

# Commitment Par Excellence



FAYSAL  
BALANCED  
GROWTH FUND

Faysal  
Income &  
Growth Fund

FAYSAL  
SAVINGS  
GROWTH FUND

Managed by

# Faysal Asset Management Limited



FAYSAL  
BALANCED  
GROWTH FUND



## 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.

# Contents

Fund Information	1
Mission Statement	2
Report of the Directors of the Management Company	3
Fund Manager's Report	6
Trustee Report to the Unit Holders	8
Statement of Compliance with the Code of Corporate Governance	9
Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance	11
Independent Auditors' Report to the Unit Holders	12
Statement of Assets and Liabilities	13
Income Statement	14
Distribution Statement	15
Cash Flow Statement	16
Statement of Movement in Unit Holders' Funds	17
Notes to the Financial Statements	18



## Fund Information

**Management Company**  
Faysal Asset Management Limited

**Board of Directors of the Management Company**  
Mr. Khalid Siddiq Tirmizey, Chairman  
Mr. Salman Haider Sheikh, Chief Executive Officer  
Mr. Sanaullah Qureshi, Director  
Mr. Feroz Rizvi, Director  
Syed Majid Ali Esq., Director

**CFO of the Management Company**  
Mr. Abdul Razzak Usman  
Mr. Shakeel Musani (Resigned w.e.f July 7, 2008)

**Company Secretary of the Management Company**  
Mr. M. Siddique Memon

**Audit Committee**  
Mr. Feroz Rizvi, Chairman  
Mr. Sanaullah Qureshi, Member  
Syed Majid Ali Esq., Member

**Trustee**  
Central Depository Company of Pakistan  
Suite # M 13, 16, Mezzanine Floor, Progressive Plaza,  
Beaumont Road, Near PIDC House, Karachi.

**Bankers to the Fund**  
Atlas Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
MCB Bank Limited  
The Bank of Punjab

**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**  
Gangjees Registrar Services (Pvt) Limited  
Room # 506, 5th Floor, Clifton Centre,  
Kehkashan Clifton – Karachi.

**Distributors**  
Access Financial Services (Pvt) Ltd  
Alfalah Securities (Pvt) Limited  
AKD Securities (Pvt) Limited  
Faysal Asset Management Limited  
Faysal Bank Limited  
First International Bank Limited  
PICIC Commercial Bank Limited  
Invest Capital & Securities (Pvt) Limited  
Flow (Private) Limited  
IGI Investment Bank Limited  
JS Global Capital Limited  
Pak Oman Investment Bank Limited  
Reliance Financial Products (Pvt) Limited



## Mission Statement



FBGF endeavours to provide investors with an opportunity to earn income and long-term capital appreciation by investing in a large pool of funds 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 Fifth Annual Report on the operations of FBGF along with the audited financial statements, Reports of the Trustee and Auditors to the Unit Holders for the financial year ended June 30, 2008.

### Sale and Redemption of Units

During the year, units worth Rupees 490.063 million were issued and units with a value of Rupees 544.171 million were redeemed. The total customer base increased by over 6% during the year. The KSE-100 index yielded a negative 10.77% return for the year. FBGF outperformed the KSE-100 index and its benchmark by yielding a negative 0.09% return. The conservative investment approach provided a hedge on the downside for long-term investors. The equity funds largely faced redemption pressure due to the political uncertainty and deteriorating economic fundamentals in the country. FBGF managed to retain or replace its customer base due to the long-term retail and institutional nature of the client base.

### Unit Holders

As of June 30, 2008, the value of net assets was reduced by 5.20%. As of June 30, 2008, 10,015,830 units with a value of Rs. 1,020 million were outstanding (June 30, 2007: 8,860,217 units with a value of Rs. 1,076 million). The average decline in assets under management in the equity funds was 9% during the year. The net customer base in FBGF increased by over 6% during the year.

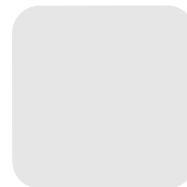
### Unit Prices

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, 2008 were as below:

	Offer Price	Redemption Price
Highest	117.28	114.69
Lowest	96.65	94.52
As of June 30, 2008	104.10	101.80

### Equity Markets & Fund Performance

The capital markets in Pakistan witnessed a volatile year due to the increase in political uncertainty, coupled with deteriorating economic fundamentals. The fear of global recession along with financial market crises of the west trickled down into the Asian markets resulting in large outflows from the emerging capital markets. The real GDP growth was recorded at 5.8% in FY08 as compared to 6.8% in FY07. The average rate of economic growth in the country has been 6.6% during the past five years. The per capita income increased at an average rate of 13.5% per annum during the last six years. The total Net FI, foreign investment during the year witnessed a 38.39% decrease (FY2008 \$5,192.9 Billion, FY2007 \$8,428.3 Billion). The SCRA, special rupee convertible account was recorded at \$232.11 million for FY08. This indicated a slowdown in the foreign portfolio investment in the country during FY08 as compared to the previous fiscal year. The amount of remittances received was \$6.448 Billion. The economy also observed a trade deficit of \$18.75 Billion. These economic indicators are indicating a net slow down in the economic growth due to both internal and external factors. This slow down was also witnessed due to the continuous monetary policy tightening resulting in a higher interest rate scenario. The high commodity prices along with a sharp increase in the international oil prices spurred a sharp increase in core inflation in the country. The series of policy actions towards further tightening impacted the interest rate hike giving way to lower equity market valuations.



## Report of the Directors of the Management Company

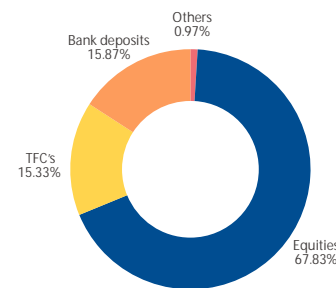


This slow down in the economic fundamentals was also a result of the continuous monetary policy tightening resulting in a higher interest rate scenario which concurrently was priced into the equity valuations on the Karachi Stock Exchange. The KSE-100 index declined by 10.77% during the year as the market capitalisation went down to Rs. 3,778 billion and the average turnover per day was recorded at 238 million shares. FBGF yielded a flat return for the year emphasising on the preservation of investors' capital during the steep declining trend in the broader equity markets. FBGF posted a return of negative 0.09% and announced a payout of 3.4% bonus units for its unit holders. The average equity market fund in the country posted a negative return of 5.2%. FBGF also outperformed its benchmark by 2.4% when compared on the equity investment exposure percentage basis. The long-term investors remained beneficiaries as FBGF posted a 68.4% return since inception translating into 16.27% annualised return.

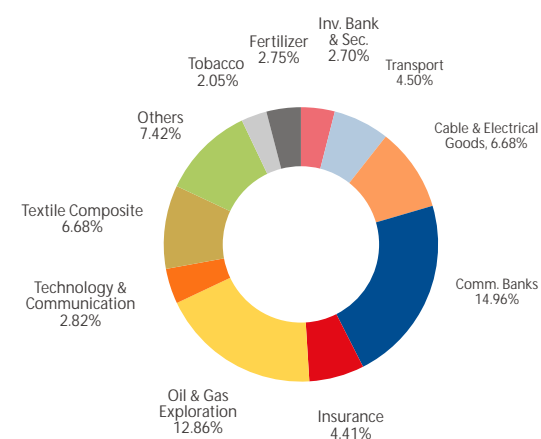
### Asset Allocation

As of June 30, 2008, the fund was invested 67.83% in equities compared to 45.74% at the end of last year. This level is maintained due to the sharp rise in the equity market index in the last three months of the financial year. We feel that the equity market can go through a correction to further consolidate before moving ahead. The fund was invested 15.33% in fixed income with the remaining 15.87% in cash deposits.

### Asset (net) Allocation



### Sector-wise Allocation



### Income Distribution

The Board has approved fund distribution of Bonus Units at the rate of 1.8% (i.e. Rs. 1.80 per unit) making the full year distribution of 3.4% (i.e. Rs. 3.40 per unit)

### Mutual Fund Rating

JCR-VIS has assigned a fund performance rating of "MFR 4-Star" to FBGF. The fund performance ranking is based on the risk-adjusted returns as compared to the peer group of FBGF. This 4-Star ranking indicates superior performance of the fund vis-à-vis its benchmark and peer group.

### Meetings of the Directors

The details relating to the meetings of directors are given as part of this Annual Report.

