



FAYSAL
SAVINGS
GROWTH FUND



2011



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Financial Statements for the Year Ended
June 30, 2011

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Faysal Savings Growth Fund

Faysal Savings Growth Fund (FSGF) an open-ended mutual fund, seeks maximum preservation of capital and a reasonable rate of return via investing primarily in money market and debt securities having good credit rating and liquidity.

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FUND INFORMATION

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. Mohammad Abdul Aleem, Chairman
Mr. Salman Haider Sheikh, Chief Executive Officer
Mr. Feroz Rizvi, Director
Syed Majid Ali Esq., Director
Mr. Zafar Ahmed Siddiqui, Director
Syed Ibad-ur-Rehman Chishti, Director
Mr. Muhammad Aliuddin Ansari, Director

CFO of the Management Company

Mr. Shahid Usman Ojha

Company Secretary

Mr. Mian Ejaz Ahmed

Audit Committee

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

Trustee

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

Bankers to the fund

Altas Bank Limited
Askari Bank Limited
Habib Bank Limited
Bank Alfalah Limited
Faysal bank Limited
The Bank of Punjab
Soneri Bank Limited
Standard Chartered Bank
NIB Bank Limited

Auditors

Ford Rhodes Sidat Hyder & Co.,
Chartered Accountants

Legal Advisor

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

Registrar

Gangjees Registrar Service (Pvt) Limited
Room # 506, 5th Floor, Clifton Centre,
Kehkashan Clifton-Karachi.

Distributors

Alfalah Securities (Pvt) Limited
Faysal Asset Management Limited
Flow (Pvt) Limited
IGI Investment Bank Limited
JS Global Capital Limited
Pak Oman Investment Bank Limited
Reliance Financial Products (Pvt) Limited

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MISSION STATEMENT

FSGF seeks to provide investors a consistent income stream with maximum preservation of capital.

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REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Directors of the Faysal Asset Management Limited, the Management Company of **Faysal Savings Growth Fund (FSGF)**, are pleased to present the 5th Annual Report on the operations of FSGF along with the audited accounts, Reports of the Trustee and Auditors to the Unit Holders for the year ended June 30, 2011.

SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 8,842 million were issued and units with a value of Rupees 11,887 million were redeemed.

UNIT HOLDERS

As of June 30, 2011, total unit outstanding were decreased by 35%. As of June 30, 2011, 44,235,107 units with a value of Rs. 4,556 million were outstanding (June 30, 2010: 68,528,892 units with a value of Rs. 7,070 million).

UNIT PRICES

Unit prices are being announced on a daily basis based on the NAV of the underlying portfolio. The highest and lowest offer/redemption prices during the year as well as the prices prevailing as of June 30, 2011 were as below:

	Offer Prices	Redemption Prices
Highest	106.70	106.70
Lowest	100.42	100.42
As of June 30, 2011	102.99	102.99

Economic Outlook

In June 2011 the CPI dipped by 0.76% on MoM basis reaching 13.13% YTD primarily due to lower than expected decrease in the perishable item and high base effect. In order to persuade IMF to release the tranche of \$ 1.72bn, government is making all the efforts to manage CPI and other macroeconomic indicators. One such effort was the tax collection of a whopping amount of PKR 155bn in the last week of FY2010-2011. The inevitable widening of the trade deficit has been covered by the massive inflow of remittance since March 2011.

On the External Side FDI dropped by 37% YoY to US\$160mn in May-11, but is up 26% MoM. YTD, FDI is a down 29% YoY. Trade deficit for 10MFY11 stood at \$9.39bn, down 8% as compared to 10MFY10.

The external inflow other than remittances remained strained as most of the international agencies have delayed support till IMF issues a letter of comfort for Pakistan. Furthermore, the statement of US Secretary of State to withdraw Military aid to Pakistan has also built negative sentiments in the international market.

In later half of July 2011 IMF is scheduled to meet the government officials to monitor the progress on the implementation of the "conditionalities" imposed by the stand by agreement and has also asked the government to give clarification on the macroeconomic targets given in the budget of FY2011-2012. We believe that the inflation numbers will not experience further increase even with more than probable surge in fuel prices in the upcoming months as the high base effect will also play a vital role in keeping inflation under control. Going forward, in FY2011-2012 fiscal deficit will be a cause of concern for the government since the imminent debt servicing and principle repayment will be too huge for the government's revenue to cover.





REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

MONEY MARKET REVIEW:

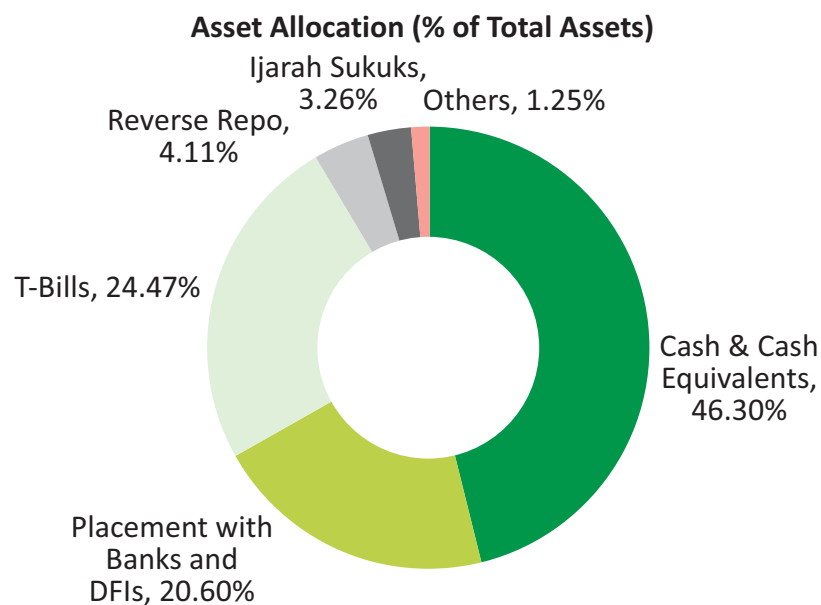
The money market during the month of June 2011 remained mostly mixed with discounting reported couple of times and also money market witnessed the lowest levels of floor rate at 11%. However, frequent intervention by SBP through OMOs stabilized money market where average overnight rates were ranging between 12.50% to 13.50%. Moreover, in the T-bill auction dated June 16, 2011 SBP given the cut-off yield of 13.48%, 13.73% and 13.90% in 3, 6 and 12 months respectively and maintained the same stance in last T-bill auction dated June 30, 2011 of the FY-11 at the same rates.

PERFORMANCE

Faysal Savings Growth Fund yielded 11.01% as compared to its benchmark of 13.34% and its peer's average YTD of 10.37%. On asset allocation side, we kept on proactive fund management approach and remained focused on risk optimization by reducing counter party risk, interest rate risk and duration risk. While re-aligning our asset allocation strategy, we opted for more prudent ways to address all risks by keeping the fund highly liquid with some re-arrangements in our portfolio. Our asset allocation comprised 66.90% of cash and money market placements on June 30, 2011 as compared to 89.28% in on June 30, 2010, Investments and trading in Govt. Securities T-bills & Ijarah Sukuk were increased to 27.73% in June 30, 2011 as compared to 7.35% on June 30, 2010 in order to safe guard interest rate risk and price risk on short term securities, while TFCs exposure decreased to Nil from 1.95% as on June 30, 2010. This little alignment in asset allocation has increased our asset quality as almost 99% of our fund is invested in AA- rated instruments or better with duration of 23 days as compared to 94% in AA- as on June 30, 2010. 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.

