343
Faysal Bank Limited (Group / Associated Company)		
Cash dividend paid	12,513,288	35,377,884
Profit on PLS saving accounts	60,191	124,059
Participation in non competitive bid of government securities	200,000,000	275,000,000
Faysal Bank Limited - Staff Provident Fund		
Issue of Nil units (2011: 584,966 units)	-	40,000,000
Bonus Issue of 125,246 units (2011: 69,193 units)	7,855,405	4,546,689
Redemption of 947,802 units (2011: Nil units)	58,308,726	-

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Faysal Bank Limited - Staff Gratuity Fund		
Issue of Nil units (2011: 292,483 units)	-	20,000,000
Bonus Issue of 44,535 units (2011: Nil units)	2,793,214	-
Redemption of 337,018 units (2011: Nil units)	20,733,338	-
AKD Securities (Private) Limited - (major shareholder of the Management Company)		
Brokerage fee	-	132,327
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration of the Trustee	698,533	913,023
Settlement charges	35,637	70,611
National Clearing Company of Pakistan Limited * (Common Directorship)		
Clearing charges	221,902	243,418
ICI Pakistan Limited - (Common Directorship)		
Purchase of 43,553 Ordinary shares (2011: Nil)	5,865,675	-
Transfer of 14,573 Ordinary shares (2011: Nil)	1,962,677	-
Dividend on Ordinary shares held by the Fund	132,000	600,000
AkzoNobel Pakistan Limited - (Common Directorship)		
Transfer of 14,573 Ordinary shares (2011: Nil)	1,962,677	-
Engro Foods Limited - (Common Directorship)		
Purchase of 100,000 Ordinary shares (June 30, 2011: Nil shares)	3,947,013	-
Sale of 100,000 Ordinary shares (June 30, 2011: Nil shares)	4,177,699	-
Engro Corporation Limited - (Common Directorship) *		
Purchase of 467,600 Ordinary shares (June 30, 2011: 503,250 shares)	55,888,290	95,974,805
Sale of 578,100 Ordinary shares (June 30, 2011: 403,250)	71,592,401	76,686,235
Bonus Issue of 10,500 shares (June 30, 2011: Nil shares)	1,183,477	-
Dividend on Ordinary shares held by the Fund	70,000	-
Dawood Hercules Corporation Limited - (Common Directorship)		
Purchase of 32,881 Ordinary shares (June 30, 2011: Nil shares)	1,353,066	-
Sale of 12,881 Ordinary shares (June 30, 2011: Nil shares)	543,953	-
Dividend on Ordinary shares held by the Fund	31,000	-

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Unit holder holding 10% or more units		
Pakistan Machine Tool Factory (Private) Limited		
- Employees Provident Fund		
Cash Dividend	3,503,641	9,905,582

* During the year Mr. Aliuddin Ansair has resigned as a director of Faysal Asset Management Limited with effect from June 19, 2012. The transactions hereinabove represent the transactions upto the date of his resignation.

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
18.2 Outstanding balances		
Faysal Asset Management Limited (Management Company)		
Receivable from the Management Company	3,230,314	3,230,314
Remuneration payable to the Management Company	366,143	608,884
Sales tax payable on management fee	58,581	-
Sales load payable	1,103	9,107
Faysal Bank Limited (Group / Associated Company)		
Units in issue 1,310,292 units (June 30, 2011: 1,310,292 units)	78,329,256	94,694,803
Balance in PLS saving accounts	148,218	96,297
Faysal Bank Limited - Staff Provident Fund		
Units in issue Nil units (June 30, 2011: 822,556 units)	-	59,446,087
Faysal Bank Limited - Staff Gratuity Fund		
Units in issue Nil units (June 30, 2011: 292,483 units)	-	21,137,760
Dawood Hercules Corporation Limited		
- (Common Directorship)		
20,000 Ordinary shares held by the Fund (June 30, 2011: Nil shares)	660,200	-
ICI Pakistan Limited - (Common Directorship)		
28,980 Ordinary shares held by the Fund (June 30, 2011: Nil shares)	3,798,408	-
AkzoNobel Pakistan Limited - (Common Directorship)		
14,573 Ordinary shares held by the Fund (June 30, 2011: Nil shares)	1,910,083	-

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2012	June 30, 2011
	----- (Rupees) -----	
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration payable to the Trustee	57,377	60,891
Settlement charges	-	2,130
Security deposit	107,500	107,500
National Clearing Company of Pakistan Limited * (Common Directorship)		
Security deposit	-	2,500,000
Unit holder holding 10% or more of the units in issue		
Pakistan Machine Tool Factory (Private) Limited - Employees Provident Fund		
Units in issue 366,873 units (June 30, 2011: 366,873 units)	21,931,668	26,514,859

* During the year Mr. Aliuddin Ansair has resigned as a director of Faysal Asset Management Limited with effect from June 19, 2012. The transactions hereinabove represent the transactions upto the date of his resignation. As a result, units in issue at year end have not been disclosed above.