### Corporate Governance

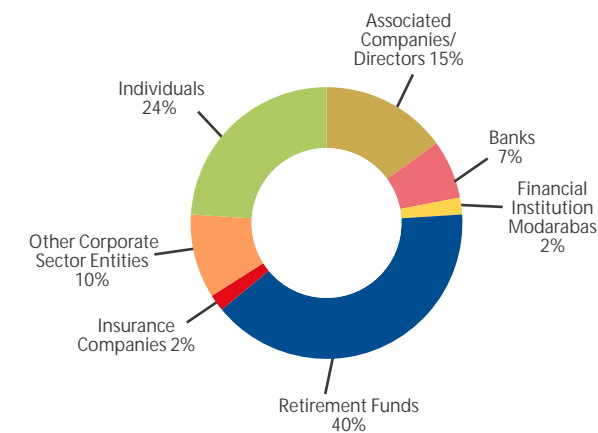
1. A prescribed statement by the management along with the auditors' report thereon for the year ended June 30, 2008 forms part of this annual report.
2. Statements under clause xix of the Code:
  - i. The financial statements, prepared by the Management presents fairly the state of affairs of the Fund and result of its operations, cash flows and movement in unit holder's fund.
  - ii. Proper books of accounts of the Fund have been maintained.
  - iii. Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  - iv. International Accounting Standards have been followed in the preparation of financial statements without any material departure.
  - v. The system of internal control is sound in design and has been effectively implemented and monitored.
  - vi. There is no significant doubt upon Fund's ability to continue as going concern.
  - vii. There has been no material departure from the Best Practices of the Code of Corporate Governance, as detailed in the Listing Regulations.
  - viii. Outstanding statutory payments on account of taxes, if any, have been fully disclosed in the accounts.
  - ix. The details of Board Meetings held and attended by the directors form part of this Annual Report.
  - x. The prescribed pattern of shareholding is given as part of this Annual Report.

There was no sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary of the Management Company including their spouses and minor children.

## Report of the Directors of the Management Company



### Pattern of Holding



### Auditors

The present auditors Messers Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment. The Board endorses the recommendation of the Audit Committee for re-appointment of Messers Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the auditors for the financial year 2008.

### Acknowledgement

The Board of Directors of the Management Company is thankful to unit holders for their confidence in 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

Salman Haider Sheikh  
Chief Executive Officer

Karachi:  
September 24, 2008

## Fund Manager's Report



### Investment Objective

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

#### Fund Information

Fund Type	Open Ended-Balanced Fund	Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Fund Launch Date	19 <sup>th</sup> April, 2004	Trustees	Central Depository Company of Pakistan
Performance Benchmark	*KSE-100 index/ 6M KIBOR	Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Rating	4 Star by JCR-VIS		

\*Proportional Investment percentages in KSE-100 INDEX and 6M KIBOR

#### Returns

#### Portfolio Characteristics

Month On Month	3.06%	P/E RATIO	9.6%
Year to Date	-0.09%	Dividend Yield	4.2%
Since Inception	68.40%		
SINCE INCEPTION ANN. RETURN	16.27%		

### Stock Market Review

The Pakistani capital market saw a very volatile year. This contribution of semi-variance to total volatility during the first half of the year was not due to deteriorating fundamentals or poor corporate earnings but the reason was the changing political environment, poor law and order situation and fear of global recession, which jointly checked positive investor sentiment from gaining in terms of buoyancy. The KSE-100 index gave a return of 2.20% during the first half of the year. U.S. economic recession fears put further pressure on the markets around the globe and created the question mark on long-term growth sustainability of the capital markets. Increase in international oil prices also added to the momentum of investor woes alongside the other negative price risk developments taking place on the commodity front.

To counter this inflation and the continuous increase in food prices State Bank of Pakistan (SBP) increased the discount rate twice thus dampening the investors' sentiment and causing growth momentum to slow down. This will definitely cause industrial growth to slow down as raising debt and equity to finance industrial expansions will become expensive. Also due to the increase in international oil prices input costs have increased which is translating into higher prices thus slowing consumer driven growth. In our view, a stimulating policy is significantly & positively correlated with strong funds flow from international markets into

## Fund Manager's Report



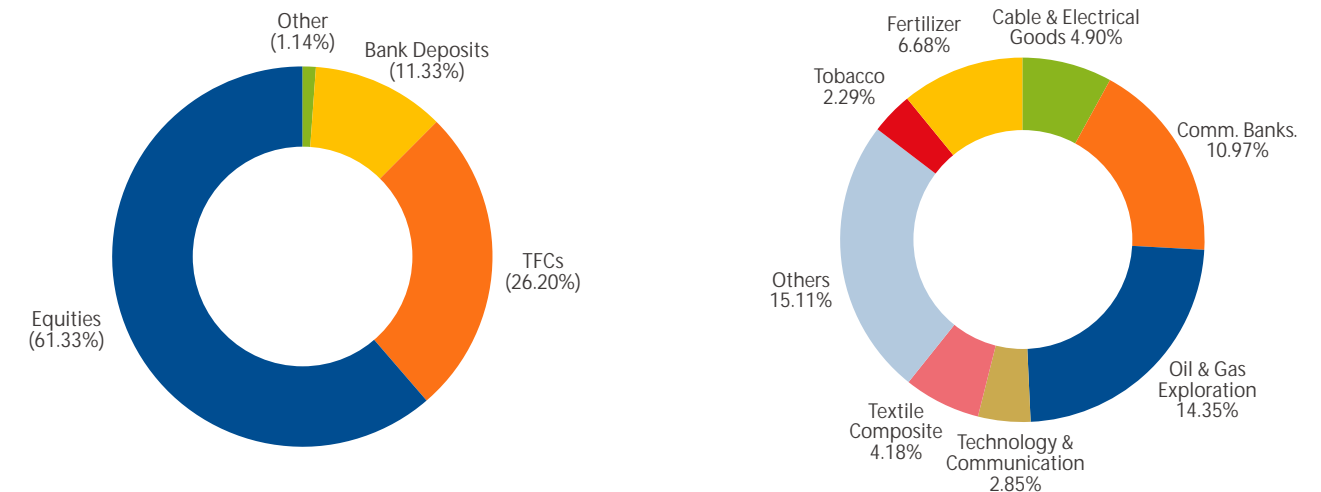
emerging markets. Thus with valuations significantly cheap relative to the Asian region and moderate economic growth, creates a strong case for the KSE-100 index at 11,500-12,000 levels.

Better expected corporate results, increasing trend in prices of cement, gas wellhead and fertilizers are the catalysts for the market to perform going forward. The current level of the market requires caution. With rising inflation, depreciating currency, and increasing current account and trade deficit a slight increase in the discount rate towards the first half of FY'08-09 cannot be ruled out.

### Performance

FBGF started this year at a NAV of PKR 103.49 and closed at a NAV of PKR 101.80, thus giving a negative return of 0.09% on a Year to Date (YTD) basis. FBGF also announced a full year profit payout of 3.4% for its shareholders during the year. For the year ending June '08 the KSE-100 index gave a negative return of 10.77% thus FBGF outperformed the KSE 100-index by a staggering 10.68% which shows the management's proactive and prudent approach towards safeguarding our investors' interest. FBGF beat its performance benchmark as well by 2.40% on a YTD basis as the benchmark gave a negative return of 2.49% for the full year.

For the month of June the KSE-100 index gave a return of 1.31% while FBGF gave a return of 3.06% thus showing outperformance on Month on Month (MoM) basis as well. FBGF also outperformed its performance benchmark on MoM basis as the benchmark gave a return of 1.25% for the month, thus outperforming the benchmark by 1.81% FBGF ended this year with a return of 68.40% since its inception which translates into 16.27% on annualised basis.



## Trustee Report to the Unit Holders



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

The Faysal Balanced Growth Fund (Fund), an open-end fund was established under a trust deed dated January 29, 2004, executed between Faysal Asset Management Limited, as the Management Company and Muslim Commercial Financial Services (Pvt) Limited (MCFSL), as the trustee.

As per amendatory trust deed of change of trustee dated June 22, 2005, MCFSL retired as the trustee and Central Depository Company of Pakistan Limited was appointed as trustee of the Fund.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2008 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (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, 2007 and the constitutive documents of the Fund.

Muhammad Hanif  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi:  
October 9, 2008

## Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2008



This statement is being presented by the Board of Directors of Faysal Asset Management Limited (FAML the company), the management company of Faysal Balanced Growth Fund (the Fund) to comply with the Code of Corporate Governance contained in Regulation No. 37 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby listed company is managed in compliance with the Best Practices of the Code of Corporate Governance.

FAML, the Management Company is not listed and hence, the Code is not applicable to it. However, the fund, being listed on Karachi Stock Exchange, comes under the ambit of the code. The fund being a unit trust scheme does not have its own Board. The Board of Directors of the management company manages the affairs of the fund.