ASSET ALLOCATION

As of June 30th 2011, the asset allocation of the fund was as under:





REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

INCOME DISTRIBUTION

The Board of directors has approved fund distribution at the rate of 10.40% (Interim 8% and final 2.40%) (i.e Rs. 10.40 per unit of par value of Rs.100 each).

MUTUAL FUND RATING

JCR-VIS has awarded the fund stability rating of "A+(f)" for Faysal Savings Growth Fund (FSGF). This rating denotes Moderate degree of stability in Net Asset Value. The credit rating also signifies the strength of the credit quality of financial instruments in the portfolio. It also denotes low portfolio risk, duration risk and interest rate risk.

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, 2011 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 fully disclosed in the accounts.
 - ix. The details of Board Meetings held and attended by the directors forms part of this Annual Report.
 - x. The prescribed pattern of shareholding is given as part of this Annual Report.

The sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary, key executives and the Management Company including their spouse and minor children are as under:

Trades By:	Investment ------(No. of Units)-----	Redemption ------(No. of Units)-----
Mr. Zafar Ahmed Siddiqui (Director)	1,138	34,093
Mr. Salman Haider Sheikh (CEO) (Including close relatives)	70,901	281,217
Mr. Shahid Usman Ojha (CFO)	9,065	8,752
Mr. Mansoor Bughio (Fund Manager)	8,352	6,681
Mr. Omar Ehtisham Anwar (Fund Manager)	1,946	Nil
Ms. Sabeen Farooq Malik (Head of Operations)	1,016	Nil
Management Company	2,243,245	1,490,080





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REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

PATTERN OF HOLDING

The Pattern of Holding as at June 30, 2011 of FSGF is given as part of this Annual Report.

AUDITORS

The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and has completed their term of 5 consecutive years under Regulation 38(i) of the Non-Banking Finance Companies and Notified Entities Regulations 2008. Therefore, the audit committee has recommended the appointment of M/s. A. Ferguson & Co., Chartered Accountants, being eligible, offer themselves for appointment. The Board endorses the recommendation of the Audit Committee for appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the auditors for the financial year 2012.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: September 24, 2011

Salman Haider Sheikh
Chief Executive Officer

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FUND MANAGER'S REPORT

Macro Economic Analysis

In FY10-11 Pakistan faced continuous and intensified security challenges. In addition, the country was challenged with multiple adverse shocks of commodity and oil prices and the fallout of the global financial crisis and calamity of the great floods. Considering these challenges the growth rate of 2.4% during the year 2010-11 seems reasonable. The floods wiped out about 2% points from the growth as well as inflicted a massive damage of \$10 billion on country's economic structure. Some 20 million people were displaced as more than 50,000 Sq. Km area was submerged in water.

Despite many challenges, the overall performance of the economy has been moderately satisfactory. The most significant development during the year was the performance of the external sector, which posted a current account surplus of \$ 437mn due to significant growth in exports, remittance and slower growth in import bill. Exports, crossing the \$20 billion mark for the first time, registered a growth of 28% compared to same period reaching \$25.4 billion. Remittances have also recorded a strong performance by crossing the double digit mark and are set to reach the historic level of more than \$11.2 billion. The combined effect of these positive developments was reflected in the growth of external reserves which also touched a historic high of \$17.1 billion at the end of April, 2011.

On fiscal side a deficit of 4% of GDP was posted in FY10-11. Part of the increase in the fiscal deficit is explainable on account of higher security related expenditures and the floods, however significant contribution to this increase came from higher subsidies, delay in adoption of tax measures, non-realization of auction of 3-G license and several petroleum related incomes which were affected due to non-resolution of circular debt problem in full. The emerging fiscal situation has reinforced the urgent need to broaden the tax base, rationalize expenditure and to better insulate the economy from shocks. Pakistan's per capita real income has risen by 0.7% in 2010-11 as against 2.9 % last year. Per capita income in dollar term rose from \$ 1073 last year to \$ 1254 in 2010-11. The total investment has declined from 22.5% of GDP in 2006-07 to 13.4% of GDP in 2010-11. The national savings rate has decreased to 13.8% of GDP in 2010-11 as against 15.4 percent of GDP last year. Domestic savings has also declined substantially from 16.3 percent of GDP in 2005-06 to 9.5 percent of GDP in 2010-11. A low and declining tax-to-GDP ratio and increasing public debt stock has imposed a constraint on the size of fiscal stimulus to support revival of growth momentum needed for the economy.

Money Market Review

Treasury yields showed a downturn since the third auction of 1QFY12 due to the unanticipated cut in discount rate by 50bps. The Cutoff Yields of 3 months, 6 months and 12 months T-bills dipped by 46bps, 50bps and 54bps respectively. Government's reliance on domestic borrowing to finance the deficit has been increasing due to the insignificant support from the external sources. In 1QFY12 the target amount of T-bill auction is PKR 750bn against the maturity of PKR 701bn. In 1st quarter FY12 the target amount for T-Bill auction was PKR 702bn where total amount accepted was PKR 939bn. Significant participation was witnessed in the 12 month paper. The cutoff for 3, 6 and 12 months paper at the beginning of the quarter stood at 13.485%, 13.7586% and 13.9074%. The unanticipated cut in the discount rate by 50bps in Monetary Policy statement in July 2011 led to a significant dip in the T-Bill yields as the cutoff for 3, 6 and 12 months paper in the last auction stood at 13.07%, 13.23% and 13.31% respectively.





FUND MANAGER'S REPORT

Auction Date	Settlement Date	Maturing Amount	Target Amount	Accepted Amount
13-Jul-11	14-Jul-11	61,270	90,000	125,524.85
27-Jul-11	28-Jul-11	106,278	120,000	138,199.24
10-Aug-11	11-Aug-11	176,044	170,000	201,191.48
24-Aug-11	25-Aug-11	90,990	190,000	128,279.96
7-Sep-11	8-Sep-11	150,266	150,000	178,131.16
21-Sep-11	22-Sep-11	116,859	130,000	167,778.57
Total Q1-FY12 Amounts		701,707	750,000	939,105

Investment Objective

To generate competitive returns by investing primarily in debt and fixed income instruments having investment grade credit rating.