The transactions with connected persons / related parties are at contracted rates.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund (also refer Annexure I to these financial statements which describes the risk management structure of the Fund). The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

19.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

NOTES TO THE FINANCIAL STATEMENTS

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2012, the Fund's exposure to the risk of changes in market interest rates relates primarily to bank balances, debt securities, commercial paper and preference shares. The bank balances are subject to interest rates as declared by the respective banks on periodic basis. The debt securities and commercial paper are subject to floating interest rates. As at June 30, 2012, approximately 38.75% (June 30, 2011: 45.14%) of the Fund's financial assets are subject to interest rates.

The Fund is exposed to fixed rate on certain financial assets. However, a change in their interest rates at the reporting date would not have material impact on the income and net assets of the Fund.

Management of the Fund estimates that an increase of 100 basis points in the floating interest rate, with all other factors remaining constant, would decrease the Fund's loss and increase the net assets of the Fund by Rs.0.738 million (June 30, 2011: Rs.1.635 million) and a decrease of 100 basis points would result in a increase the Fund's loss and decrease the net assets of the Fund by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The equity price risk exposure arises from the Fund's investment in equity securities. Management of the Fund estimates that a 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Fund's net assets by Rs.5.066 million (June 30, 2011: Rs.10.096 million). However, in practice, the actual results may differ from the sensitivity analysis.

The Management Company manages the above market risks through diversification of investment portfolio and placing limits on individual and aggregate exposures in accordance with the internal risk management policies and regulations laid down by the SECP.

The analysis of Funds concentration on equity price risk is disclosed in note 9.1 and 9.2 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

19.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holders' option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

The table below summarizes the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments.

June 30, 2012	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
(Rupees)					
Financial liabilities					
Payable to the Management Company	425,827	-	-	-	425,827
Remuneration payable to the Trustee	57,377	-	-	-	57,377
Accrued and other liabilities	895,509	-	-	-	895,509
	<u>1,378,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,378,713</u>

June 30, 2011	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
(Rupees)					
Financial liabilities					
Payable to the Management Company	617,991	-	-	-	617,991
Remuneration payable to the Trustee	60,891	-	-	-	60,891
Accrued and other liabilities	852,379	-	-	-	852,379
	<u>1,531,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,531,261</u>

19.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. 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 reporting date:

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2012	June 30, 2011
----- (Rupees) -----		
Bank balances	16,351,685	102,285,282
Dividend receivable	1,918,494	265,000
Security deposit	2,607,500	2,607,500
Profit receivable on debt securities	330,227	983,754
Receivable against redemption of preference shares	19,907,500	-
Return receivable on bank balances	148,822	760,721
Investment in debt securities and preference shares	68,387,155	111,197,411
	109,651,383	218,099,668

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the credit quality of the Fund's exposure:

	June 30, 2012	June 30, 2011
----- % -----		
Rating category		
AAA+, AAA, AAA-	-	0.01
AA+, AA, AA-	24.44	60.70
A+, A, A-	39.00	9.67
Non performing (default)	-	11.12
Unrated	2.38	1.31
D	34.18	17.19
	100.00	100.00

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

	June 30, 2012	June 30, 2011
% of assets exposed to credit risk		
Banks	24.31	60.70
Chemicals	19.21	-
Household goods	34.19	17.19
Industrial transportation	19.78	9.66
Telecommunication	-	11.13
Others	2.51	1.32
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

19.4 Capital management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The capital structure depends on the issuance 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 in 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.

19.5 Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2012, the Fund held the following financial instruments which were measured at fair value:

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Investments 'at fair value through profit or loss'				
Listed equity securities - held-for-trading	57,836,521	-	-	57,836,521
Designated 'at fair value through profit or loss'				
- Listed equity securities	43,480,800	-	-	43,480,800
- Listed preference shares	37,490,000	-	-	37,490,000
- Listed debt securities	-	9,828,378	-	9,828,378
	<u>138,807,321</u>	<u>9,828,378</u>	<u>-</u>	<u>148,635,699</u>

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Investments 'at fair value through profit or loss'				
Listed equity securities - held-for-trading	143,353,065	-	-	143,353,065
Designated 'at fair value through profit or loss'				
- Listed preference shares	58,576,392	-	-	58,576,392
- Listed debt securities	-	28,353,642	24,267,377	52,621,019
	<u>201,929,457</u>	<u>28,353,642</u>	<u>24,267,377</u>	<u>254,550,476</u>

During the year ended June 30, 2012, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements except as follows:

	June 30, 2012 -- (Rupees) --
Opening balance	24,267,377
Add: Provision charge in the previous year	8,090,153
Add: Principal redemption reversed in the previous year	4,412,500
Transfer from level 2 to level 3	-
Add: Redemption received during the current year	(41,450)
Provision against non-performing assets	<u>(36,728,580)</u>
Closing balance	<u>-</u>

In accordance with Circular No. 1 of 2009 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which includes variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned Circular and are hence classified as Level 3.