### The Management Company has applied the principles contained in the code in the following manner:

1. The Management Company encourages representation of independent non-executive Directors. At present the Board includes two independent non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including the Management Company.
3. All the resident Directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. A casual vacancy had occurred in the Board subsequent to June 30, 2008, which was filled up by the directors within 1 day thereof.
5. The Management Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the management company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the company besides the CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter during the periods. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated to all concerned.
9. The Directors of Faysal Asset Management Limited are professionally qualified persons with rich experience in the financial sector and are well aware of their duties and responsibilities under the Companies Ordinance 1984, the NBFC (Establishment and Regulation) Rules 2003, NBFC's and Notified Entities Regulations, and Memorandum and Articles of FAML.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' report for this period 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 CEO and CFO of the Management Company before approval of the Board.
13. The Directors, CEO and Executive do not hold any interest in the units of the fund other than that disclosed in the pattern of the share holdings (units).
14. The Fund has complied with all the corporate and financial reporting requirements of the Code.

## Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2008



15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee. During the year, the Chairman of the Audit Committee resigned w.e.f June 03, 2008, and one of the members of the Audit Committee was nominated as Chairman.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the committee has been formed and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the fund and they (or their representatives) are involved in the internal audit function on a full time basis.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi:  
September 24, 2008

## Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance



We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Faysal Asset Management Limited (the Management Company) of the Faysal Balanced Growth Fund (the Fund) to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange 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 of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Fund's personnel and review of various documents prepared by the Fund to comply with the Code.

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

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

Chartered Accountants

Karachi  
September 24, 2008

Salman Haider Sheikh  
Chief Executive Officer



## Independent Auditors' Report to the Unit Holders



We have audited the accompanying financial statements of Faysal Balanced Growth Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2008, and the related income statement, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Fund for the year ended 30 June 2007 were audited by another firm of chartered accountants, whose report dated 13 August, 2007 expressed a qualified opinion on such financial statements due to a disagreement as to the valuation of listed term finance certificates.

### Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

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

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

### Opinion

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

### Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi  
September 24, 2008

*Feroz Rizvi*

## Statement of Assets and Liabilities as at June 30, 2008



	Note	June 30, 2008	June 30, 2007
----- (Rupees) -----			
<b>Assets</b>			
Bank balances	7	161,776,785	105,769,453
Dividend and other receivables	8	14,059,257	117,711,952
Investments	9	847,893,468	875,921,917
<b>Total assets</b>		<b>1,023,729,510</b>	<b>1,099,403,322</b>
<b>Liabilities</b>			
Payable to the Management Company	10	2,275,883	2,358,012
Remuneration payable to the Trustee	11	164,396	180,984
Accrued and other liabilities	12	1,716,617	20,449,771
<b>Total liabilities</b>		<b>4,156,896</b>	<b>22,988,767</b>
<b>Net assets</b>		<b>1,019,572,614</b>	<b>1,076,414,555</b>
<b>Unit holders' fund</b>		<b>1,019,572,614</b>	<b>1,076,414,555</b>
----- Number of units -----			
<b>Number of units in issue</b>		<b>10,015,830</b>	<b>8,860,217</b>
----- (Rupees) -----			
<b>Net asset value per unit</b>		<b>101.80</b>	<b>121.49</b>

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

For Faysal Asset Management Limited  
(Management Company)

*Salman Haider Sheikh*

Salman Haider Sheikh  
Chief Executive Officer

*Feroz Rizvi*

Feroz Rizvi  
Director

*Syed Majid Ali*

Syed Majid Ali  
Director

## Income Statement for the Year Ended June 30, 2008

FAYSAL  
BALANCED  
GROWTH FUND

	Note	June 30, 2008	June 30, 2007
<b>Income</b>			
Net capital gain on sale of investments 'at fair value through profit or loss'		76,042,829	175,077,192
Profit earned on debt securities		35,451,476	48,416,240
Dividend income		29,866,401	42,281,818
Return on bank balances		14,463,937	21,857,934
Unrealised (loss) / gain on investments 'at fair value through profit or loss' - net	9.4	(117,408,113)	18,439,011
Unrealised gain on letter of rights		-	7,126,614
		38,416,530	313,198,809
<b>Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed</b>		1,282,745	(83,120,306)
<b>Total Income</b>		39,699,275	230,078,503
<b>Expenses</b>			
Remuneration of the Management Company	10	26,299,267	33,250,678
Remuneration of the Trustee	11	2,109,994	2,477,809
Brokerage charges		4,726,664	5,190,872
Bank charges		39,722	14,068
Auditors' remuneration	13	408,681	303,542
SECP annual fee		1,108,539	1,477,809
Legal and professional charges		115,000	99,000
Fees and subscriptions		135,000	135,000
Settlement charges and capital value tax		771,114	692,494
<b>Total Expenses</b>		35,713,981	43,641,272
<b>Net income for the year before taxation</b>		3,985,294	186,437,231
Taxation	14	-	-
<b>Net income for the year after taxation carried forward for distribution</b>		3,985,294	186,437,231
<b>Earnings per unit at the close of the year</b>	15	0.40	21.04

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

For Faysal Asset Management Limited  
(Management Company)



Salman Haider Sheikh  
Chief Executive Officer



Feroz Rizvi  
Director



Syed Majid Ali  
Director

## Distribution Statement for the Year Ended June 30, 2008

FAYSAL  
BALANCED  
GROWTH FUND

	June 30, 2008	June 30, 2007
<b>Undistributed income brought forward</b>	190,392,775	95,513,167
Final bonus distribution for the year ended June 30, 2007 @ Rs. 18 per unit (2006: Rs. 6 per unit) declared for distribution on July 7, 2007	(159,483,911)	(91,557,623)
Interim bonus distribution for the year ended June 30, 2008 @ Rs. 1.6 per unit (2007: Rs. Nil per unit) declared for distribution on April 16, 2008	(11,467,207)	-
Interim dividend for the year ended June 30, 2008 @ Rs. 1.6 per unit (2007: Rs. Nil per unit) declared for distribution on April 16, 2008	(5,437,322)	-
<b>Net income for the year after taxation</b>	3,985,294	186,437,231
<b>Undistributed income carried forward</b>	<u>17,989,629</u>	<u>190,392,775</u>

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

For Faysal Asset Management Limited  
(Management Company)



Salman Haider Sheikh  
Chief Executive Officer



Feroz Rizvi  
Director



Syed Majid Ali  
Director

## Cash Flow Statement for the Year Ended June 30, 2008

FAYSAL  
BALANCED  
GROWTH FUND

	June 30, 2008	June 30, 2007
	----- (Rupees) -----	
<b>Cash Flows from Operating Activities</b>		
Net income for the year before taxation	3,985,294	186,437,231
<b>Adjustments for non-cash and other items:</b>		
Net capital gain on sale of investments 'at fair value through profit or loss'	(76,042,829)	(175,077,192)
Dividend income	(29,866,401)	(42,281,818)
Profit earned on debt securities	(35,451,476)	(48,416,240)
Return on bank balances	(14,463,937)	(21,857,934)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed	(1,282,745)	83,120,306
Unrealised (gain) on letter of rights	-	(7,126,614)
Unrealised loss / (gain) on investment 'at fair value through profit or loss'	117,408,113	(18,439,011)
	<u>(35,713,981)</u>	<u>(43,641,272)</u>
<b>Increase in Assets</b>		
Dividend and other receivables	(2,526,332)	(91,530,824)
<b>Increase in Liabilities</b>		
Payable to the Management Company	(82,129)	(781,951)
Remuneration payable to the Trustee	(16,588)	(34,753)
Accrued and other liabilities	(323,881)	(2,551,141)
	<u>(422,598)</u>	<u>(3,367,845)</u>
	<u>(38,662,911)</u>	<u>(138,539,941)</u>
Proceeds from sale / redemption of investments	3,120,100,294	3,737,204,151
Payment against purchase of investments	(3,048,825,173)	(2,828,103,224)
Dividend received	26,374,988	53,524,742
Profit received on debt securities	40,626,744	49,242,816
Return received on bank balances	15,937,880	19,380,983
<b>Net Cash from Operating Activities</b>	<u>115,551,822</u>	<u>1,031,249,468</u>
<b>Cash Flows from Financing Activities</b>		
Amounts received against issue of units	490,063,338	412,250,766
Payments made against redemption of units	(544,170,506)	(1,226,867,348)
Dividend paid	(5,437,322)	-
<b>Net Cash used in Financing Activities</b>	<u>(59,544,490)</u>	<u>(814,616,582)</u>
Net increase in cash and cash equivalents during the year	56,007,332	78,092,945
Cash and cash equivalents at the beginning of the year	105,769,453	27,676,508
<b>Cash and cash equivalents at the end of the year</b>	<u>161,776,785</u>	<u>105,769,453</u>

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

For Faysal Asset Management Limited  
(Management Company)