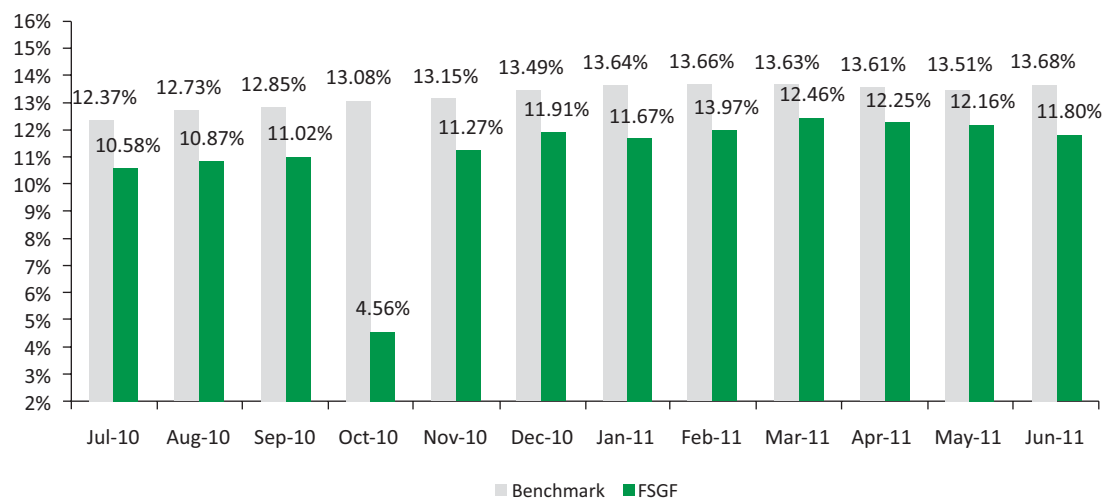
Fund Information

Fund Type	Open Ended
Category	Income scheme
Stability Rating (JCRVIS)	A+(f)
Risk Profile	Low
Launch Date	12-May-07
Custodian/Trustee	CDC
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Management Fee	1.50%
Front/Back end Load	-
Min Subscription	PKR. 5,000
Benchmark	75% 6M KIBOR & 25% 3M PKRV
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2- (JCRVIS)
Registrar	Gangjees Registrar Services (Pvt.) Ltd.





FUND MANAGER'S REPORT



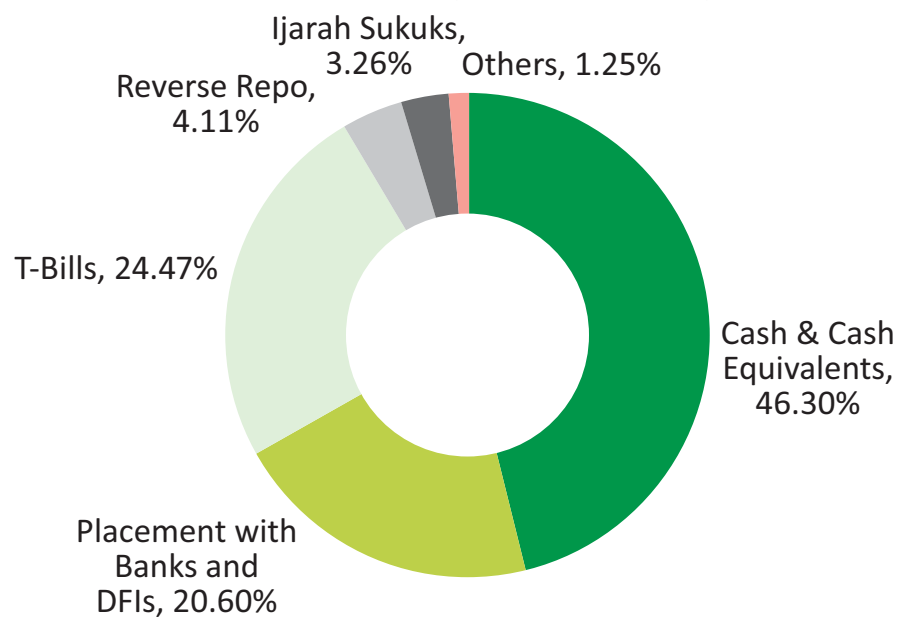
Risk-quant	Alpha	-0.008%
	Sharpe	-4.0223
	Std. Dev	0.044%
	VAR	0.073%
	Skewness	-3.2527
	Sortino	-1.0382
	Kurtosis	41.2151
	Weighted Average days	58

Funds Return	FY11 Return	11.01%
	Since Inception	11.40%
	Benchmark YTD Return	13.34%
	Average Market YTD Return	10.40%



FUND MANAGER'S REPORT

Asset Allocation (% of Total Assets)



Performance Review

Faysal Savings Growth Fund's performance was impressive during FY11 as the fund yielded 11.01% as compared to its peer's average YTD of 10.40% beating it by 61bps. FSGF's started the year at ex-NAV of PKR 100.22 and closed the year at NAV/unit of PKR 102.99 after giving an aggregate payout of PKR 10.40 per unit to its valued investors during the year under review . However, on asset allocation side, we kept on proactive fund management approach and remained focused on risk optimization by reducing counter party risk, interest rate risk and duration risk. While re-aligning our asset allocation strategy, we opted for more prudent ways to address all risks by keeping the fund highly liquid with some re-arrangements in our portfolio. More over, on asset allocation side, the fund is high liquid with our portfolio comprised of 46.30% in cash, 24.71% in TDR/COI / Reverse Repo, and 27.73% in T-Bills / GOP-Ijarah Sukuks. This little alignment in asset allocation has not compromised our asset quality as 94% of our fund is invested in AA rated instrument 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.





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TRUSTEE REPORT TO THE UNIT HOLDERS

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

The Faysal Savings Growth Fund (the Fund), an open-end fund was established under a trust deed dated December 28, 2006, executed between Faysal Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi: October 17, 2011

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

This statement is being presented by the Board of Directors of Faysal Asset Management Limited (FAML), the Management Company of Faysal Savings Growth Fund (the Fund) to comply with the Code of Corporate Governance (the Code) contained in Regulation No.35 of Listing Regulations of the 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 the 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 six non-executive Directors, including three independent 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred during the year due to the resignation of Mr. Salman Ahmed Usmani on April 1, 2011 which was filled up by the Board of Directors of FAML by appointing Mr. Ali Uddin Ansari with effect from April 4, 2011.
5. The Management Company has prepared and circulated 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company for the current year.
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 and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the Company besides 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 period. 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 the Faysal Asset Management Limited are professionally qualified persons with rich experience in financial sector and are well aware of their duties and responsibilities under Companies Ordinance 1984, NBFC (Establishment & Regulations) Rules, 2003, NBFCs and Notified Entities Regulations, 2008 and Memorandum and Articles of FAML.





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

10. The Board has approved the appointment of CFO and Company Secretary 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 executives 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 material corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
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 have been formed and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they (or their representatives) are involved in the internal audit function on a full time basis. The remuneration, terms and conditions including scope of work is approved by the Board of Directors.
18. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors. All transactions with related parties are carried out on terms equivalent to arm's length transactions.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold 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 Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi

Salman Haider Sheikh
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Faysal Asset Management Limited (the Management Company) of **Faysal Savings Growth Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited where the Fund is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange(Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2011.

