

**FAYSAL ASSET MANAGEMENT LIMITED**

**FAYSAL SAVINGS GROWTH FUND  
(FSGF)**

ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER  
30, 2010

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of the Faysal Asset Management Limited, the management company of the **Faysal Savings Growth Fund (FSGF)**, is pleased to present the un-audited accounts of FSGF for the quarter ended September 30, 2010.

### FINANCIAL HIGHLIGHTS

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	Rupees in million	
Total Income	220.467	225.359
Operating Expenses	(33.243)	(28.308)
Profit Before Tax	187.224	197.051
Taxation	-	-
Profit After Tax	187.224	197.051
Earnings per Unit – Rs.	2.64	2.86

### MONEY MARKET REVIEW:

During the 1<sup>st</sup> quarter FY10-11 money market remained mostly liquid with the average overnight rates ranging from 11.50% to 12.50%. The T-bill for 3, 6 and 12 months were trading between the ranges of 12.45%-12.65%, 12.70%-12.95% and 12.90-13.20% respectively. However, SBP increased the Discount Rate by 50 Bps on September 29, 2010 as expected earlier which resulted in spike on T-bill yields as witnessed by 3 months T-bill traded above 12.80% in the market. During the period, SBP continues to monitor the market liquidity and kept its focus on interest rate volatility as reflected by Open Market Operations where as the money market hit the floor rate many times due to extra liquidity available in the system. Moreover, as a result of hike in discount rate from 13.00% to 13.50% and overall view of interest rates on higher side, financial institutions opted for investing in short term exposures as evident by heavy participation in 3 months treasury bills with a cut off yield at 12.75% in last auction. The interest rates are rising and there are great chances of further hike in interest rates so the fund will be able to invest on better rates and the current drop in yield will be regained hopefully 2<sup>nd</sup> quarter.

We expect the money market to remain liquid during the 2<sup>nd</sup> quarter FY10-11 with active intervention by Central Bank. Moreover, we expect the interest rates to remain on optimum levels with overnight rates hovering around 11.50% to 12.25% with some elevation in the yields of T-Bills in the coming auctions as the market is expecting higher inflation coupled with another hike in Monetary Policy to be announced by end November, 2010.

### FUND PERFORMANCE

FSGF started the 1<sup>st</sup> quarter of FY10-11 at a NAV/unit of PKR at 100.22 (Ex-NAV) and closed the quarter at NAV of PKR 102.85 up by annualized 10.82% against the bench mark return of 12.62% on quarter to quarter basis and provided our valued investors with dividend of PKR 2.95 per unit. However, the average peer group return for the first quarter was 11.54%. On asset allocation side, the fund is highly liquid with our portfolio comprised 66% of cash, 22% short term placements in COI and TDRs with AA- rated banks & DFIs with maturity ranging from 7 days to 60 days only, 1.28% in commercial Paper, whereas investments and trading in T-bills remained at the same level of 6.72%, while TFCs exposure remained at 1.37% only. This little alignment in asset allocation has not compromised our asset quality as almost 98% of our fund is invested in AA- rated instruments or better. We will continue with our investment strategy

keeping the interest rate risk at lowest possible levels while ensuring highest credit quality within our portfolio and tap any short term opportunity in the market to pass on competitive returns to our unit holders.

Main reason for decline in EPU as compared to the same period of last year was distribution equalization adjustment arising on the net movement of units.

Reference to the amendments in the workers welfare fund as disclosed in the Note 11 to the financial statements, during the period Ministry of Labour & Manpower issued a clarification dated July 08, 2010 & further clarified it through its additional clarification dated July 15, 2010 which clearly states that mutual funds are products being managed by Asset Management Companies (AMCs). AMCs only are liable to contribute towards WWF. However the income of mutual funds, the product being sold, is exempted under the law *ibid*. MUFAP, on behalf of its member AMCs, obtained a legal opinion to assess the implications of the advice issued by the Ministry of Labour and Manpower. The legal opinion, among other things, stated that mutual funds are not required to provide for contribution to WWF and earlier provisioning, if any, can be reversed and the advice also suggests that provisioning was neither required nor necessary. However, audit firms are not convinced even on the clarification issued by Ministry of Labour and Manpower and are of the opinion that until the decision will be finalized from Honourable court or FBR issues a clear notification, such liability should be provided by funds. Management of FAML decided not to provide WWF Liability upto the materiality level and upon breach of materiality level it will be booked in the books of fund.