Salman Haider Sheikh  
Chief Executive Officer



Feroz Rizvi  
Director



Syed Majid Ali  
Director

## Statement of Movement in Unit Holders' Funds for the Year Ended June 30, 2008

FAYSAL  
BALANCED  
GROWTH FUND

	June 30, 2008	June 30, 2007
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	121.49	106.26
Net asset value per unit at the end of the year	<u>101.80</u>	<u>121.49</u>
<b>Net Assets at the beginning of the year</b>	1,076,414,555	1,621,473,600
Amount received on issue of units *	490,063,338	412,250,766
Amount paid / payable on redemption of units **	(544,170,506)	(1,226,867,348)
	<u>(54,107,168)</u>	<u>(814,616,582)</u>
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed	(1,282,745)	83,120,306
Interim cash dividend @ Rs. 1.6 per unit (Declared for distribution on April 16, 2008)	(5,437,322)	-
Net income for the year after taxation	3,985,294	186,437,231
<b>Net Assets as at the end of the year</b>	<u>1,019,572,614</u>	<u>1,076,414,555</u>
	----- Number of units -----	
* Number of units issued (including 1,646,299 bonus units issued during the year ended June 30, 2008 and 913,202 units issued during the year ) ended June 30, 2007	6,192,302	4,656,352
** Number of units redeemed	5,035,866	11,055,738

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

For Faysal Asset Management Limited  
(Management Company)



Salman Haider Sheikh  
Chief Executive Officer



Feroz Rizvi  
Director



Syed Majid Ali  
Director

## Notes to the Financial Statements for the Year Ended June 30, 2008



### 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 (MCFSL) as the Trustee till June 04, 2005 and thereafter between Faysal Asset Management Limited as Management Company 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 transferrable 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 Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non Banking Finance Companies and Notified Entities Regulation, 2007 (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 4.1 and 4.2 below.
- 3.2 The financial statements are presented in Pak Rupees, which is the Fund's functional and presentational currency.

### 4. Summary of Significant Accounting Policies

#### 4.1 Investments and other financial assets

The Management Company determines the appropriate classification of the Fund's investments in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of purchase and re-evaluates this classification on a regular basis.

All regular way purchases and sales of securities that require delivery within the time frame established by regulation of market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sale of the assets. Regular way purchases and sales are purchases or sales of investments that require delivery of assets within the period generally established by regulation or market convention such as "T+2".

## Notes to the Financial Statements for the Year Ended June 30, 2008



The fair value of investments that are actively traded in an organised financial market is determined by reference to the quoted market bid prices at the close of business on the statement of assets and liabilities date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis and option pricing models.

Investments of the Fund are categorised as follows:

#### At fair value through profit or loss

Investments at fair value through profit or loss includes investments held for trading and investments designated upon initial recognition as at fair value through profit or loss.

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading.

Investments may be designated at initial recognition as at fair value through profit or loss if:

- (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- (ii) the assets are part of a group of investments which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) the investments contain an embedded derivative that would need to be separately recorded.

These values are initially recognised at fair value and the transaction cost associated with the investments are taken directly to income statement.

Subsequent to the initial recognition, these investments are carried in the statement of assets and liabilities at fair value. Net gain and losses arising on changes in fair values of these investments are taken to income statement in the period in which they arise.

#### 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 for in case of debt securities (listed but not regularly traded on a stock exchange) and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

#### Loans and Receivables

Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted on the active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### Available-for-sale investments

Available-for-sale investments are those non-derivative investments that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

## Notes to the Financial Statements for the Year Ended June 30, 2008



### 4.2 Derivatives

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

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

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

### 4.4 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:

- for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate.
- for assets carried at fair value, impairment is the difference between cost and fair value.
- 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.

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

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.

### 4.5 Provisions

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

## Notes to the Financial Statements for the Year Ended June 30, 2008



### 4.6 Issue and redemption of units

Units issued are recorded at the offer price prevalent on the day the investment 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 from investor.

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

### 4.7 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.

### 4.8 Revenue Recognition

Gain or loss on sale of marketable and government securities is accounted for in the year in which it arises.

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

Gains or losses on sale of securities and 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 investment, profit on clean placements, return on bank balances and income from reverse repurchase agreements are recognised on a time proportion basis.

### 4.9 Element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" is created.

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

The net "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" during an accounting period is transferred to the income statement.

### 4.10 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any. 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 are distributed amongst the Fund unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 4.11 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.

## Notes to the Financial Statements for the Year Ended June 30, 2008



- 4.12 Net asset value per unit  
The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.
- 4.13 Proposed dividend and transfer between reserves  
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.
- 4.14 Financial assets and financial liabilities  
Financial assets carried on the statement of assets and liabilities include bank balances, dividend and other receivables and investments.  
Financial liabilities carried on the statement of assets and liabilities include payable to Management Company, remuneration payable to the trustee and accrued and other liabilities.  
At the time of initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition methods adopted for subsequent remeasurement of significant financial assets and financial liabilities are disclosed in the individual policy statements associated with each item.

### 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. Accounting Standards and Interpretations not Yet Effective

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS- 1 Presentation of Financial Statements (Revised)	January 01, 2009
IAS- 23 Borrowing Costs (Revised)	January 01, 2009
IAS- 27 Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS- 3 Business Combinations	January 01, 2009
IFRS- 7 Financial Instruments : Disclosures	July 01, 2008
IFRS- 8 Operating Segments	January 01, 2009
IFRIC- 12 Service Concession Arrangements	January 01, 2009
IFRIC- 13 Customer Loyalty Programs	July 01, 2008
IFRIC- 14 The Limit on the Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The Management Company expects that the adoption of the above standards and interpretations will have no material impact on the Fund's financial statement in the period of initial application other than to the extent of certain changes on enhancement in the presentation and disclosure in the financial statements.

## Notes to the Financial Statements for the Year Ended June 30, 2008



		June 30, 2008	June 30, 2007
	Note	----- (Rupees) -----	
<b>7. Bank Balances</b>			
Cash at bank - Current Account		46,828	8,953
Cash at bank - PLS Saving Accounts	7.1	161,729,957	105,760,500
		<u>161,776,785</u>	<u>105,769,453</u>
7.1 These carry mark-up ranging from 0.0085 % to 13.5 % (2007: 2.25% to 12.10%) per annum and include balance of Rs. 744,429 (2007: Rs. 1,140,095) with Faysal Bank Limited (a related party).			
<b>8. Dividend and other Receivables - considered good</b>			
Receivable against sale of investments		11,500	95,906,115
Unrealised gain on letter of rights		-	7,126,614
Dividend receivable		4,485,989	994,576
Mark-up receivable on debt securities		2,823,161	7,998,429
Security deposits		3,607,500	1,000,000
Return receivable on bank balances		1,394,697	2,868,640
Income tax refundable	8.1	1,736,410	1,736,410
Prepaid settlement charges		-	81,168
		<u>14,059,257</u>	<u>117,711,952</u>
8.1 This mainly 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 the tax advisor of the Fund to recover the same as soon as possible.			

		June 30, 2008	June 30, 2007
	Note	----- (Rupees) -----	
<b>9. Investments</b>			
At fair value through profit or loss			
Listed equity securities	9.1	691,569,448	492,326,450
Listed debt securities	9.2	156,324,020	383,595,467
		<u>847,893,468</u>	<u>875,921,917</u>