Chartered Accountants

Date: 24, September 2011

Karachi





INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **Faysal Savings Growth Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2011, and the related statements of income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management'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), Non Banking Finance Companies and Notified Entities Regulations, 2008 (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 to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011 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.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 24, September 2011

Karachi





STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
Assets			
Bank balances and term deposit receipts	7	2,385,597,306	5,427,614,240
Deposits and other receivables	8	215,961,587	43,165,882
Preliminary expenses and floatation costs	9	690,412	1,490,412
Investments	10	<u>2,009,807,768</u>	<u>1,615,138,926</u>
Total assets		<u>4,612,057,073</u>	<u>7,087,409,460</u>
Liabilities			
Payable to the Management Company	11	6,230,091	7,788,017
Remuneration payable to the Trustee	12	421,660	601,270
Accrued and other liabilities	13	49,684,703	9,174,048
Total liabilities		<u>56,336,454</u>	<u>17,563,335</u>
Net assets		<u>4,555,720,619</u>	<u>7,069,846,125</u>
Unit holders' fund		<u>4,555,720,619</u>	<u>7,069,846,125</u>
		----- (Number of units) -----	
Number of units in issue		<u>44,235,107</u>	<u>68,528,892</u>
		----- (Rupees) -----	
Net asset value per unit		<u>102.99</u>	<u>103.17</u>
Contingencies and commitments	14		

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

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director





INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

		June 30, 2011	June 30, 2010
	Note	----- (Rupees) -----	
Income			
Income from reverse repurchase transactions of debt and government securities		4,109,863	-
Profit earned on debt and government securities		209,392,677	289,910,434
Return on bank balances and term deposit receipts		628,906,407	521,151,943
Other income		-	181,594
Net (loss) / gain on investments 'at fair value through profit or loss'			
- Net capital (loss) / gain on sale of investments		(915,307)	3,145,811
- Net unrealised loss on revaluation of investments	10.4	(939,943)	(701,634)
		(1,855,250)	2,444,177
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed		(107,951,052)	10,390,126
Total income		732,602,645	824,078,274
Expenses			
Remuneration of the Management Company	11	99,153,545	97,567,688
Remuneration of the Trustee	12	7,047,024	7,504,513
Brokerage charges		792,326	436,086
Bank charges		127,183	28,505
Auditors' remuneration	15	461,710	408,605
SECP annual fee		4,957,860	4,861,876
Legal and professional charges		158,452	60,000
Annual rating fee		185,000	175,000
Annual listing fee		40,000	40,000
Settlement charges, federal excise duty and capital value tax		6,369	60,863
Amortisation of preliminary expenses and floatation costs		800,000	800,000
Printing charges and other expenses		130,107	244,156
Provision for Workers' Welfare Fund		39,041,836	-
Total expenses		152,901,412	112,187,292
Net income for the year before taxation		579,701,233	711,890,982
Taxation	16	-	-
Net income for the year after taxation		579,701,233	711,890,982
Other comprehensive income for the year		-	-
Total comprehensive income for the year		579,701,233	711,890,982
Earnings per unit	17	13.11	10.39

The annexed notes from 1 to 24 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, 2011

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Undistributed income brought forward [includes unrealised loss on investments of Rs.160,598 (2010: unrealised loss of Rs.1,645,585)]	216,929,895	187,210,962
Final bonus distribution for the year ended June 30, 2010 @ Rs.2.95 per unit declared for distribution on July 07, 2010 (2009: Rs.2.80 per unit declared for distribution on July 06, 2009)	(130,775,495)	(92,667,711)
Final cash dividend for the year ended June 30, 2010 @ Rs.2.95 per unit declared for distribution on July 07, 2010 (2009: Rs.2.80 per unit declared for distribution on July 06, 2009)	(71,384,772)	(81,910,905)
Interim bonus distribution for the quarter ended September 30, 2010 @ Rs.Nil per unit (2009: Rs.2.75 per unit declared for distribution on October 22, 2009)	-	(117,025,836)
Interim cash dividend for the quarter ended September 30, 2010 @ Rs.Nil per unit (2009: Rs.2.75 per unit declared for distribution on October 22, 2009)	-	(73,289,253)
Interim bonus distribution for the half year / quarter ended December 31, 2010 @ Rs.4.25 per unit declared for distribution on February 19, 2011 (2009: Rs.2.50 per unit declared for distribution on February 20, 2010)	(233,505,164)	(114,154,811)
Interim cash dividend for the half year / quarter ended December 31, 2010 @ Rs.4.25 per unit declared for distribution on February 19, 2011 (2009: Rs.2.50 per unit declared for distribution on February 20, 2010)	(45,422,840)	(41,387,408)
Interim bonus distribution for the quarter ended March 31, 2011 @ Rs.3.75 per unit declared for distribution on April 23, 2011 (2010: Rs.2.75 per unit declared for distribution on April 24, 2010)	(143,449,573)	(116,210,158)
Interim cash dividend for the quarter ended March 31, 2011 @ Rs.3.75 per unit declared for distribution on April 23, 2011 (2010: Rs.2.75 per unit declared for distribution on April 24, 2010)	(39,910,377)	(45,525,967)
Net income for the year after taxation	579,701,233	711,890,982
Undistributed income carried forward [Includes unrealised loss on investments of Rs.939,943 (2010: unrealised loss of Rs.160,598)]	<u>132,182,907</u>	<u>216,929,895</u>

The annexed notes from 1 to 24 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 CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2011	June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES	----- (Rupees) -----	
Net income for the year before taxation	579,701,233	711,890,982
Adjustments for non-cash and other items:		
Net capital loss / (gain) on sale of investments 'at fair value through profit or loss'	915,307	(3,145,811)
Net unrealised loss on revaluation of investments 'at fair value through profit or loss'	939,943	701,634
Income from reverse repurchase transactions of debt and government securities	(4,109,863)	-
Profit earned on debt and government securities	(209,392,677)	(289,910,434)
Return on bank balances and term deposit receipts	(628,906,407)	(521,151,943)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	107,951,052	(10,390,126)
Amortisation of preliminary expenses and floatation costs	800,000	800,000
	<u>(152,101,412)</u>	<u>(111,205,698)</u>
Increase in assets		
Deposits and other receivables	(189,631,000)	-
Increase / (decrease) in liabilities		
Payable to the Management Company	(1,557,926)	719,239
Remuneration payable to the Trustee	(179,610)	47,826
Accrued and other liabilities	40,510,655	3,571,357
	<u>38,773,119</u>	<u>4,338,422</u>
	<u>(302,959,293)</u>	<u>(106,867,276)</u>
Proceed form sale / redemption of investments	22,179,813,657	12,548,256,893
Payment against purchase of investments	(22,582,740,610)	(12,212,286,765)
Income received on reverse repurchase transactions of debt and government securities	3,625,078	-
Profit received on debt and government securities	214,033,097	676,482,980
Return received on bank balances and term deposit receipts	647,988,928	532,540,096
Net cash generated from operating activities	<u>159,760,857</u>	<u>1,438,125,928</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issue of units	8,841,783,154	12,861,457,389
Payments made against redemption of units	(11,886,842,956)	(12,673,183,992)
Dividend paid	(156,717,989)	(242,113,531)
Net cash used in financing activities	<u>(3,201,777,791)</u>	<u>(53,840,134)</u>
Net (decrease) / increase in cash and cash equivalents during the year	(3,042,016,934)	1,384,285,794
Cash and cash equivalents at the beginning of the year	5,427,614,240	4,043,328,446
Cash and cash equivalents at the end of the year	<u>2,385,597,306</u>	<u>5,427,614,240</u>

The annexed notes from 1 to 24 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 FUND