Accordingly, no provision in respect of WWF for the year ended June 30, 2009, June 30, 2010 and quarter ended September 30, 2010 amounting to Rs. 12,972,976, Rs. 14,237,820 and Rs. 3,744,470 respectively, has been made in these financial statements.

## **FUND RATING**

FSGF maintained its rating of "A (f)" denoting high level of stability in the asset allocation mix of the portfolio and lower inherent investment policy risk pertaining to the overall asset allocation. This fund rating was assigned by JCR-VIS.

## **ACKNOWLEDGEMENT**

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

For and on behalf of the Board

**Karachi:** October 30, 2010

**Salman Haider Sheikh**  
Chief Executive Officer

## FAYSAL SAVINGS GROWTH FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 Un-Audited ----- (Rupees) -----	June 30, 2010 Audited -----
<b>Assets</b>			
Bank balances and term deposit receipts	5	5,289,816,606	5,427,614,240
Deposits and receivables	6	169,744,739	43,165,882
Preliminary expenses and floatation costs		1,288,768	1,490,412
Investments	7	1,851,418,936	1,615,138,926
<b>Total assets</b>		<u>7,312,269,049</u>	<u>7,087,409,460</u>
<b>Liabilities</b>			
Payable to the Management Company		9,544,651	7,788,017
Remuneration payable to the Trustee		718,379	601,270
Accrued and other liabilities	8	6,041,232	9,174,048
<b>Total liabilities</b>		<u>16,304,262</u>	<u>17,563,335</u>
<b>Net assets</b>		<u>7,295,964,787</u>	<u>7,069,846,125</u>
<b>Unit holders' fund</b>		<u>7,295,964,787</u>	<u>7,069,846,125</u>
		----- Number of units -----	
<b>Number of units in issue</b>		<u>70,939,446</u>	<u>68,528,892</u>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<u>102.85</u>	<u>103.17</u>
<b>Contingencies and commitments</b>	9		

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

**For Faysal Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Salman Haider Sheikh  
Chief Executive Officer

\_\_\_\_\_  
Feroz Rizvi  
Director

\_\_\_\_\_  
Syed Majid Ali  
Director

## FAYSAL SAVINGS GROWTH FUND

CONDENSED INTERIM INCOME STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	September 30, 2009
Note	---- (Rupees) ----	
<b>Income</b>		
Income from reverse repurchase transactions of listed securities	2,968,530	-
Profit earned on debt and government securities	54,858,803	92,834,139
Return on bank balances and term deposit receipts	177,443,338	119,468,908
Other income	-	48,338
Net (loss) / gain on investments designated 'at fair value through profit or loss'		
- Net capital (loss) / gain on sale of investments	(1,162,779)	4,250,689
- Unrealised (loss) / gain on revaluation of investments	(1,480,092)	(4,399,121)
	(2,642,871)	(148,432)
<b>Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed</b>	<b>(12,161,204)</b>	<b>13,156,232</b>
<b>Total Income</b>	<b>220,466,596</b>	<b>225,359,185</b>
<b>Expenses</b>		
Remuneration of the Management Company	28,959,946	24,651,879
Remuneration of the Trustee	2,182,718	1,895,513
Brokerage charges	120,261	103,691
Bank charges and guarantee commission	10,254	6,351
Auditors' remuneration	95,260	72,970
SECP annual fee	1,447,997	1,216,085
Legal and professional charges	161,834	95,452
Settlement charges and capital value tax	1,641	2,785
Amortization of preliminary expenses and floatation costs	201,644	201,644
Printing and other expenses	61,537	61,529
<b>Total Expenses</b>	<b>33,243,092</b>	<b>28,307,899</b>
<b>Net income for the year before taxation</b>	<b>187,223,504</b>	<b>197,051,285</b>
Taxation	10	-
<b>Net income for the year after taxation</b>	<b>187,223,504</b>	<b>197,051,285</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>187,223,504</b>	<b>197,051,285</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited  
(Management Company)

