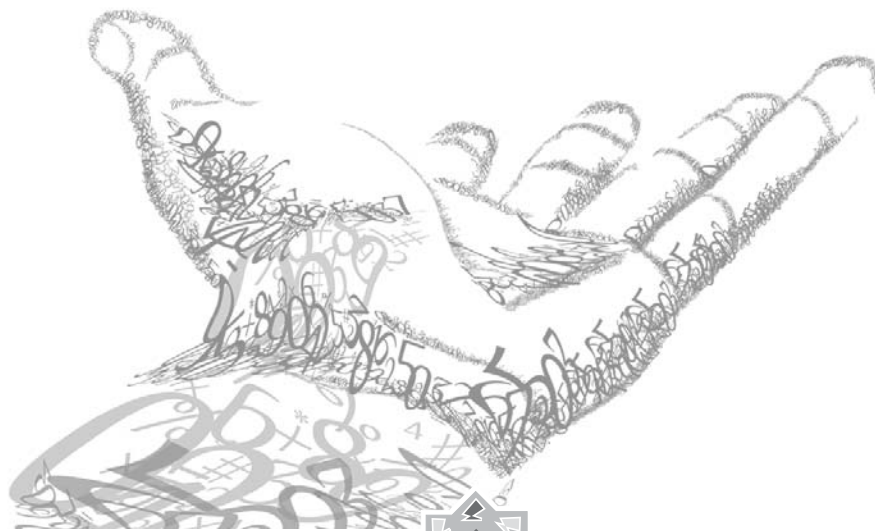




Accounts for the Quarter & Nine Months Ended
March 31, 2011



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faysal funds



Faysal Asset Allocation Fund

The Faysal Asset Allocation Fund (FAAF) is an open-ended mutual fund. The units of FAAF are listed on the Lahore Stock Exchange. FAAF seeks to provide long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

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Fund Information	66
Mission Statement	67
Report of the Directors of the Management Company	68
Statement of Assets and Liabilities	70
Income Statement	71
Distribution Statement	72
Statement of Cash Flow	73
Statement of Movement in Unit Holders' Funds	74
Notes to the Financial Statements	75



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
Mr. Salman Ahmed Usmani, Director
Syed Ibad-ur-Rehman Chishti, Director

CFO of the Management Company

Mr. Shahid Usman Ojha

Company Secretary

Mr. Mian Ejaz Ahmed

Audit Committee

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

Trustee

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

Bankers to the fund

Bank Alfalah Limited
Faysal Bank Limited
Soneri Bank Limited
NIB Bank Limited

Auditors

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Legal Advisor

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

Registrar

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

Distributors

Faysal Asset Management Limited



FAAF endeavours to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.



The Board of Directors of the Faysal Asset Management Limited, the management company of the **Faysal Asset Allocation Fund (FAAF)**, is pleased to present the un-audited accounts of FAAF for the quarter and nine months ended March 31, 2011.

FINANCIAL HIGHLIGHTS

	Quarter Ended March 2011	Quarter Ended March 2010	Nine Months ended March 2011	Nine Months ended March 2010
----- Rupees in million -----				
Total Income	14.585	19.772	56.124	96.867
Operating Expenses	12.225	7.059	21.485	12.409
Profit Before Tax	2.36	12.713	34.639	84.458
Taxation	-	-	-	-
Profit After Tax	2.36	12.713	34.639	84.458
Earnings per Unit - Rs.	0.48	3.10	7.07	20.58

MARKET REVIEW

The 3rd quarter proved to be a dull one for the KSE - 100 index. The KSE - 100 index started the quarter at the level of 12,022 and closed at 11,809 down 1.77% on quarterly basis. Foreign buying was the major highlight of the quarter under review as international investors continued to invest in the local bourses. According to the data provided by NCCPL, foreign investors remained net buyers for the quarter but their quantum decreased in comparison to the previous quarter as net buying decreased by 63.57% to USD 52.38 Mn compared to USD 143.80 Mn in the previous quarter. In Rupee terms foreigners bought shares worth PKR 22 Bn and sold shares worth PKR 17.48 Bn during the quarter thus resulting in net buying of PKR 4.5 Bn. One of the major reasons for slow down in foreign buying was due to deteriorating political conditions and social unrest in the MENA region, and its expected spill over effect in the surrounding countries with weak democratic systems. However, local investors remained net sellers as political unrest in MENA region triggered a rally in commodities, especially oil, raising concerns on Pakistan's macro economic situation. Pakistan imports oil worth USD 833 Mn on monthly basis. Investors also feared a run on the Rupee in anticipation of increasing oil import bill due to rising international oil prices thus putting further pressure on PKR against the USD. Political situation on the local front also remained dicey as PML (N) announced the removal of PPP from Punjab coalition government due to non implementation of their reform agenda. Implementation of MTS also failed to generate local investors' interest as the initial response to the MTS has been lukewarm owing to lack of understanding, ironing out of the finer details and strict risk management measures. The current macro economic situation in Pakistan witnessed some positives in March as GoP introduced new reforms to generate additional revenue in order to curb the ballooning fiscal deficit. The GoP introduced new initiatives in the form of 15% flood surcharge tax, 17% GST on some tax exempt items and 2.50% Special Excise Duty (SED). Implementation of these reforms will pave way for the GoP to resume talks with IMF and secure the 5th tranche of USD 1.7 Bn and other financial assistance programs which were contingent on the government implementing measures to document the economy, increase the tax base and reduce the subsidy given to various sectors. Although higher oil prices due to political turmoil in the MENA region pose a threat as Pakistan is net oil importer however, high cotton prices will dilute the impact of increasing oil prices and keep trade deficit under control.