# Notes to the Financial Statements for the Year Ended June 30, 2008



## 9.1 Listed equity securities \*

Name of the investee company	Number of shares / units				Investments as % of			
	As at July 01, 2007	Purchased during the year	Bonus / right shares / units received during the year 2008	Disposed off during the year	As at June 30, 2008	Market value as at June 30, 2008 (Rupees)	Net Assets	Total Investments
<b>Ordinary shares having a face value of Rs. 10/- each unless stated otherwise.</b>								
<b>Automobile assembler</b>								
Hinopak Motors Limited	2,000	-	-	(2,000)	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	200,000	-	(200,000)	-	-	-	-
Indus Motors Company Pakistan Limited	50,000	20,000	-	(70,000)	-	-	-	-
Pak Suzuki Motor Company Limited	30,000	57,800	-	(87,800)	-	-	-	-
<b>Cable &amp; electrical goods</b>								
Pak Elektron Limited	-	405,506	-	-	405,506	22,708,336	2.23%	2.68%
<b>Cement</b>								
Al Abbas Cement Industries Limited	-	400,000	-	(400,000)	-	-	-	-
DG Khan Cement Company Limited	100,000	1,650,000	-	(1,750,000)	-	-	-	-
Fauji Cement Company Limited	-	50,000	-	(50,000)	-	-	-	-
Lucky Cement Limited	-	537,500	-	(487,500)	50,000	4,896,500	0.48%	0.58%
Pakistan Cement Limited	-	450,000	-	(450,000)	-	-	-	-
Thatta Cement Company Limited	-	351,000	-	-	351,000	8,178,300	0.80%	0.96%
						13,074,800	1.28%	1.54%
<b>Chemicals</b>								
ICI Pakistan Limited	90,000	20,000	-	(110,000)	-	-	-	-
Nimir Industrial Chemicals Limited	-	2,001,500	-	-	2,001,500	6,765,070	0.66%	0.80%
						6,765,070	0.66%	0.80%
<b>Closed end mutual funds</b>								
PICIC Growth Fund	50,000	-	-	(50,000)	-	-	-	-
<b>Commercial banks</b>								
The Royal Bank of Scotland Limited (Formerly ABN AMRO Bank (Pakistan) Limited)	-	28,700	-	(28,700)	-	-	-	-
Allied Bank Limited	-	159,200	6,840	(116,000)	50,040	4,266,911	0.42%	0.50%
Arif Habib Bank Limited	-	200,000	5,000	(5,000)	200,000	3,836,000	0.38%	0.45%
Askari Bank Limited	-	821,100	-	(821,100)	-	-	-	0.00%
Bank Alfalah Limited	-	900,000	-	(600,000)	300,000	12,318,000	1.21%	1.45%
BankIslami Pakistan Limited	-	1,070,000	156,250	(470,000)	756,250	11,200,063	1.10%	1.32%
Crescent Commercial Bank Limited	100,000	-	-	(100,000)	-	-	-	-
Habib Bank Limited	-	50,000	-	(50,000)	-	-	-	-
JS Bank Limited	610,000	640,000	300,000	(550,000)	1,000,000	13,740,000	1.35%	1.62%
KASB Bank Limited	-	155,500	-	-	155,500	2,966,940	0.29%	0.35%
MCB Bank Limited	-	157,400	-	(157,400)	-	-	-	-
National Bank of Pakistan	-	425,000	10,000	(435,000)	-	-	-	-
NIB Bank Limited	116,734	2,192,099	1,368,224	(947,500)	2,729,557	31,035,074	3.04%	3.66%
PICIC Commercial Bank Limited	-	476,000	-	(476,000)	-	-	-	-
Soneri Bank Limited	-	50,000	10,000	(60,000)	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	50,000	25,000	-	(75,000)	-	-	-	-
The Bank of Khyber	300,000	9,216,500	-	(4,515,000)	5,001,500	71,021,300	6.97%	8.38%
The Bank of Punjab	-	1,370,900	30,000	(1,400,900)	-	-	-	-
United Bank Limited	-	162,000	5,000	(142,000)	25,000	2,127,250	0.21%	0.25%
						152,511,538	14.97%	17.98%
<b>Engineering</b>								
Crescent Steel and Allied Products Limited	-	50,000	-	(50,000)	-	-	-	-
Sazgar Engineering Works Limited	-	20,500	2,050	-	22,550	2,452,989	0.24%	0.29%
						2,452,989	0.24%	0.29%
<b>Fertilizer</b>								
Engro Chemicals Pakistan Limited	-	410,000	-	(310,000)	100,000	28,081,000	2.75%	3.31%
Fauji Fertilizer Bin Qasim Limited	1,923,500	1,698,000	-	(3,621,500)	-	-	-	-
						28,081,000	2.75%	3.31%

# Notes to the Financial Statements for the Year Ended June 30, 2008



Name of the investee company	Number of shares / units				Investments as % of			
	As at July 01, 2007	Purchased during the year	Bonus / right shares / units received during the year 2008	Disposed off during the year	As at June 30, 2008	Market value as at June 30, 2008 (Rupees)	Net Assets	Total Investments
<b>Insurance companies</b>								
Adamjee Insurance Company Limited	-	190,100	-	(127,100)	63,000	17,055,360	1.67%	2.01%
EFU General Insurance Limited	-	44,000	6,000	-	50,000	18,043,000	1.77%	2.13%
Pakistan Reinsurance Company Limited	-	25,000	113,888	(25,000)	113,888	9,886,617	0.97%	1.17%
						44,984,977	4.41%	5.31%
<b>Investment banks / companies / securities</b>								
Arif Habib Limited	-	54,900	-	(54,900)	-	-	-	-
Arif Habib Securities Limited	105,000	845,000	-	(882,500)	67,500	10,899,900	1.07%	1.29%
Jahangir Siddiqui & Co. Limited	-	65,000	-	(45,000)	20,000	10,603,000	1.04%	1.25%
JS Investments Limited	-	250,000	-	(200,000)	50,000	4,753,500	0.47%	0.56%
Pakistan Industrial Credit and Investment Corporation	285,000	80,000	-	(365,000)	-	-	-	-
Javed Omer Vohra & Company Limited	-	50,000	-	(50,000)	-	-	-	-
Pervez Ahmed Securities Limited	-	100,000	-	(75,000)	25,000	1,239,250	0.12%	0.15%
						27,495,650	2.70%	3.24%
<b>Refinery</b>								
Attock Refinery Limited	-	257,000	-	(257,000)	-	-	-	-
Bosicor Pakistan Limited	-	1,000,000	-	(1,000,000)	-	-	-	-
National Refinery Limited	-	60,000	-	(60,000)	-	-	-	-
Pakistan Refinery Limited	-	40,000	-	(40,000)	-	-	-	-
<b>Oil &amp; gas exploration companies</b>								
Oil & Gas Development Company Limited	447,288	1,410,000	-	(1,152,500)	704,788	87,647,669	8.60%	10.34%
Pakistan Oilfields Limited	-	743,500	-	(693,500)	50,000	18,242,000	1.79%	2.15%
Pakistan Petroleum Limited	100,000	974,000	20,000	(991,400)	102,600	25,238,574	2.48%	2.98%
						131,128,243	12.86%	15.47%
<b>Oil &amp; gas marketing companies</b>								
Attock Petroleum Limited	30,000	57,000	-	(62,000)	25,000	10,807,000	1.06%	1.27%
Pakistan State Oil	55,000	25,000	-	(80,000)	-	-	-	-
Sui Northern Gas Pipelines Limited	-	100,000	-	(100,000)	-	-	-	-
Sui Southern Gas Company Limited	300,000	404,500	-	(704,500)	-	-	-	-
						10,807,000	1.06%	1.27%
<b>Open ended mutual funds</b>								
Faysal Savings Growth Fund	500,000	-	6,241	(506,241)	-	-	-	-
<b>Paper &amp; board</b>								
Packages Limited	7,371	242,700	3,760	(253,831)	-	-	-	-
<b>Power generation &amp; distribution</b>								
The Hub Power Company Limited	300,000	425,000	-	(100,000)	625,000	17,875,000	1.75%	2.11%
<b>Technology &amp; communication</b>								
NETSOL Technologies Limited	-	50,000	-	(50,000)	-	-	-	-
Pakistan Telecommunication Company Limited	450,000	1,325,000	-	(1,425,000)	350,000	13,524,000	1.33%	1.60%
TRG Pakistan Limited	-	1,500,000	-	(1,500,000)	-	-	-	-
Worldcall Telecom Limited	-	1,050,000	-	-	1,050,000	15,246,000	1.50%	1.80%
						28,770,000	2.83%	3.40%
<b>Textile composite</b>								
Artistic Denim Mills Limited	76,400	23,600	20,000	-	120,000	5,108,400	0.50%	0.60%
Azgard Nine Limited (Colony) Thal Textile Mills Limited	-	1,400,000	-	(1,075,000)	325,000	20,007,000	1.96%	2.36%
Nishat Chunian Limited	682,000	15,000	-	(697,000)	-	-	0.00%	0.00%
Nishat Mills Limited	-	1,336,300	-	(836,300)	500,000	42,985,000	4.22%	5.07%
Usman Textile Mills Limited	-	345,500	-	(345,500)	-	-	-	-
						68,100,400	6.68%	8.03%
<b>Textile spinning</b>								
D. S. Industries Limited	-	287,500	287,500	(257,000)	318,000	16,125,780	1.58%	1.90%
Dewan Farooque Spinning Mills Limited	312,000	-	-	(312,000)	-	-	-	-
Ellicot Spinning Mills Limited	14,200	-	-	(14,200)	-	-	-	-
Kohinoor Spinning Mills Limited	-	95,000	-	(95,000)	-	-	-	-
Nagina Cotton Mills Limited	72,000	-	-	(72,000)	-	-	-	-
						16,125,780	1.58%	1.90%