Salman Haider Sheikh  
Chief Executive Officer

Feroz Rizvi  
Director

Syed Majid Ali  
Director

## FAYSAL SAVINGS GROWTH FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2009</u>
	----- (Rupees) -----	
<b>Undistributed income brought forward</b>	<b>216,929,895</b>	187,210,962
Final bonus distribution for the year ended June 30, 2010 @ Rs.2.95 per unit (2009: Rs.2.80 per unit) declared for distribution on July 07, 2010	<b>(130,775,495)</b>	(92,667,622)
Final cash dividend for the year ended June 30, 2010 @ Rs.2.95 per unit (2009: Rs.2.80 per unit) declared for distribution on July 07, 2010	<b>(71,384,772)</b>	(81,910,905)
Net income for the period after taxation	<b>187,223,504</b>	197,051,285
<b>Undistributed income carried forward</b>	<b><u>201,993,132</u></b>	<b><u>209,683,720</u></b>

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**For Faysal Asset Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Salman Haider Sheikh**  
Chief Executive Officer

\_\_\_\_\_  
**Feroz Rizvi**  
Director

\_\_\_\_\_  
**Syed Majid Ali**  
Director

## FAYSAL SAVINGS GROWTH FUND

CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	September 30, 2009
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	187,223,504	197,051,285
<b>Adjustments for non-cash and other items</b>		
Net capital loss / (gain) on sale of investments designated 'at fair value through profit or loss'	1,162,779	(4,250,689)
Income from reverse repurchase transactions of listed securities	(2,968,530)	-
Profit earned on debt and government securities	(54,858,803)	(92,834,139)
Return on bank balances and term deposit receipts	(177,443,338)	(119,468,908)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	12,161,204	(13,156,232)
Unrealised loss / (gain) on investments designated 'at fair value through profit or loss' - net	1,480,092	4,399,121
Amortisation of preliminary expenses and floatation costs	201,644	201,644
	<u>(33,041,448)</u>	<u>(28,057,918)</u>
<b>Decrease in assets</b>		
Receivables	(100,000,000)	-
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	1,756,634	873,219
Remuneration payable to the Trustee	117,109	58,214
Accrued and other liabilities	(3,132,817)	(2,586,783)
	<u>(1,259,074)</u>	<u>(1,655,350)</u>
	<u>(134,300,522)</u>	<u>(29,713,268)</u>
Amounts received against sale / redemption of investments	4,999,999,225	3,249,772,917
Payments made against purchase of investment	(5,216,603,010)	(4,322,098,170)
Investment in term deposit receipts	-	100,000,000
Profit received on debt securities	30,353,470	37,142,287
Profit received on commercial papers		
Return received on bank balances and term deposit receipts	154,075,644	146,623,640
Income received on reverse repurchase transactions of listed securities	1,943,604	-
<b>Net cash (used in) / from operating activities</b>	<u>(164,531,588)</u>	<u>(818,272,594)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issue of units	3,459,031,966	2,723,299,284
Payments made against redemption of units	(3,360,913,240)	(2,159,725,293)
Dividend paid	(71,384,772)	(81,910,905)
<b>Net cash (used in) / from financing activities</b>	<u>26,733,954</u>	<u>481,663,086</u>
Net (decrease) / increase in cash and cash equivalents during the year	(137,797,634)	(336,609,508)
Cash and cash equivalents at the beginning of the year	5,427,614,240	4,043,328,446
<b>Cash and cash equivalents at the end of the year</b>	<u>5,289,816,606</u>	<u>3,706,718,938</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