FUND PERFORMANCE

FAAF started the quarter at net assets of PKR 270 Mn and NAV/unit of PKR 65.9654 respectively and closed the quarter at net assets of PKR 353 Mn and NAV/unit of PKR 72.04 respectively, up 9.20% on quarterly basis. In comparison FAAF's benchmark gave a return of 0.38% for the quarter. Thus FAAF's quarterly return was higher than the benchmark on quarterly basis by 882 bps. The average return of asset allocation funds on Year to date (YTD) basis was 14.89% while FAAF yielded a return of 22.85% on YTD basis exceeding the peer group by 796 bps on YTD basis. On the asset allocation side average quarterly exposure in equities was 58.67% while average exposure in fixed income instruments was 41.33% on quarterly basis.

Reference to the amendment in Workers Welfare Fund as disclosed in Note 7.2 to the financial statements, the Management, based on a legal advice, is of a firm view that as Collective Investments Schemes are not establishments, thus Workers Welfare Ordinance, 1971 is not applicable. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the half yearly financial statements for the period ended March 31, 2011.

FUND RANKING

JCR-VIS ranked FAAF as "5-Star" fund in the balanced equity category. This is the highest fund ranking of any open-ended balanced equity fund in the country.

INCOME DISTRIBUTION

The Board of Directors of the Management Company has not approved any interim profit distribution for the period ended March 31, 2011.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: April 23, 2011

Salman Haider Sheikh
Chief Executive Officer

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	(Un-audited) March 31, 2011	(Audited) June 30, 2010
Note	----- (Rupees) -----	
Assets		
Bank balances	4 127,336,716	162,436,585
Dividend, deposits and other receivables	5 6,859,522	9,615,427
Preliminary expenses and floatation costs	259,706	889,398
Investments	6 235,869,543	141,744,006
Total assets	370,325,486	314,685,416
Liabilities		
Payable to the Management Company	7 712,843	1,039,723
Remuneration payable to the Trustee	59,509	57,534
Accrued and other liabilities	16,560,389	8,078,936
Total liabilities	17,332,741	9,176,193
Net assets	352,992,746	305,509,223
Unit holders' fund	352,992,746	305,509,223
	----- (Number of units) -----	
Number of units in issue	4,899,855	4,148,743
	----- (Rupees) -----	
Net assets value per unit	72.04	73.64
Contingencies and commitments	8	

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

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director



	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Income	(Rupees)			
Profit earned on debt and government securities	4,176,722	3,774,434	2,332,769	976,434
Dividend income	5,781,000	11,743,942	3,415,000	4,234,942
Return on bank balances	9,389,074	2,629,344	2,400,378	1,441,344
Reversal of provisions	9 37,511,046	18,790,000	30,443,836	-
Other income	-	45,758	-	15,030
Net gain on investments 'at fair value through profit or loss'				
- Net capital gain on sale of investments	28,593,635	44,710,798	6,918,718	42,618,798
- Net unrealised (loss) / gain on revaluation of investments	(8,653,904)	15,173,147	(8,356,961)	(29,514,853)
	19,939,732	59,883,945	(1,438,243)	13,103,945
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed	(20,673,349)	-	(22,569,057)	-
Total income	56,124,226	96,867,423	14,584,683	19,771,695
Expenses				
Remuneration of the Management Company	5,918,189	6,748,064	2,063,886	2,635,361
Remuneration of the Trustee	525,518	529,105	172,640	176,217
Brokerage charges	2,323,418	359,181	782,280	333,703
Bank charges	24,031	5,235	8,316	2,649
Auditors' remuneration	288,496	183,181	119,696	30,401
SECP annual fee	187,415	215,477	65,361	85,239
Legal and professional charges	79,466	26,764	31,420	(956)
Annual rating fee	112,614	108,736	36,990	30,040
Annual listing fee	22,468	22,468	7,380	7,380
Settlement charges, federal excise duty and capital value tax	656,480	54,843	236,879	50,713
Amortisation of preliminary expenses and floatation costs	629,693	629,693	206,834	206,833
Printing charges and other expenses	312,892	42,168	100,841	16,960
Investments written off	8,343,836	-	8,343,836	-
Provision against non performing assets	-	3,484,658	-	3,484,658
Workers' Welfare Fund	2,061,200	-	48,166	-
Total expenses	21,485,715	12,409,573	12,224,524	7,059,199
Net income for the period before taxation	34,638,510	84,457,850	2,360,159	12,712,496
Taxation	10 -	-	-	-
Net income for the period after taxation	34,638,510	84,457,850	2,360,159	12,712,496
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	34,638,510	84,457,850	2,360,159	12,712,496
Earnings per unit	11 7.07	20.58	0.48	3.10