## Notes to the Financial Statements for the Year Ended June 30, 2008



Note	----- Number of shares / units -----				----- Investments as % of -----			
	As at July 01, 2007	Purchased during the year	Bonus / right shares / units received during the year 2008	Disposed off during the year	As at June 30, 2008	Market value as at June 30, 2008 (Rupees)	Net Assets	Total Investments
<b>Textile weaving</b>								
Samin Textile Limited	-	49,500	-	(49,500)	-	-	-	-
<b>Tobacco</b>								
Pakistan Tobacco Company Limited	-	180,000	-	(1,000)	179,000	20,943,000	2.05%	2.47%
<b>Transport</b>								
Pakistan International Container Terminal Limited	-	360,000	-	(110,000)	250,000	31,120,000	3.05%	3.67%
Pakistan National Shipping Corporation	-	206,300	-	-	206,300	14,760,765	1.45%	1.74%
						45,880,765	4.50%	5.41%
<b>Miscellaneous</b>								
Pace (Pakistan) Limited	-	725,000	-	(425,000)	300,000	8,502,000	0.83%	1.00%
Siddiqsons Tin Plate Limited	-	50,000	-	(50,000)	-	-	-	-
Tri-pack Films Limited	-	30,000	-	(30,000)	-	-	-	-
						8,502,000	0.83%	1.00%
						646,206,548	63.40%	76.21%
Preference shares having a face value of Rs. 10/- each unless stated otherwise								
<b>Textile composite</b>								
Azgard Nine Limited	1,000	-	-	(1,000)	-	-	-	-
<b>Cable &amp; electrical Goods</b>								
Pak Elektron Limited	9.1.1	5,000,000	-	(1,251,000)	3,749,000	45,362,900	4.45%	5.35%
		<u>12,159,493</u>	<u>42,997,105</u>	<u>2,350,753</u>	<u>(35,114,872)</u>	<u>22,392,479</u>	<u>67.85%</u>	<u>81.56%</u>

9.1.1 The disposal during the year includes 1,250,000 preference shares amounting to Rs. 12,500,000 converted into 247,706 ordinary shares at conversion price of Rs. 50.463 per ordinary share under a conversion option as available in the Information Memorandum.

9.2 Listed Debt Securities\*  
\* Term finance certificates (TFCs)

Note	----- Number of shares / units -----				----- Investments as % of -----			
	As at July 01, 2007	Purchased during the year	Bonus / right shares / units received during the year 2008	Disposed off during the year	As at June 30,	Market value as at June 30, 2008 (Rupees)	Net Assets	Total Investments
<b>Name of the investee company</b>								
<b>Commercial banks</b>								
United Bank Limited (1st issue)	25,000	-	-	(19,000)	6,000	26,313,488	2.58%	3.10%
United Bank Limited (2nd issue)	5,000	-	-	(5,000)	-	-	-	-
<b>Investment banks / companies / securities</b>								
Jahangir Siddiqui & Co. Limited	7,650	-	-	-	7,650	37,210,982	3.65%	4.39%
Trust Investment Bank Limited	4,500	-	-	-	4,500	6,718,950	0.66%	0.79%
<b>Oil &amp; Gas Exploration Companies</b>								
Chanda Oil & Gas Securitization Company Limited	20,000	-	(20,000)	-	-	-	-	-
Naimat Basal Oil & Gas Securitization Company Limited	15,000	-	-	-	15,000	30,062,105	2.95%	3.55%
<b>Technology and Communication</b>								
Telecard Limited	20,010	-	-	-	20,010	56,018,495	5.49%	6.61%
		<u>97,160</u>	<u>(20,000)</u>	<u>(24,000)</u>	<u>53,160</u>	<u>156,324,020</u>	<u>15.33%</u>	<u>18.44%</u>

9.2.1 During the year, the Fund has pledged following TFCs in favour of National Clearing Company of Pakistan Limited (NCCPL) as collateral against Exposure Margins and Mark to Market (MTM) losses for Continuous Funding System (CFS) and regular trades on the National Clearing and Settlement System (NCSS).

Name of Security	Number of certificates pledged
Jahangir Siddiqui & Co. Limited	7,650
Naimat Basal Oil & Gas Securitization Co.	15,000
Trust Investment Bank Limited	4,500
United Bank Limited	5,000

## Notes to the Financial Statements for the Year Ended June 30, 2008



9.3 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	A
Trust Investment Bank Limited	4,500	5,000	3% + 6 months KIBOR	July, 2009	Secured	AA -
Jahangir Siddiqui & Co. Limited	7,650	5,000	8.29%	December, 2009	Secured	AA +
Naimat Basal Oil & Gas						
Securitization Company Limited	15,000	5,000	2.50% + 6 months KIBOR	April, 2010	Secured	A
Telecard Limited	20,010	5,000	3.75% + 6 months KIBOR	May, 2011	Secured	A

9.4 Net Unrealised gain / (loss) during the year in the value of investments 'at fair value through profit or loss':

	June 30, 2008	June 30, 2007
Market value of investments 'at fair value through profit or loss'	847,893,468	875,921,917
Cost of investments 'at fair value through profit or loss'	(967,616,357)	(877,719,440)
	(119,722,889)	(1,797,523)
Net Unrealised gain on investment 'at fair value through profit or loss' at the beginning of the year	1,797,523	262,565,339
Realised on disposal during the year	(517,253)	242,328,805
	2,314,776	20,236,534
	<u>(117,408,113)</u>	<u>18,439,011</u>

9.5 Effective February 12, 2008, the Fund has changed the basis of valuation of debt securities, both listed and unlisted, from Discounted Cash Flow Method as allowed by IAS-39 'Financial Instruments: Recognition and Measurement' to the rates notified by the Mutual Funds Association of Pakistan (MUFAP) as required by the NBFC Regulations. However, in case there are no rates notified by the MUFAP the debt security(ies) will be valued at Discounted Cash Flow Method as allowed by IAS-39. The said change results in more accurate valuation of debt securities and compliance of the NBFC Regulations. This change has been accounted for prospectively in accordance with the requirements of IFRS. Had the listed debt securities been valued at Discounted Cash Flow Method as allowed by IAS-39, the carrying value of investment would have been lower by 8.736 million and net profit for the year amounting to Rs. 3.985 million would have turned into a net loss of Rs. 4.751 million.



## Notes to the Financial Statements for the Year Ended June 30, 2008



		June 30, 2008	June 30, 2007
		----- (Rupees) -----	
	Note		
<b>10. Payable to the Management Company</b>			
Remuneration payable to the Management Company	10.1	2,072,847	2,222,830
Sales load payable		203,036	135,182
		<u>2,275,883</u>	<u>2,358,012</u>
10.1	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 percent of such assets. During the current year, the Management Company has claimed its remuneration at the rate of 2.25 percent till January 02, 2008 and thereafter at the rate of 2.5 percent of the average daily net assets of the Fund.		
<b>11 Remuneration Payable to the Trustee</b>			
The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.			
		June 30, 2008	June 30, 2007
	Note	----- (Rupees) -----	
<b>12 Accrued and other Liabilities</b>			
Against purchase of investments 'at fair value through profit or loss'		-	18,409,273
SECP annual fee payable	12.1	1,108,539	1,477,809
Accrued liabilities		490,208	556,298
Settlement charges payable		36,543	-
Zakat payable		81,327	6,391
		<u>1,716,617</u>	<u>20,449,771</u>
12.1	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 one tenth of one percent of the average annual net assets of the Fund.		
		June 30, 2008	June 30, 2007
		----- (Rupees) -----	
<b>13 Auditors' Remuneration</b>			
Audit fee		230,000	200,000
Half yearly review fee		57,500	50,000
Fee for the review of statement of compliance of Code of Corporate Governance		28,750	25,000
Other certifications		57,931	-
Out of pocket expenses		34,500	28,542
		<u>408,681</u>	<u>303,542</u>

## Notes to the Financial Statements for the Year Ended June 30, 2008



<b>14 Taxation</b>	The Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders.		
<b>15 Earnings Per Unit</b>	Earnings per unit (EPU) is calculated by dividing the net income after tax for the year by the number of units outstanding as at the end of the year.		
	EPU based on cumulative weighted average units for the whole year has not been disclosed as in the opinion of the Management Company determination of the same is not practicable.		
		June 30, 2008	June 30, 2007
		----- (Rupees) -----	
<b>16 Transactions with Connected Persons / Related Parties</b>			
16.1	Transactions during the year		
	<b>Faysal Asset Management Limited (Management Company)</b>		
	Remuneration of Management Company	26,299,267	33,250,678
	Sales load	3,064,598	2,016,118
	<b>Faysal Savings Growth Fund (common management)</b>		
	Purchase of Nil units (2007: 500,000 units)	-	50,000,000
	Issue of bonus 6,241 units (2007: Nil units)	625,000	-
	Redemption of 506,241 units (2007: Nil units)	50,846,810	-
	<b>Faysal Bank Limited (group company)</b>		
	Issue of bonus 215,676 units (2007: 119,689 units)	22,320,323	-
	Redemption of 215,676 units (2007: 809,397 units)	22,596,389	96,350,596
	Cash dividend	1,984,029	-
	Profit on PLS Saving Account	28,760	13,119
	<b>Faysal Bank Limited - Staff Provident Fund</b>		
	Issue of bonus 26,548 units (2007: 7,841 units)	2,760,512	786,176
	<b>ICI Pakistan Limited (common directorship)</b>		
	Purchase of 20,000 shares (2007: 127,200 shares)	3,154,980	16,115,535
	Disposed off 110,000 shares (2007: 205,400 shares)	22,835,025	32,298,735
	<b>ICI Pakistan Management Staff Provident Fund</b>		
	Issue of bonus 26,548 units (2007: 7,841 units)	2,760,512	786,176
	<b>AKD Securities (Private) Limited (common directorship)</b>		
	Brokerage fee	313,970	321,838
	Purchase of marketable securities	320,048,480	242,708,800
	Sale of marketable securities	154,970,290	221,749,117
	<b>AKD Staff Provident Fund</b>		
	Issue of bonus 1,327 units (2007: 392 units)	138,026	39,309
16.2	Outstanding balances as at year end		
	<b>Faysal Asset Management Limited (Management Company)</b>		
	Remuneration of the Management Company	2,072,847	2,222,830
	Sales load	203,036	135,182