**For Faysal Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
Salman Haider Sheikh  
Chief Executive Officer

\_\_\_\_\_  
Feroz Rizvi  
Director

\_\_\_\_\_  
Syed Majid Ali  
Director

## FAYSAL SAVINGS GROWTH FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

	September 30, 2010	September 30, 2009
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	<u>103.17</u>	<u>103.00</u>
Net asset value per unit at the end of the year	<u>102.85</u>	<u>103.05</u>
<b>Net assets at the beginning of the period</b>	<b>7,069,846,125</b>	6,422,185,405
Amount received on issue of units *	<b>3,459,031,966</b>	2,723,299,284
Amount paid on redemption of units **	<b>(3,360,913,240)</b>	(2,159,725,293)
	<b>98,118,726</b>	563,573,991
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	<b>12,161,204</b>	(13,156,232)
Final cash dividend for the year ended June 30, 2010 @ Rs.2.95 per unit (2009: Rs.2.80 per unit) declared for distribution on July 07, 2010	<b>(71,384,772)</b>	(81,910,905)
Net income for the period after taxation	<b>187,223,504</b>	197,051,285
<b>Net assets at the end of the period</b>	<b><u>7,295,964,787</u></b>	<b><u>7,087,743,544</u></b>
	-	
	----- Number of units -----	
* Number of units issued (including 1,304,884 bonus units issued during the period ended September 30, 2010 and 924,827 bonus units issued during the period ended September 30, 2009)	<u>35,429,919</u>	<u>27,727,529</u>
** Number of units redeemed	<u>33,019,364</u>	<u>21,297,158</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

**For Faysal Asset Management Limited  
(Management Company)**

\_\_\_\_\_  
**Salman Haider Sheikh**  
Chief Executive Officer

\_\_\_\_\_  
**Feroz Rizvi**  
Director

\_\_\_\_\_  
**Syed Majid Ali**  
Director



## FAYSAL SAVINGS GROWTH FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

#### **1. LEGAL STATUS AND NATURE OF BUSINESS**

Faysal Savings Growth Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorized as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on April 12, 2007. It has been constituted under a Trust Deed, dated December 28, 2006 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 income 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 (KSE). The Fund was launched on May 07, 2007.

The principal activity of the Fund is to make investments in 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, 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 PREPARATION**

- 3.1** These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan.
- 3.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the fund for the year ended June 30, 2010.

#### **4. ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2010.

	Note	September 30, 2010	June 30, 2010
		----- (Rupees) -----	
<b>5. BANK BALANCES AND TERM DEPOSIT RECEIPTS</b>			
Cash at bank - PLS saving accounts	5.1	<b>4,789,816,606</b>	5,127,614,240
Term deposit receipts	5.2	<b>500,000,000</b>	300,000,000
		<b><u>5,289,816,606</u></b>	<u>5,427,614,240</u>
<b>5.1</b> These carry mark-up ranging from 5% to 12.10% (June 30, 2010: 5% to 12.35%) per annum and include balance of Rs. 3.60 million (June 30, 2010: Rs.1,209.81 million) held with Faysal Bank Limited (a related party).			
<b>5.2</b> These have tenure of three months (June 30, 2010: three months) and carry mark-up at the rate 12.65 (June 30, 2010: 13.25%) per annum.			
<b>6. DEPOSITS AND RECEIVABLES - considered good</b>			
Receivable in respect of reverse repurchase transactions of debt securities		<b>100,000,000</b>	-
Security deposits		<b>3,600,000</b>	3,600,000
Profit receivable on debt securities		<b>4,976,284</b>	2,790,047
Return receivable on bank balances and term deposit receipts		<b>60,143,529</b>	36,775,835
Income receivable on reverse repurchase transactions		<b>1,024,926</b>	-
		<b><u>169,744,739</u></b>	<u>43,165,882</u>
<b>7. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Government securities	7.1	<b>491,831,027</b>	520,638,000
Unlisted debt securities	7.2	<b>99,930,010</b>	151,844,625
		<b><u>591,761,037</u></b>	<u>672,482,625</u>
<b>Held-to-maturity</b>			
Certificates of Investment	7.4	<b>1,165,956,932</b>	942,656,301
Commercial paper	7.5	<b>93,700,967</b>	-
		<b><u>1,851,418,936</u></b>	<u>1,615,138,926</u>
<b>7.1 Government Securities</b>			
Market Treasury Bills (MTBs)	7.1.1	<b>491,831,027</b>	496,621,100
Pakistan Investment Bond (PIB)		-	24,016,900
		<b><u>491,831,027</u></b>	<u>520,638,000</u>

**7.1.1** These represent Market Treasury Bills having face value of Rs.500 million (June 30, 2010: Rs.550 million) and having a tenure of three months (June 30, 2010: one year). The Fund's yield on these instruments ranges from 12.46% to 12.49% per annum (June 30, 2010: 12.14% to 12.19% per annum) with maturities upto Nov 2010.