FOR THE YEAR ENDED JUNE 30, 2011

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	103.17	103.00
Net asset value per unit at the end of the year	102.99	103.17
Net assets at the beginning of the year	7,069,846,125	6,422,185,405
Amounts received on issue of units *	8,841,783,154	12,861,457,389
Amounts paid on redemption of units **	(11,886,842,956) (3,045,059,802)	(12,673,183,992) 188,273,397
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	107,951,052	(10,390,126)
Final cash dividend for the year ended June 30, 2010 @ Rs.2.95 per unit declared for distribution on July 07, 2010 (2009: Rs.2.80 per unit declared for distribution on July 06, 2009)	(71,384,772)	(81,910,905)
Interim cash dividend for the quarter ended September 30, 2010 @ Rs.Nil per unit (2009: Rs.2.75 per unit declared for distribution on October 22, 2009)	-	(73,289,253)
Interim cash dividend for the half year / quarter ended December 31, 2010 @ Rs.4.25 per unit declared for distribution on February 19, 2011 (2009: Rs.2.50 per unit declared for distribution on February 20, 2010)	(45,422,840)	(41,387,408)
Interim cash dividend for the quarter ended March 31, 2011 @ Rs.3.75 per unit declared for distribution on April 23, 2011 (2010: Rs.2.75 per unit declared for distribution on April 24, 2010)	(39,910,377)	(45,525,967)
Net income for the year after taxation	579,701,233	711,890,982
Other comprehensive income for the year	-	-
Total comprehensive income for the year	579,701,233	711,890,982
Net assets at the end of the year	4,555,720,619	7,069,846,125
	----- (Number of units) -----	
* Number of units issued (including 4,888,979 bonus units issued during the year ended June 30, 2011 and 4,354,159 bonus units issued during the year ended June 30, 2010)	91,173,577	129,807,657
** Number of units redeemed	115,467,362	123,628,239

The annexed notes from 1 to 24 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, 2011

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 authorised 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 NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for investments and derivatives which are accounted for as stated in notes 4.2 and 4.3 below.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in note 4.1:

4.1 New and amended standards and interpretations

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:





NOTES TO THE FINANCIAL STATEMENTS

IFRS 2 – Group Cash-settled Share-based Payment Arrangements

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 39 – Financial Instruments: Recognition and Measurement

Issued in April 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

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

4.2 Investments

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

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

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





NOTES TO THE FINANCIAL STATEMENTS

At fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

Held-to-maturity investments

Investment securities with fixed maturities and fixed or determinable payments are classified as held-to-maturity investments when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except for in case of debt securities (listed but not regularly traded on 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 rate method. Gains and losses are recognised in the income statement when the loan and receivable are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

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

Fair value of investments is determined as follows:

Debt securities

The Fund's investment in debt securities is revalued at the rates quoted by Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated January 06, 2009, read with Regulation 66(b) of the NBFC Regulations.

Government securities

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





NOTES TO THE FINANCIAL STATEMENTS

4.3 Derivatives

Derivative instruments held by the Fund generally comprise of futures contracts and options in the capital market. These are recognised 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 financial instruments are included in investments in the statements of assets and liabilities and the resultant gain or loss on the remeasurement of derivative financial instruments are included in the income statement currently.

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

4.4 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.

4.5 Impairment of financial assets

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

Impairment is determined as follows:

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





NOTES TO THE FINANCIAL STATEMENTS

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

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

4.6 Provisions

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

4.7 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.

4.8 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.

4.9 Revenue recognition

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

Gains or losses on sales 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 term deposit receipts and income from reverse repurchase agreements are recognised on a time proportion basis using effective interest rate method.





NOTES TO THE FINANCIAL STATEMENTS

4.10 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.

4.11 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's 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.

4.12 Offsetting of financial assets and liabilities

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

4.13 Net Asset Value (NAV) per Unit

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

4.14 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.





NOTES TO THE FINANCIAL STATEMENTS

4.15 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred till the close of the Initial Public Offering Period. These costs are to be amortised over a period not exceeding sixty months commencing from May 12, 2007.

4.16 Financial assets and financial liabilities

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

Financial assets carried in the statement of assets and liabilities include bank balances, term deposit receipts, deposits and other receivables and investments.

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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





NOTES TO THE FINANCIAL STATEMENTS

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12 Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

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

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

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

		June 30, 2011	June 30, 2010
7. BANK BALANCES AND TERM DEPOSIT RECEIPTS	Note	----- (Rupees) -----	
Cash at bank - PLS saving accounts	7.1	2,135,597,306	5,127,614,240
Term deposit receipts	7.2	250,000,000	300,000,000
		<u>2,385,597,306</u>	<u>5,427,614,240</u>





NOTES TO THE FINANCIAL STATEMENTS

7.1 These carry mark-up ranging from 5% to 13.25% (June 30, 2010: 5% to 12.35%) per annum and include balance of Rs.1.842 million (June 30, 2010: Rs.1,210 million) held with Faysal Bank Limited (a related party).

7.2 This has tenure of thirty six days (June 30, 2010: three months) and carry markup of 13.75% (June 30, 2010: 13.25%) per annum.

	June 30, 2011	June 30, 2010
8. DEPOSITS AND OTHER RECEIVABLES - considered good	----- (Rupees) -----	
Security deposit		
- National Clearing Company of Pakistan Limited	3,500,000	3,500,000
- Central Depository Company of Pakistan Limited	100,000	100,000
	3,600,000	3,600,000
Profit receivable on government securities	5,037,274	2,790,047
Return receivable on bank balances and term deposit receipts	17,693,313	36,775,835
Receivable in respect of reverse repurchase transactions of government securities	189,631,000	-
	<u>215,961,587</u>	<u>43,165,882</u>

9. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	1,490,412	2,290,412
Amortised during the year	(800,000)	(800,000)
	<u>690,412</u>	<u>1,490,412</u>

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund as incurred by the Management Company and are being amortised over a period of five years commencing from May 12, 2007.

10. INVESTMENTS

At fair value through profit or loss Designated 'at fair value through profit or loss'

Government securities	10.1	1,278,979,001	520,638,000
Unlisted debt securities	10.2	-	151,844,625
		<u>1,278,979,001</u>	<u>672,482,625</u>

Held-to-maturity

Certificates of investment	10.3	<u>730,828,767</u>	<u>942,656,301</u>
		<u>2,009,807,768</u>	<u>1,615,138,926</u>

10.1 Government securities

Market treasury bills	10.1.1	1,128,609,004	496,621,100
Pakistan investment bonds		-	24,016,900
Ijara Sukuks	10.1.2	<u>150,369,997</u>	-
		<u>1,278,979,001</u>	<u>520,638,000</u>





NOTES TO THE FINANCIAL STATEMENTS

10.1.1 These have face value of Rs.1,200 million (June 30, 2010: Rs.550 million) and a tenure of three months to one year (June 30, 2010: one year). The Fund's yield on these instruments ranges from 13.36% to 13.82% (June 30, 2010: 12.14% to 12.18%) per annum maturing latest by May 2012.

10.1.2 These have face value of Rs.150 million (June 30, 2010: Rs.Nil) and tenure of three years with maturity in upto March 2014 (June 30, 2010: Nil). The Fund's yield on this instrument is 13.68% to 13.71% (June 30, 2010: Nil) per annum maturing latest by March 2014.