## Notes to the Financial Statements for the Year Ended June 30, 2008



Faysal Savings Growth Fund (common management)		
Units in issue (Number of units 2008: Nil; 2007: 500,000)	-	50,685,000
Faysal Bank Limited (group company)		
Units in issue (Number of units 2008: 1,240,018; 2007: 1,310,292)	126,233,828	159,185,417
Balance in PLS Saving Account	744,429	1,140,095
Faysal Bank Limited - Staff Provident Fund		
Units in issue (Number of units 2008: 165,418; 2007: 138,871)	17,045,692	14,285,180

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

### 17 Financial Risk Management Policies

#### 17.1 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Management Company manages market risk by monitoring exposure on marketable securities by following the internal guidelines of the Investment Committee and regulations laid down by the SECP.

#### 17.2 Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches in the amount of interest / mark-up based financial assets, liabilities and off-balance sheet financial instruments that mature or reprice in a given period. The Management Company manages these mismatches through risk management strategies where significant changes in gap positions can be adjusted.

The Fund is not materially exposed to yield / interest rate risk as there are no interest bearing financial liabilities giving rise to mismatches of financial assets and financial liabilities.

#### 17.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitment associated with financial instruments. The Management Company manages liquidity risk by following internal guidelines of the Investment Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Fund is not materially exposed to liquidity risk as significant obligations / commitments of the Fund are short term in nature and significant assets of the Fund are easily realizable / convertible into cash on the Stock Exchanges and over-the-counter market.

#### 17.4 Credit risk

Credit risk arising from the inability of the counter parties to meet the terms of the Fund's financial instrument contracts is generally limited to the amounts, if any, by which the counter party obligations exceed the obligations of the Fund. The Fund's policy is to enter into financial instrument contracts by following internal guidelines duly approved by the Investment Committee such as approving counter parties, approving credit limits and obtaining adequate collateral and by following strict credit evaluation criteria laid down by the management.

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

## Notes to the Financial Statements for the Year Ended June 30, 2008



### 18 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.

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

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

### 19. Non-adjusting Event After the Balance Sheet Date

The Board of Directors of the Management Company in their meeting held on July 05, 2008 have declared a bonus issue at the rate of 1.80% (i.e. Rs. 1.80 per unit). The financial statements of the Fund for the year ended June 30, 2008 do not include the effect of the bonus issue which will be accounted for in the financial statements of the Fund subsequent to the year end.

### 20. Supplementary Non Financial Information

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, 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.

### 21. Corresponding Figures

Prior year's figures have been reclassified wherever necessary, for the purposes of comparison and better presentation. Significant reclassifications are as follows:

Statement	Component	Reclassification from	Reclassification to	Amount (Rupees)
Income Statement	Expenses	Brokerage, capital value tax and settlement charges	Settlement charges and capital value tax	692,494
Statement of Assets and Liabilities	Liabilities	Accrued and other liabilities (Sales load payable)	Payable to the Management Company	135,182

### 22. General

Figures are rounded off to the nearest rupee.

### 23. Date of Authorisation for Issue

These financial statements were authorised for issue on September 24, 2008 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited  
(Management Company)

Salman Haider Sheikh  
Chief Executive Officer

Feroz Rizvi  
Director

Syed Majid Ali  
Director

Supplementary Non Financial Information as Required Under Section 6(D), (G), (H), (I), (J) & (K) of the 4<sup>th</sup> Schedule of the NBFC and Notified Entities Regulations, 2007



(i) Pattern of Unit Holding

	Units Held	Amount (Rupees)	%
<b>Associated Companies</b>			
Faysal Bank Limited	1,335,460	135,944,645	13.33%
Faysal Bank Limited - Employees Provident Fund	165,418	16,838,947	1.65%
AKD Securities (Private) Limited - Staff Provident Fund	8,271	841,947	0.08%
<b>Banks</b>			
Financial Institutions and Modarabas	751,152	76,464,355	7.50%
Retirement Funds	188,098	19,147,635	1.88%
Insurance Companies	4,016,592	408,873,472	40.10%
Other Corporate Sector Entities	171,375	17,445,265	1.71%
Individuals	965,092	98,242,626	9.64%
	2,414,372	245,773,722	24.11%
	<u>10,015,830</u>	<u>1,019,572,614</u>	<u>100%</u>

(ii) List of Top Ten Brokers By Percentage of Commission Paid

Name	Percentage
Alfalah Securities Limited	18.79%
Ismail Iqbal Securities (Private) Limited	14.26%
Elixir Securities Limited	8.47%
BMA Capital Management Limited	7.68%
Atlas Investment Bank	7.03%
Global Securities Pakistan Limited	6.88%
AKD Securities (Private) Limited	6.64%
Escort Investment Bank	6.34%
JS Global Capital Limited	6.29%
Invisor Securities (Private) Limited	3.60%

(iii) The Members of the Investment Committee

Following are the members of the Investment Committee of the Fund:

Mr. Salman Haider Sheikh  
 Mr. Tahir Sohail  
 Mr. Shakeel Musani (resigned w.e.f. July 07, 2008)  
 Mr. Muhammad Taha Hamdani (resigned w.e.f. May 16, 2008)  
 Mr. Omar Ehtisham Anwar  
 Syed Aamir Hussain Rizvi  
 Mr. Teerath Mal Bhojwani (resigned w.e.f. May 13, 2008)  
 Mr. Adeel Hussain

Supplementary Non Financial Information as Required Under Section 6(D), (G), (H), (I), (J) & (K) of the 4<sup>th</sup> Schedule of the NBFC and Notified Entities Regulations, 2007



Mr. Salman Haider Sheikh

Mr. Haider has over 12 years of international experience of asset management and investment banking. He has held various securities licenses including Series-7 (General Securities Representative) and Series-63 (Uniform Securities Agent Law) issued by the National Association of Securities Dealers, (NASD) New York. He has also passed course examinations for Series-3 (Futures & Commodities) and Series-24 (General Securities Principal) and Life & Health Insurance licenses. He has participated in a six-month course on financial systems, risk management, analysis of financial products, marketing strategy and compliance at Wachovia Bank, USA.

Mr. Haider has managed large investment portfolios for both retail and institutional clients on the equity and fixed income side. Mr. Haider participated as a team member in venture capital / Private equity and investment banking transactions of over \$1 billion. His work experience includes positions in the USA at Merrill Lynch, Janney Montgomery & Scott and Wachovia Bank. Mr. Haider holds a post-graduate certificate in "Executive Leadership" from CORNELL UNIVERSITY. He holds an MBA from RUTGERS UNIVERSITY with major concentration in Finance. He also holds a Bachelors in Finance from the same institution.

Mr. Tahir Sohail

Mr. Tahir Sohail is a senior banker with over 22 years of broad based banking experience with leading multinational banks like Citibank N.A. and Deutsche Bank. He has worked in increasingly responsible positions within corporate, consumer and private banking businesses both within and outside Pakistan and was instrumental in implementing a credit scoring model for credit cards acquisition in Pakistan during his Citibank tenure. In Deutsche Bank, Mr. Tahir was actively involved in developing wealth management products at Asia Pacific regional level. Mr. Tahir holds a Bachelors degree.