7.2 **Unlisted debt securities - TFCs**

Name of the investee Company	-----Number of certificates-----					Market value as at Sep., 30, 2010 (Rupees)	Investment as % of	
	As at July 01, 2010	Purchased during the period	Redeemed during the period	Disposed during the period	As at September 30, 2010		Net assets	Total investments
Bank Al Falah Limited	30,000	-	-	(10,000)	20,000	<b>99,930,010</b>	1.37%	5.40%
	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>20,000</u>	<b><u>99,930,010</u></b>	<u>3.58%</u>	<u>5.40%</u>

7.3 **Significant terms and conditions of debt securities are as follows:**

Name of the investee Company	Number of certificates	Face value per certificate (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
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**Unlisted debt securities**

Bank Al-Falah Limited (Privately placed TFCs)	20,000	5,000	15.00%	December 2017	Unsecured	AA-
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	September 30, 2010 (Rupees)	June 30, 2010	Investment as % of	
			Net assets	Total investments
<b>7.4 Certificates of Investments (COIs) - un-secured</b>				
Pak Oman Investment Company Limited	224,641,726	218,108,493	3.08%	12.13%
Pak Libya Holding Company	156,217,397	451,667,671	2.14%	8.44%
Pak Brunei Investment Company	534,119,863	272,880,137	7.32%	28.85%
Saudi Pak Industrial and Agricultural Investment Company Limited	250,977,945	-	3.44%	13.56%
	<u>1,165,956,932</u>	<u>942,656,301</u>	<u>15.98%</u>	<u>62.98%</u>

7.4.1 Face value of these COIs is Rs. 1,100 million (June 30, 2010: Rs.900 million) and they carry mark-up ranging from 12.25% to 13% per annum (June 30, 2010: 12.25% to 12.96% per annum) with maturities from three months to one year.

#### 7.5 Commercial paper

Engro Fertilizer Limited	<u>93,700,967</u>	-	<u>1.28%</u>	<u>5.06%</u>
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7.5.1 Face value of commercial paper is Rs. 100 million (June 30, 2010: Nil) and it carries mark-up 14.14% per annum (June 30, 2010: Nil) with maturity of six month.

	Note	September 30, 2010	June 30, 2010
		(Rupees)	
<b>8. ACCRUED AND OTHER LIABILITIES</b>			
SECP annual fee payable	8.1	1,464,506	4,878,385
Accrued liabilities		4,536,235	4,256,435
Zakat payable		40,491	39,228
		<u>6,041,232</u>	<u>9,174,048</u>

8.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, 2008, whereby the Fund is required to pay SECP annually an amount equal to 0.075% of Net Asset Value of the Fund.

#### 9. CONTINGENCIES AND COMMITMENTS

9.1 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. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members, filed a constitutional petition in the Honourable High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the Workers' Welfare Fund (WWF). The SHC has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response, another petition has been filed with the SHC by some of mutual funds through their Trustee.

However, due to the fact that (a) a final decision in this matter by the SHC is currently pending, and (b) the amount involved is not material to the financial statements of the Fund taken as a whole, no provision in respect of WWF for the years ended June 30, 2009, June 30, 2010 and period ended September 30, 2010 amounting to Rs.12,972,976, Rs.14,237,820 and Rs. 3,744,470 respectively, has been made in these financial statements (see also note 23.2).

#### 9.2 Commitments

There were no commitments as at September 30, 2010.

**10. TAXATION**

The income of the Fund for the year is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund intends to distribute more than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, among its unit holders.

September 30,    September 30,  
2010                    2009  
----- (Rupees) -----