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

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

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	March 31, 2011	March 31, 2010
Note	----- (Rupees) -----	
Undistributed loss brought forward	(118,423,015)	(186,138,000)
Final bonus distribution for the year ended June 30, 2010 @ Rs.15 per unit (2009: Nil per unit) declared for distribution on July 07, 2010	(14,645,567)	-
Final cash dividend for the year ended June 30, 2010 @ Rs.15 per unit (2009: Nil per unit) declared for distribution on July 07, 2010	(47,585,561)	-
Net income for the period after taxation	34,638,510	84,457,850
Undistributed loss carried forward	<u>(146,015,633)</u>	<u>(101,680,150)</u>

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

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

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For the Nine Months Ended March 31, 2011

	March 31, 2011	March 31, 2010
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	34,638,510	84,457,850
Adjustments for non-cash and other items:		
Net capital gain on sale of investments 'at fair value through profit or loss'	(28,593,635)	(44,710,798)
Dividend income	(5,781,000)	(11,743,942)
Profit earned on debt and government securities	(4,176,722)	(3,774,434)
Amortisation of preliminary expenses and floatation costs	629,693	629,693
Reversal of provisions	(37,511,046)	(18,790,000)
Provision against non performing assets	-	3,484,658
Investments written off	8,343,836	-
Return on bank balances	(9,389,074)	(2,629,344)
Other income	-	(45,758)
Element of income and capital gains included in prices of units sold less those in units redeemed	20,673,349	-
Unrealised loss / (gain) on investments 'at fair value through profit or loss'	8,653,904	(15,173,147)
	<u>(12,512,186)</u>	<u>(8,295,222)</u>
Decrease in assets		
Other receivables	(7,532)	(7,532)
Increase / (decrease) in liabilities		
Payable to the Management Company	(326,880)	572,439
Remuneration payable to the Trustee	1,975	1,947
Accrued and other liabilities	2,310,644	(675,660)
	<u>1,985,739</u>	<u>(101,274)</u>
	<u>(10,533,979)</u>	<u>(8,404,028)</u>
Proceeds from sale / redemption of investments	1,396,640,646	189,077,424
Payment against purchase of investments	(1,432,369,974)	(143,951,532)
Dividend received	5,181,000	10,318,002
Profit received on debt and government securities	4,032,861	5,728,069
Return received on bank balances	9,777,912	2,008,895
	<u>(27,271,533)</u>	<u>54,776,830</u>
Net cash (used in) / from operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issue of units	90,129,067	-
Payments made against redemption of units	(50,371,842)	-
Dividend paid	(47,585,561)	-
Net cash used in financing activities	<u>(7,828,336)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents during the period	(35,099,869)	54,776,830
Cash and cash equivalents at the beginning of the period	162,436,585	18,550,297
Cash and cash equivalents at the end of the period	4 <u>127,336,716</u>	<u>73,327,127</u>

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

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Note	March 31, 2011 ----- (Rupees) -----	March 31, 2010
Net asset value per unit at the beginning of the period	<u>73.64</u>	<u>56.34</u>
Net asset value per unit at the end of the period	<u>72.04</u>	<u>77.97</u>
Net assets at the beginning of the period	305,509,223	231,217,884
Amount received on issue of units*	90,129,067	-
Amount paid on redemption of units**	(50,371,842)	-
	39,757,225	-
Element of income and capital gains included in prices of units sold less those in units redeemed	20,673,349	-
Final cash dividend for the year ended June 30, 2010 @ Rs.15 per unit (2009: Nil per unit) declared for distribution on July 07, 2010	(47,585,561)	4,283,861
Net income for the period after taxation	34,638,510	84,457,850
Other comprehensive income for the period	-	-
Total comprehensive income for the period	34,638,510	84,457,850
Net assets at the end of the period	<u>352,992,746</u>	<u>319,959,595</u>
	----- (Number of units) -----	
* Number of units issued (including 249,759 bonus units issued during the period ended March 31, 2011 and Nil bonus units issued during the period ended March 31, 2010)	<u>1,531,685</u>	-
** Number of units redeemed	<u>(780,573)</u>	-