Hence, default on installment amounts by investee companies results in transfer into Level 3 while subsequent classification of a defaulting security as performing will result in transfer from Level 3 to Level 2.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

21. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, top ten brokers, members of the Investment Committee, performance table, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

22. CORRESPONDING FIGURES

22.1 Corresponding figures have been re-arranged and reclassified wherever necessary, for the purpose of comparison. Major reclassifications are as follows:

Statement	Components	Reclassification from	Reclassification to	Rupees
Statement of assets and liabilities	TFC Principal Redemption	Receivable against TFC Principal Redemption	Listed debt securities	4,412,500

23. GENERAL

Figures are rounded off to the nearest rupee.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised 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

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
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(i) PATTERN OF UNIT HOLDING

Category	No. of investors	Units held	%
Associated companies*	2	1,310,292	37.30
Insurance companies	1	9,857	0.28
Banks and DFIs	0	-	0.00
NBFCs	-	-	0.00
Retirement Funds	13	1,492,346	42.48
Individuals	215	673,263	19.16
Others	1	27,377	0.78
	232	3,513,135	100.00

* Includes faysal bank Limited

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
BMA Capital Management Limited	14.39
Invest Capital Securities	12.25
Elixir Securities Pakistan (Pvt) Limited	10.56
KASB Securities Limited	7.98
Top Line Securities (Pvt) Limited	7.96
Fortune Securities Ltd	7.24
Next Capital	6.91
Burj Capital Pakistan Pvt. Ltd.	6.89
Global Securities Pakistan Limited	6.03
IGI Finex Securities Limited	5.68

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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	Over 19 years.
Mr. Najam Ul Hassan	MBA,ACMA, CFA I	Over 17 years.
Mr. Vasseh Ahmed	M.Sc	Over 4 years.
Mr. Ayub Khuhro	B.Sc. Eco., CFA I	Over 4 years.
Mr. Syed Shahid Iqbal	B.Com	Over 22 years.
Mr. Imran Altaf	MBA,CFA II	Over 4 years.

(iv) PARTICULARS OF FUND MANAGERS

Name	Qualification	Other Collective Investment Schemes Managed
Vasseh Ahmed	M.Sc	Faysal Asset Allocation Fund

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

Mr. Enam Ullah Khan

Mr. Khan has over 20 years of diversified experience and technical know-how in equity markets, fixed income markets, complex derivatives and commodity markets from across the globe. Prior to joining Faysal Bank, he served as a consultant with Nasdaq OMX, Stockholm, Managing Director - Cannon Bridge Corporation, London, Head of Pakistan Initiative - Cantor Fitzgerald, London, Head of Asian markets - IG Index plc and as Head of Sales and Trading Asia at Berkely Futures Ltd, London.

In his previous assignment Mr. Khan served as Head of Equity Capital markets (ECM) division at Faysal Bank since 2008, where he initiated Pakistan's first ever equity capital markets department within the banking sector backed by a comprehensive buy-side research desk. Furthermore, he is accredited with setting up Pakistan's first ever technical analysis desk in brokerage firm.

Mr. Khan holds several FSA (Financial Services Authority) accreditations, obtained during his time in London which has aided his desire towards pioneering product development in the capital markets world-over.

Mr. Mansoor Khalil

Mansoor Khalil is the Chief Operating Officer of Faysal Asset Management Limited (FAML). He has been professionally associated in senior position with leading multinationals i.e. Citibank, ABN AMRO, RBS and ABB.

Prior to joining FAML he was associated with Faysal Bank as Head of Business Strategy. He has diversified experience in activities across Strategy, Finance and Operating functions including Asset & Liability Management, Management Information, HR with exposure in business planning, M&A and Integration activities. He brings with him over 19 years of experience in the Pakistan Corporate World.

Mr. Najam UI Hassan

Mr. Hassan, having held positions of Head of Risk Management brings with himself an experience of over 17 years with various reputable organizations i.e. Pak Oman Asset Management Company Ltd, Pakistan Kuwait Investment Company Ltd, JS Investment Ltd, Rahimtoola Group of Companies and TAS Engineers. Before joining FAML, he was heading two core functions i.e. finance & Operations. He also worked in POAMCL, in addition to his core responsibilities of CFO, as Company Secretary for over three years, and also managed Product Development activities as responsibilities. He also took part in restructuring of various problematic Term Finance Certificates and Placements. Mr. Najam completed his Cost & Management Accountant in year 2000 and also did his MBA from Institute of Business Administration.