10.2 Unlisted debt securities (Term Finance Certificates) were disposed off during the period.

10.3 Certificates of Investment (COIs) - un-secured

Note	June 30, 2011 (Rupees)	June 30, 2010 (Rupees)	---- Investment as % of ----	
			Net assets	Total investments
Pak Oman Investment Company Limited	-	218,108,493	-	-
Pak Libya Holding Company (Pvt) Limited	206,750,685	451,667,671	4.54%	10.29%
Pak Brunei Investment Company Limited	524,078,082	272,880,137	11.50%	26.08%
	<u>730,828,767</u>	<u>942,656,301</u>	<u>16.04%</u>	<u>36.37%</u>

10.3.1 Face value of these COIs is Rs.700 million (June 30, 2010: Rs.900 million) and they carry mark-up ranging from 13.95% to 14.00% (June 30, 2010: 12.25% to 12.96%) per annum maturing latest by August 2011.

	June 30, 2011	June 30, 2010
10.4 Net unrealised loss on revaluation of investments at fair value through profit or loss		
Market value of investments at fair value through profit or loss	1,278,979,001	672,482,625
Cost of investments at fair value through profit or loss	(1,279,918,944)	(672,322,027)
	(939,943)	160,598
Net unrealised (gain) / loss on investments at fair value through profit or loss at the beginning of year	(160,598)	1,645,585
Realised on disposal during the year	160,598	(2,507,817)
	-	(862,232)
	<u>(939,943)</u>	<u>(701,634)</u>





NOTES TO THE FINANCIAL STATEMENTS

11. PAYABLE TO THE MANAGEMENT COMPANY

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 charged its remuneration at the rate of 1.5% (June 30, 2010: 1.5%) of the average annual net assets of the Fund.

12. REMUNERATION PAYABLE TO THE TRUSTEE

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

		June 30, 2011	June 30, 2010
13. ACCRUED AND OTHER LIABILITIES	Note	----- (Rupees) -----	
SECP annual fee payable	13.1	4,974,369	4,878,385
Accrued liabilities		5,668,498	4,256,435
Zakat payable		-	39,228
Provision for Workers' Welfare Fund	13.2	39,041,836	-
		<u>49,684,703</u>	<u>9,174,048</u>

13.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.075% (June 30, 2010: 0.075%) per annum of the daily net assets value of the Fund.

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to Faysal Savings Growth Fund for collection of WWF.





NOTES TO THE FINANCIAL STATEMENTS

However, on prudent basis, the Board of Directors of the Management Company in their meeting held on October 02, 2010 has decided to make provision for Workers' Welfare Fund (WWF) in the financial statements of the Fund. With effect from July 01, 2008 and, accordingly adjusted the Net Asset Value of the fund on October 02, 2010 and record WWF onwards on daily basis.

On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the Court.

Subsequent to the year end, in August 2011, the Lahore High Court has issued a judgement in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 are declared unconstitutional and therefore struck down. The Management Company, in consultation with MUFAP, is currently considering the implication arising out of the above judgement.

14. CONTINGENCIES AND COMMITMENTS

14.1 There were no contingencies and commitments outstanding as at June 30, 2011.

15. AUDITORS' REMUNERATION

Audit fee
Review and other certifications

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
	300,000	250,000
	161,710	158,605
	<u>461,710</u>	<u>408,605</u>

16. 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.

17. EARNINGS PER UNIT

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 year has not been disclosed as in the opinion of the Management Company determination of the same is not practicable.





NOTES TO THE FINANCIAL STATEMENTS

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
18.1 Transactions during the year		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	99,153,545	97,567,688
Issue of 2,243,245 units (2010: 2,293,663 units)	238,467,719	236,560,570
Issue of bonus units 139,166 (2010: 180,731 units)	14,152,654	18,259,424
Redemption of 1,490,080 units (2010: 3,682,326 units)	154,500,000	378,525,000
Faysal Asset Management Limited - Staff Provident Fund		
Issue of Nil units (2010: 3,065 units)	-	317,326
Issue of 1,182 bonus units (2010: 894 units)	119,649	90,348
Faysal Asset Management Limited - Staff Gratuity Fund		
Issue of Nil units (2010: 1,647 units)	-	170,413
Issue of 480 bonus units (2010: 341 units)	48,565	34,528
Faysal Balanced Growth Fund (Common Management)		
Sale of Nil number of preference shares of Pakistan International Container Terminal Limited (2010: 2,112,108)	-	19,008,972
Faysal Income & Growth Fund (Common Management)		
Sale of Nil number of preference shares of Pakistan International Container Terminal Limited (2010: 2,112,108)	-	19,008,972
Faysal Bank Limited (Group Company)		
Profit received on PLS saving account	1,395,086	34,032,245
Issue of Nil units (2010: 7,892 units)	-	810,856
Profit on term deposit receipts	-	2,208,219
Cash dividend	23,081,421	22,680,000
Purchase of Government Securities	29,578,874	-
Faysal Bank Limited - Staff Provident Fund		
Issue of 30,319 bonus units (2010: 27,100 units)	3,070,160	2,737,450
Faysal Bank Limited - Staff Gratuity Fund		
Issue of 30,319 bonus units (2010: 27,100 units)	3,070,160	2,737,450
Directors and Executives of the Management Company		
Mr. Zafar Ahmed Siddiqui (Director)		
Issue of 1,138 bonus units (2010: 34,578 units)	114,262	3,500,000
Redemption of 34,093 units (2010: Nil units)	3,500,000	-





NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Mr. Salman Haider Sheikh (Chief Executive Officer) (Including close relatives)		
Issue of 70,901 units (2010: 78,009 units)	7,200,000	8,000,000
Issue of 6,014 bonus units (2010: 18,142 units)	602,690	1,831,710
Redemption of 281,217 units (2010: 80,566 units)	28,667,216	8,190,315
Mr. Shahid Usman Ojha (Chief Financial Officer)		
Issue of 9,065 units (2010: 6,087 units)	931,053	625,000
Issue of 835 bonus units (2010: 128 units)	84,913	13,000
Redemption of 8,752 units (2010: 244 units)	910,000	25,000
Mr. Mansoor Bughio (Fund Manager)		
Issue of 8,352 units (2010: Nil units)	872,000	-
Redemption of 6,681 units (2010: Nil units)	709,325	-
Mr. Omar Ehtisham Anwar (Fund Manager)		
Issue of 1,946 units (2010: Nil units)	200,000	-
Ms. Sabeen Farooq Malik (Head of Operations)		
Issue of 1,016 units (2010: Nil units)	103,000	-
Issue of 7 bonus units (2010: Nil units)	730	-
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration of the Trustee	7,047,024	7,504,513
Settlement charges	6,369	15,095
18.2 Outstanding balances		
Faysal Asset Management Limited (Management Company)		
Payable to the Management Company	6,230,091	7,788,017
Units in issue 1,356,833 units (June 30, 2010: 377,200 units)	139,740,177	38,915,701
Faysal Asset Management Limited - Staff Provident Fund		
Units in issue 11,728 units (June 30, 2010: 10,546 units)	1,207,801	1,088,010
Faysal Asset Management Limited - Staff Gratuity Fund		
Units in issue 4,761 units (June 30, 2010: 4,281 units)	490,246	441,623
Faysal Bank Limited (Group Company)		
Balance in PLS saving account	1,841,533	1,209,808,748
Units in issue 2,107,892 units (June 30, 2010: 2,107,892 units)	217,091,829	217,471,250
Faysal Bank Limited - Staff Provident Fund		
Units in issue 300,922 units (June 30, 2010: 270,603 units)	30,991,943	27,918,109





NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Faysal Bank Limited - Staff Gratuity Fund		
Units in issue 300,922 units (June 30, 2010: 270,603 units)	30,991,943	27,918,109
Directors and Executives of the Management Company		
Mr. Zafar Ahmed Siddiqui (Director)		
Units in issue 1,623 units (June 30, 2010: 34,578 units)	167,198	3,567,427
Mr. Salman Haider Sheikh (Chief Executive Officer) (Including close relatives)		
Units in issue Nil units (June 30, 2010: 204,302 units)	-	21,077,800
Mr. Shahid Usman Ojha (Chief Financial Officer)		
Units in issue 7,110 units (June 30, 2010: 5,971 units)	732,256	616,079
Mr. Mansoor Bughio (Fund Manager)		
Units in issue 1,671 units (June 30, 2010: Nil units)	172,117	-
Mr. Omar Ehtisham Anwar (Fund Manager)		
Units in issue 1,946 units (June 30, 2010: Nil units)	200,409	-
Ms. Sabeen Farooq Malik (Head of Operations)		
Units in issue 1,024 units (June 30, 2010: Nil units)	105,418	-
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration of the Trustee	421,660	601,270
Deposit	100,000	100,000

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

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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





NOTES TO THE FINANCIAL STATEMENTS

19.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2011, the Fund's exposure to the risk of changes in market interest rates relates primarily to bank balances and investment in government securities. The bank balances are subject to interest rates as declared by the respective banks on periodic basis. The government securities are subject to floating interest rates and valued by reference to the quotations obtained from Reuters page. As at June 30, 2011, approximately 46.31% (June 30, 2010: 74.51%) of the Fund's financial assets are subject to floating rates of interest. Management of the Fund estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.22.860 (June 30, 2010: Rs.52.776) million and a decrease of 100 basis points would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Fund does not have any equity instrument and it is not exposed to such risk.

19.2 Liquidity risk

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

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





NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
---------------	----------------	---	--	--------------------	-------

Financial liabilities

(Rupees)

Payable to the Management Company	6,230,091	-	-	-	6,230,091
Remuneration payable to the Trustee	421,660	-	-	-	421,660
Accrued and other liabilities	5,668,498	-	-	-	5,668,498
	<u>12,320,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,320,249</u>

June 30, 2010	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
---------------	----------------	---	--	--------------------	-------

Financial liabilities

(Rupees)

Payable to the Management Company	7,788,017	-	-	-	7,788,017
Remuneration payable to the Trustee	601,270	-	-	-	601,270
Accrued and other liabilities	4,256,435	-	-	-	4,256,435
	<u>12,645,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,645,722</u>

19.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Bank balances and term deposit receipts	2,385,597,306	5,427,614,240
Investment in unlisted debt securities	-	151,844,625
Investment in certificates of investment	730,828,767	942,656,301
Security deposit	3,600,000	3,600,000
Profit receivable on debt securities	-	1,787,329
Return receivable on bank balances and term deposit receipts	17,693,313	36,775,835
	<u>3,137,719,386</u>	<u>6,564,278,330</u>





NOTES TO THE FINANCIAL STATEMENTS

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

Rating category	June 30, 2011	June 30, 2010
	----- % -----	
AAA	0.05	-
AA+, AA, AA-	94.01	94.89
A+, A, A-	5.83	5.06
Unrated	0.11	0.05
	100.00	100.00

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

	June 30, 2011	June 30, 2010
	% of assets exposed to credit risk	
Banks	76.60	83.25
Other financial institutions	23.29	16.70
Others	0.11	0.05
	100.00	100.00

19.4 Capital management

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

19.5 Fair value hierarchy

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

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





NOTES TO THE FINANCIAL STATEMENTS

21. SUBSEQUENT EVENTS

The Board of Directors of the Management Company in their meeting held on July 09, 2011 have declared a payout at the rate of 2.40% i.e. Rs.2.40 per unit (2010: 2.95% i.e. Rs.2.95 per unit). The financial statements of the Fund for the year ended June 30, 2011 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.

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

23. GENERAL

Figures are rounded off to the nearest rupee.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2011 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 RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
AND NOTIFIED ENTITIES REGULATIONS, 2008**

(i) PATTERN OF UNIT HOLDING	No. of investors	Units held	%
Category			
Individuals	1021	15,107,450	34.15%
Associated companies	6	4,083,056	9.23%
Insurance companies	3	630,406	1.43%
Banks and DFIs	6	8,129,623	18.38%
Retirement funds	26	1,380,487	3.12%
Public limited companies	12	12,903,061	29.17%
Others	25	2,001,024	4.52%
	<u>1099</u>	<u>44,235,107</u>	<u>100.00%</u>

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
KASB Securities Limited	24.94%
Alfalah Securities (Pvt) Limited	24.83%
JS Global Capital Limited	20.73%
BMA Capital Management Limited	9.89%
Invest Capital Securities (Pvt) Limited	6.46%
Elixir Securities Pakistan (Pvt) Limited	5.31%
Invisor Securities (Pvt) Limited	2.39%
IGI Finex Securities Limited	1.68%
Icon Securities Limited	1.46%
Summit Capital (Pvt) Limited	1.00%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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

- Mr. Salman Haider Sheikh
- Mr. Shahid Usman Ojha
- Mr. Asad Iqbal
- Mr. Omar Ehtisham Anwar
- Mr. Ayaz Mustafa Zuberi
- Mr. Mansoor Bughio
- Mr. Qamar Abbas





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

Mr. 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 and Commodities) and Series-24 (General Securities Principal) and Life and 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 concentration in Finance. He holds Bachelors in Finance from the same institution.

Mr. Shahid Usman Ojha

Mr. Shahid Usman Ojha has over 14 years of experience in Mutual Fund industry and Financial Institutions including organizations like Dawood Capital Management Limited, Pak Asian Fund Limited and Standard Chartered Bank Limited. Mr. Ojha is an associate member of Institute of Cost & Management Accountant of Pakistan and Pakistan Institute of Public Finance Accountants. He has also completed his Masters in Economics from University of Karachi. Mr. Ojha possesses 5 years experience of working in the asset management industry in various capacities. In his last served job, Mr. Ojha worked in a similar position in Dawood Capital Management Limited where his core responsibilities included Financial Management and Reporting, Taxation, Finalization of Accounts and Budgeting.

Mr. Asad Iqbal

Mr. Iqbal has worked on Wall Street from 1995 to 2002 in various capacities with the latest being Vice President in Equities for Goldman, Sachs & Co (Goldman) At Goldman, he was responsible for book building for all Goldman lead equity and convertible equity offerings for their US clients. During this period, Mr. Iqbal worked on over 100 equity and convertible debt offerings including some of the most prominent deals such as the Goldman Sachs and Accenture Initial Public Offerings and the AT&T secondary offering.

Prior to joining Faysal Asset Management Limited (FAML), Mr. Iqbal was Managing Director of one of the prominent equity brokerage houses of the country and also served on the board of directors for the Karachi Stock Exchange (Guarantee) Limited in 2009. As a member of the KSE board Mr. Iqbal served as the chairman of the New Products committee and was instrumental in the launch of the Bond Automated Trading System as well as the re-introduction of Cash Settled and Deliverable Futures. Mr. Iqbal also served on the boards of the National Commodity Exchange as well as JCR-VIS. Mr. Iqbal holds a Bachelors of Science Degree from Carnegie Mellon University and also held Series 7 and Series 63 certifications from the NASD.