**11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES****11.1 Transactions during the period**

<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration of Management Company	28,959,946	24,651,879
Issue of 1,196,682 units (2009: 59,166 units)	121,359,503	6,000,000
Issue of bonus units 11,103 (2009: 44,295 units)	1,112,739	4,438,367
Redemption of 117,078 units (2009: 105,399 units)	11,900,000	10,700,000
<b>Faysal Asset Management Limited - Staff Provident Fund</b>		
Issue of 310 bonus units (2009: 184 units)	31,110	18,443
<b>Faysal Asset Management Limited - Staff Gratuity Fund</b>		
Issue of 126 bonus units (2009: 64 units)	12,628	6,419
<b>Faysal Balanced Growth Fund (Common Management)</b>		
Sale of preference shares of Pakistan International Container Terminal Limited	-	19,008,972
<b>Faysal Income &amp; Growth Fund (Common Management)</b>		
Sale of preference shares of Pakistan International Container Terminal Limited	-	19,008,972
<b>Faysal Bank Limited (Group Company)</b>		
Profit on deposit account	910,222	982,766
Cash dividend paid	6,218,282	5,880,000
<b>Faysal Bank Limited - Staff Provident Fund</b>		
Issue of 7,965 bonus units (2009: 6,805 units)	798,279	681,810
<b>Faysal Bank Limited - Staff Gratuity Fund</b>		
Issue of 7,965 bonus units (2009: 6,805 units)	798,279	681,810
<b>Directors and officers of the Management Company</b>		
<b>Mr. Zafar Ahmed Siddiqui (Director)</b>		
Issue of 1,018 bonus units (2009: Nil units)	102,006	-
Redemption of 34,093 units (2009: Nil units)	3,500,000	-
<b>Mr. Salman Haider Sheikh (Chief Executive Officer)</b> (Including close relatives)		
Issue of 70,901 units (2009: 24,342 units)	7,200,000	2,500,000
Issue of 6,014 bonus units (2009: 3,906 units)	602,690	391,350
Redemption of 281,217 units (2009: 3,926 units)	28,667,216	400,000
<b>Mr. Shahid Usman Ojha (Chief Financial Officer)</b>		
Issue of 2,973 units (2009: Nil units)	300,000	-
Issue of 176 bonus units (2009: Nil units)	17,616	-
<b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b>		
Remuneration of the Trustee	2,182,718	1,895,513
Settlement charges	1,641	2,557

	September 30, 2010	June 30, 2010
	----- (Rupees) -----	
<b>11.2 Outstanding balances</b>		
<b>Faysal Asset Management Limited (Management Company)</b>		
Payable to the Management Company	9,544,651	7,788,017
Units in issue 1,467,906 units (June 30, 2010: 377,200 units)	<b>150,974,173</b>	38,915,701
<b>Faysal Asset Management Limited - Staff Provident Fund</b>		
Units in issue 10,856 units (June 30, 2010: 10,546 units)	<b>1,116,561</b>	1,088,010
<b>Faysal Asset Management Limited - Staff Gratuity Fund</b>		
Units in issue 4,407 units (June 30, 2010: 4,281 units)	<b>453,212</b>	441,623
<b>Faysal Bank Limited (Group Company)</b>		
Balance in PLS saving account	<b>3,059,835</b>	1,209,808,748
Units in issue 2,107,892 units (June 30, 2010: 2,107,892 units)	<b>216,796,724</b>	217,471,250
<b>Faysal Bank Limited - Staff Provident Fund</b>		
Units in issue 278,568 units (June 30, 2010: 270,603 units)	<b>28,650,744</b>	27,918,109
<b>Faysal Bank Limited - Staff Gratuity Fund</b>		
Units in issue 278,568 units (June 30, 2010: 270,603 units)	<b>28,650,744</b>	27,918,109
<b>Directors and officers of the Management Company</b>		
<b>Mr. Zafar Ahmed Siddiqui (Director)</b>		
Units in issue 1,503 units (June 30, 2010: 34,578 units)	<b>154,567</b>	3,567,427
<b>Mr. Salman Haider Sheikh (Chief Executive Officer)</b> (Including close relatives)		
Units in issue Nil units (June 30, 2010: 204,302 units)	-	21,077,800
<b>Mr. Shahid Usman Ojha (Chief Financial Officer)</b>		
Units in issue 9,120 units (June 30, 2010: 5,971 units)	<b>938,014</b>	616,079
<b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b>		
Remuneration of the Trustee	<b>718,379</b>	601,270
Deposit	<b>100,000</b>	100,000

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

## 12. SUBSEQUENT EVENT

12.1 Pursuant to a decision taken by the Board of Directors of the Management Company in their meeting held on October 02, 2010, the provision for WWF is made in the financial statements of the Fund with effect from July 01, 2008 and, accordingly, adjusted in the NAV of the Fund as at October 02, 2010 and onwards on a daily basis.

## 13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 30, 2010 by the Board of Directors of the Management Company.

## 14. GENERAL

14.1 Figures are rounded off to the nearest rupee.

For Faysal Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Salman Haider Sheikh  
Chief Executive Officer

\_\_\_\_\_  
Feroz Rizvi  
Director

\_\_\_\_\_  
Syed Majid Ali  
Director