Mr. Shakeel Musani

Mr. Shakeel Musani is a qualified Chartered Accountant. Previously, Mr. Musani held the position of Assistant Manager in A. F. Ferguson & Co. Chartered Accountants. His responsibilities included strategic audit planning, system evaluation, documentation and risk management, corporate business and financial reporting, and taxation and allied matters. His responsibilities also included representing major companies of oil & gas and financial sectors before the Income Tax and Sales Tax assessing and appellate authorities. He was also responsible for advising to national and multinational clients on local and international taxation. He was a member of the team making recommendations to the Central Board of Revenue on the Income Tax Ordinance, 2001. (resigned w.e.f. July 07, 2008)

Mr. Mohammad Taha Hamdani

Mr. Mohammad Taha Hamdani has qualified his Chartered Accountancy in July 2001 and was associated with Ford Rhodes Sidat Hyder & Co., Chartered Accountants. Mr. Hamdani enjoys a diversified exposure. He was associated with PTCL, the largest telecommunication network in the country as Deputy Director. He also carries the experience of working as Group Internal Auditor for one of the leading Five Star International Hotels in Pakistan, and as a Group Finance Manager for an international trading & manufacturing group based in Saudi Arabia. (resigned w.e.f. May 16, 2008)

Mr. Omar Ehtisham Anwar

Mr. Omar Ehtisham Anwar has almost three years of experience in equity markets. He is a graduate of Lahore University of Management Sciences (LUMS) and holds a BSC (Honors) degree in Computer Science. Previously, Mr. Anwar was working for Alfalah Securities a subsidiary of Bank Alfalah in the Institutional Sales Group. His responsibilities included dealing with individual, institutional and foreign clients, guiding clients on their investment options by keeping abreast with market conditions, meeting market deadlines and risk assessment. He was also responsible for providing business and technical support and initiating new product ideas.

Syed Aamir Hussain Rizvi

Mr. Rizvi holds a Masters degree (MBA) from Adamson University –Philippines. Mr. Rizvi has over 10 years of professional experience in the money and capital market, out of which six years were spent in money market brokerage and portfolio management. Mr. Rizvi was a fund manager at BMA Asset Management Company Limited, managing the fixed income portfolio of BMA Principal Guaranteed and discretionary funds, including retirement funds of multinational companies. He has been associated with the Faysal Asset Management Limited since the last eight months as Fund Manager for both Faysal Income & Growth Fund and Faysal Savings Growth Fund.

Mr. Teerath Mal Bhojwani

Mr. Bhojwani is an MBA with a major in finance from the Institute of Business Administration Karachi. He also possesses the degree of BE from Mehran University of Engineering and Technology, Jamshoro. Before joining Faysal Asset Management Limited, he was associated with Arif Habib Limited as an Investment Analyst. He started his professional career as a Research Analyst at Noman Abid & Company. Apart from having capital markets exposure, he carries an experience of managing the operations of a rice processing enterprise and commodity trading for eight years. Currently he is visiting faculty at PAF- KIET. (resigned w.e.f May 13, 2008)

Mr. Adeel Hussain

Mr. Hussain holds a postgraduate degree in Finance (MBA) from Coventry University, West Midlands, United Kingdom. Mr. Hussain has over 4 years of specialised professional experience in the field of Investment Risk Management. He has worked across various arms of the financial services industry as a risk manager, which includes conventional & Islamic banks and AMCs. Before joining Faysal Asset Management Limited he was heading the Risk Management Department at Dawood Islamic Bank Limited (DIBL). Apart from professional expertise in the area of financial risk management, he has also taught Microeconomics, Portfolio Management & Derivatives at various leading universities of the country at the post graduate level such as SZABIST & MAJU as a member of the adjunct faculty.

#### (iv) Particulars of Fund Managers

Mr. Omar Ehtisham Anwar

Mr. Omar Ehtisham Anwar has almost three years of experience in equity markets. He is a graduate of Lahore University of Management Sciences (LUMS) and holds a BSC (Honors) degree in Computer Science. Previously, Mr. Anwar was working for Alfalah Securities, a subsidiary of Bank Alfalah in the Institutional Sales Group. His responsibilities included dealing with individual, institutional and foreign clients, guiding clients on their investment options by keeping abreast with market conditions, meeting market deadlines and risk assessment. He was also responsible for providing business and technical support and initiating new product ideas.

Presently Mr. Omar is also looking after Equity area of Faysal Balanced Growth Fund and Faysal Income & Growth Fund.

Syed Aamir Hussain Rizvi

Mr. Rizvi holds a Masters degree (MBA) from Adamson University –Philippines. Mr. Rizvi has over 10 years of professional experience in the money and capital market, out of which six years were spent in money market brokerage and portfolio management. Mr. Rizvi was a fund manager at BMA Asset Management Company Limited, managing the fixed income portfolio of BMA Principal Guaranteed and discretionary funds, including retirement funds of multinational companies. He has been associated with the Faysal Asset Management Limited since the last eight months as Fund Manager for both Faysal Income & Growth Fund and Faysal Savings Growth Fund.

Presently Mr. Rizvi is also looking after Fixed Income Investment area of Faysal Balanced Growth Fund and Faysal Income & Growth Fund.

#### (v) Meetings of the Board of Directors

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

Name of Directors	Meetings Attended	Meeting held on						
		07 July, 2007	13 August, 2007	23 October, 2007	26 October, 2007	11 February, 2008	16 April, 2008	03 June, 2008
Mr. Khalid Tirmizey (elected ) w.e.f. September 26, 2007	4	-	-	1	1	1	-	1
Mr. Farook Bengali (retired w.e.f. September 26, 2007)	2	1	1	-	-	-	-	-
Salman Haider Sheikh	7	1	1	1	1	1	1	1
Mr. Hassan Mohamed Mahmood (retired w.e.f. September 26, 2007)	-	-	-	-	-	-	-	-
Mr. Feroz Rizvi	3	-	-	-	-	1	1	1
Mr. Iqbal Alimohamed (resigned w.e.f. June 03, 2008)	4	1	1	-	1	1	-	-
Mr. Aqeel Karim Dhedhi (retired w.e.f. September 26, 2007)	-	-	-	-	-	-	-	-
Mr. Mohammad Iqbal (resigned w.e.f. July 23, 2008)	7	1	1	1	1	1	1	1
Mr. Shahid Waqar Mahmood (retired w.e.f. September 26, 2007)	2	1	1	-	-	-	-	-
Mr. Sanaullah Qureshi (elected w.e.f. September 26, 2007)	2	-	-	-	-	1	1	-
Mr. Muhammad Farid Alam (elected w.e.f. September 26, 2007 and resigned w.e.f. January 02, 2008)	2	-	-	1	1	-	-	-

#### (vi) Rating of the Fund and the Management Company

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a "4 Star" fund rating to Faysal Balanced Growth Fund.

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



Faysal Bank

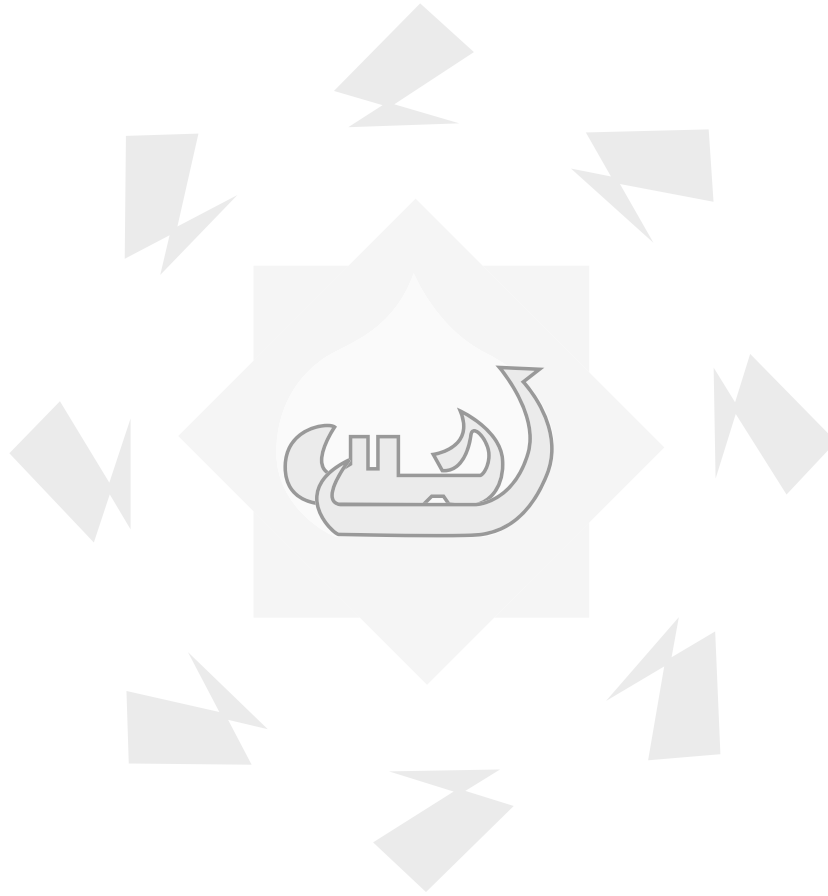


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