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 (Pvt) Limited a subsidiary of Bank Alfalah Limited in the Institutional





FAYSAL
SAVINGS
GROWTH FUND



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

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.

Mr. Ayaz Mustafa Zuberi

Mr. Ayaz Mustafa Zuberi has over twelve years of experience in financial sector. He was on the Board of Directors of three Securitisation Companies in Pakistan. Mr. Zuberi was also the Chief Dealer in Treasury at ORIX Investment Bank Pakistan Limited and prior to joining FAML he was serving as Manager Islamic Funds at UBL Fund Managers Limited. Mr. Zuberi holds Masters in Business Administration from American University of Hawaii and also a Certified Fraud Examiner from ACFE, Austin, USA. He has also done one year Post Graduate Diploma in Islamic Banking and Finance from Centre for Islamic Economics (Darul-Uloom) Karachi.

Mr. Mansoor Bughio

"Mr. Bughio has over 15 years of experience in the areas of Treasury, Money market & FX, Capital markets, Islamic Banking, Structured derivatives, Sukuk & TFCs, Project financing and Investment banking along with Asset management. He has been working with couple of highly reputed organizations in Pakistan and abroad at leading roles. Prior to joining FAML, Mr Bughio was working in the capacity of Head of Islamic Products at Al Rajhi Bank, Saudi Arabia. He has also served as chief dealer-Treasury at Saudi-Pak Investment and CEO of NAIML. Mr Bughio has also worked with KASB Securities as Head on Debt markets and SVP-Head of brokerage division at First Dawood Investment Bank Ltd. He completed his Diploma in Financial Management from Maastricht School of Management, Netherlands in 1999 and MBA-Finance from Quaid-e-Azam University, Islamabad, Pakistan in 1996.

Mr. Qamar Abbas

Mr. Abbas is currently Head of Research and Product Development at FAML. Mr. Abbas earned his MSc. in Finance from Cass Business School London and MSc. in Physics from University of Karachi. He has over eight years experience in fields of Capital Market Research, Investment Advisory and Product Development with over three years association with UBL Fund Managers Limited as a Manager Research and Product Development. He played an instrumental role in launching of Fixed Income, Equity and Islamic Funds at UBL Fund Managers Limited. Mr. Abbas started his career in 1997 with Eastern Capital Limited and has worked with other top tier brokerage houses since then before joining UBL Fund Managers. He also taught in a renowned business school of Karachi in both graduate and undergraduate programs.

collective wisdom



faysal funds



**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES
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(iv) PERFORMANCE TABLE	June 30, 2011	June 30, 2010	June 30, 2009
Net assets	4,555,720,619	7,069,846,125	6,422,185,405
Net asset value per unit	<u>102.99</u>	<u>103.17</u>	<u>103.00</u>
Offer price	<u>102.99</u>	<u>103.12</u>	<u>102.96</u>
Repurchase price per unit	<u>102.99</u>	<u>103.12</u>	<u>102.96</u>
Highest offer price per unit	<u>106.70</u>	<u>104.40</u>	<u>105.76</u>
Highest repurchase price per unit	<u>106.70</u>	<u>104.40</u>	<u>105.76</u>
Lowest offer price	<u>100.42</u>	<u>100.47</u>	<u>100.38</u>
Lowest repurchase price per unit	<u>100.42</u>	<u>100.47</u>	<u>100.38</u>
Total return:	10.96%	10.98%	10.02%
- capital growth	0.56%	0.03%	0.02%
- income distribution	10.40%	10.95%	10.00%
Average annual return: (Launch date: May 07, 2007)			
- one year	10.96%	10.98%	10.02%
- two years	10.97%	10.50%	11.36%
- three years	10.65%	7.46%	11.04%
Distribution per unit:			
- Interim distribution per unit	8.00%	8.00%	9.95%
- Final distribution per unit	<u>2.40%</u>	<u>2.95%</u>	<u>2.80%</u>
	<u>10.40%</u>	<u>10.95%</u>	<u>12.75%</u>

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





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

(v) 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 (Pvt) Limited a subsidiary of Bank Alfalah Limited 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 Asset Allocation Fund.

Mr. Ayaz Mustafa Zuberi

Mr. Ayaz Mustafa Zuberi has over twelve years of experience in financial sector. He was on the Board of Directors of three Securitisation Companies in Pakistan. Mr. Zuberi was also the Chief Dealer in Treasury at ORIX Investment Bank Pakistan Limited and prior to joining FAML he was serving as Manager Islamic Funds at UBL Fund Managers Limited. Mr. Zuberi holds Masters in Business Administration from American University of Hawaii and also a Certified Fraud Examiner from ACFE, Austin, USA. He has also done one year Post Graduate Diploma in Islamic Banking and Finance from Centre for Islamic Economics (Darul-Uloom) Karachi.

Presently Mr. Zuberi is looking after Fixed Income Investment area of Faysal Income & Growth Fund and Faysal Islamic Savings Growth Fund.

Savings Growth Fund.

Mr. Mansoor Bughio

Mr. Bughio has over 15 years of experience in the areas of Treasury, Money Market & FX, Capital markets, Islamic Banking, Structured derivatives, Sukuk & TFCs, Project financing and Investment banking along with Asset management. He has been working with couple of highly reputed organizations in Pakistan and abroad at leading roles. Prior to joining FAML, Mr Bughio was working in the capacity of Head of Islamic Products at Al Rajhi Bank, Saudi Arabia. He has also served as chief dealer-Treasury at Saudi-Pak Investment and CEO of NAIML. Mr Bughio has also worked with KASB Securities as Head on Debt markets and SVP-Head of brokerage division at First Dawood Investment Bank Ltd. He completed his Diploma in Financial Management from Maastricht School of Management, Netherlands in 1999 and MBA-Finance from Quaid-e-Azam University, Islamabad, Pakistan in 1996.

Presently Mr. Mansoor Bughio is looking after Fixed Income area of Faysal Savings Growth Fund and Faysal Money Market Fund.

collective wisdom



faysal funds



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

(vi) MEETINGS OF THE BOARD OF DIRECTORS

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

Name of Directors	Meetings held on							
	Meetings Attended	Jul 07 2010	Aug.30, 2010	Sep. 25, 2010	Oct. 02, 2010	Oct. 30, 2010	Feb. 19, 2011	Apr. 23, 2011
Mr. Mohammad Abdul Aleem, Chairman	6	-	1	1	1	1	1	1
Mr. Feroz Rizvi, Director	6	1	1	-	1	1	1	1
Syed Majid Ali, Director	7	1	1	1	1	1	1	1
Mr. Zafar Ahmed Siddiqui, Director	5	1	1	1	1	-	1	-
Mr. Salman Ahmed Usmani, Director	4	-	-	1	1	1	1	-
Syed Ibadur Rehman Chishti, Director	2	-	-	-	-	1	-	1
Salman Haider Sheikh, Chief Executive Officer	7	1	1	1	1	1	1	1

(vii) RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

JCR - VIS has awarded an " AM2- " asset manager rating to the Management Company.