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

Mr. Vasseh Ahmed

Mr. Ahmed has over 4 years of diversified experience in Treasury and Portfolio management. Before joining FAML, he was senior equity trader at Faysal Bank Limited. Preceding his involvement with Faysal bank Vasseh was engaged in the United Kingdom as a spread trader. In 2011 he completed a DCP certification from the Dubai, Gold and Commodity Exchange (DGCX). Mr. Ahmed has an MSc in Management from University of Surrey and a BSc (hons.) from Hull University, United Kingdom.

Mr. Ayub Khuhro

Mr. Khuhro has over 4 years of experience in Capital market Research & Investment Advisory with over 3 years association with Faysal Group as Research Analyst. Mr. Khuhro earned his BSc(Hons). in Economics from Lahore University of Management Sciences (LUMS).

Mr. Syed Shahid Iqbal

Mr. Iqbal possesses over 22 years experience in Treasury, Capital markets, with in depth knowledge and experience in money markets. Prior to joining FAML Cap, Mr. Iqbal was affiliated with Burj Capital Management Ltd as Head of Treasury.

He was earlier associated with various FIs in senior management positions, which include Head of sales Khojas capital, Executive Director at Live Securities, Head Money Market at KASB Securities and Head, Money Market & Forex at FCSC

Mr. Iqbal has also served as the corporate Head, Karachi & nominee director at Shaheen Insurance on behalf of FCSC group. In addition, he has also managed the treasury division at Crescent Standard Investment Bank Ltd effectively till 2006.

He possesses international exposure through his first professional affiliation with the treasury division at BCCI. By qualification, Mr. Iqbal is a Commerce Graduate from Karachi University & a member of financial market association of Pakistan (FMA). In 2007, SBP granted him a license of Money Market brokers due to his outstanding work for the development of secondary market in Pakistan. Mr. Iqbal's forte remains resource mobilization, effective & efficient fund management which he performed/ successfully managed at FCSC & the World Call Group.

Mr. Imran Altaf

Mr. Altaf has over 4 years of experience in Capital Market Research and Fund Management under Financial Institutions such as Pak Oman Asset Management Limited and Faysal Bank Limited. He earned his MBA from SZABIST in 2010 and is a CFA Level-III Candidated. Mr. Altaf is presently working under the financial brand of Faysal Asset Management Limited as a Fixed Income Portfolio Manager, managing over PKR 1,000 Million in Assets under Management.

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	June 30, 2012	June 30, 2011	June 30, 2010
	----- (Rupees) -----		
(v) PERFORMANCE TABLE			
Net assets	<u>220,261,368</u>	<u>360,190,437</u>	<u>516,299,200</u>
Net asset value per unit	<u>59.78</u>	<u>72.27</u>	<u>92.71</u>
Offer price	<u>61.13</u>	<u>73.90</u>	<u>94.80</u>
Repurchase price per unit	<u>59.78</u>	<u>72.27</u>	<u>92.71</u>
Highest offer price per unit	<u>67.95</u>	<u>81.92</u>	<u>104.22</u>
Highest repurchase price per unit	<u>66.45</u>	<u>80.11</u>	<u>101.92</u>
Lowest offer price	<u>59.60</u>	<u>67.49</u>	<u>80.31</u>
Lowest repurchase price per unit	<u>58.28</u>	<u>66.00</u>	<u>78.54</u>
Total return:	9.98%	9.98%	21.99%
- capital growth	0.43%	0.43%	-5.01%
- income distribution	9.55%	9.55%	27%
Average annual return: (Launch date: April 19, 2004)			
- one year	-4.69%	9.98%	21.99%
- two years	2.65%	15.99%	-1.01%
- three years	9.09%	2.66%	-0.70%
Distribution per unit:			
- Interim distribution per unit	-	-	-
- Final distribution per unit	<u>-</u>	<u>9.55%</u>	<u>27%</u>
	<u>-</u>	<u>27%</u>	<u>27%</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.

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(vi) 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						
		Jul 09 2011	Sep 24 2011	Oct 28 2011	Jan 17 2012	Feb 11 2012	Apr 21 2012	Jun 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. Enamullah Khan, Chief Executive Officer (appointed - January 2012)	4	0	0	0	1	1	1	1
Mr. Salman Haider Sheikh, Ex-Chief Executive Officer (resigned - January 2012)	3	1	1	1	0	0	0	0

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(vii) 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							
		Jul 09 2011	Sep 23 2011	Oct 21 2011	Jan 17 2012	Feb 10 2012	Apr 3 2012	Apr 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

(viii) 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	
		Jul 08 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

(ix) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a " MFR -3 Star" performance ranking over weighted average period of three years to Faysal Balanced Growth Fund.

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