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

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

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1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Asset Allocation 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 September 21, 2005. It has been constituted under a Trust Deed, dated January 31, 2006, between AMZ Asset Management Limited (former Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee till February 24, 2010 and thereafter between Faysal Asset Management Limited as Management Company and CDC as Trustee of the Fund.
- 1.2 The SECP has approved the retirement of AMZ Asset Management and the appointment of Faysal Asset Management Limited (the Management Company) in its place as the Management Company of the Fund vide its letter No. SEC/NBFC-II/DD/FAML/2009/36 dated January 19, 2010. In addition to this, SECP has also authorized the Management Company to change the name of AMZ Plus Stock Fund to 'Faysal Asset Allocation Fund' and change its category from equity scheme to asset allocation scheme.
- 1.3 The Fund is an open-end scheme and is listed on the Lahore Stock Exchange from 5 March 2007. Units are offered for public subscription on a continuous basis and the units are transferable and can be redeemed by surrendering them to the Fund. The policy of the Fund is to invest in a mix of equity securities, fixed income and money market instruments.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES AND ESTIMATES

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

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

Amendments / interpretations issued by International Accounting Standards Board (IASB)

- IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments



Improvements to various standards issued by International Accounting Standards Board (IASB)

Issued in May 2008

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

Issued in April 2009

IFRS 2 – Share-based Payments

IAS 1 – Presentation of Financial Statements

IAS 17 – Leases

IAS 38 – Intangible Assets

IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 – Reassessment of Embedded Derivatives

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

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2010.

		(Un-audited) March 31, 2011	(Audited) June 30, 2010
	Note	----- (Rupees) -----	
4. BANK BALANCES			
Cash at bank - PLS saving accounts	4.1	<u>127,336,716</u>	<u>162,436,585</u>
4.1 These carry mark-up ranging from 5% to 13.05% (June 30, 2010: 5% to 11.65%) per annum and include balance of Rs.0.3736 million (June 30, 2010: Rs.0.108 million) held with Faysal Bank Limited (a related party).			
5. DIVIDEND, DEPOSITS AND OTHER RECEIVABLES - Considered good			
Dividend receivable		2,350,000	1,750,000
Security deposit with National Clearing Company of Pakistan Limited		2,500,000	2,500,000
Receivable against sale of investments		-	2,028,460
Profit receivable on debt securities		1,200,173	2,146,312
Return accrued on bank balances		801,817	1,190,655
Others		7,532	-
		<u>6,859,522</u>	<u>9,615,427</u>



	Note	(Un-audited) December 31, 2010	(Audited) June 30, 2010
		----- (Rupees) -----	
6. INVESTMENTS			
At fair value through profit or loss			
Held-for-trading			
Listed equity securities	6.1	198,242,028	94,507,474
Designated 'at fair value through profit or loss'			
Listed debt securities	6.2	18,692,211	27,628,313
Unlisted debt securities	6.3	18,935,304	26,675,429
Less: Provision against debt securities		-	(7,067,210)
		<u>37,627,515</u>	<u>47,236,532</u>
Held-to-maturity			
Letter of placement		-	30,443,836
Less: Provision against placement		-	(30,443,836)
		<u>-</u>	<u>-</u>
		<u>235,869,543</u>	<u>141,744,006</u>

6.1 Listed equity securities*

Name of the investee company	Note	Number of shares				As at March 31, 2011	Market value as at March 31, 2011 (Rupees)	-- Investment as % of --		
		As at July 01, 2010	Purchased during the period	Bonus / right shares received	Disposed off during the period			Net assets	Total Investments	Investee company paid-up capital
Software and computer services										
NETSOL Technologies Limited		442,800	-	-	-	442,800	10,636,159	3.01%	4.51%	0.57%
Fixed line telecommunication										
Pakistan Telecommunication Company Limited		1,000,000	50,000	-	1,050,000	-	-	-	-	-
Oil and gas										
Oil & Gas Development Company Limited		-	100,000	-	100,000	-	-	-	-	-
Mari Gas Company Limited		-	10,000	-	10,000	-	-	-	-	-
Byco Petroleum Pakistan		-	180,060	-	180,060	-	-	-	-	-
Pakistan Petroleum Limited		25,000	616,560	5,000	571,560	75,000	15,855,750	4.49%	6.72%	0.01%
Pakistan Oilfields Limited		50,000	608,141	-	583,141	75,000	24,381,750	6.91%	10.34%	0.03%
Attock Petroleum Limited	6.1.1	32,000	20,000	8,000	-	60,000	22,026,000	6.24%	9.34%	0.09%
Pakistan State Oil Company Limited		-	287,762	-	277,762	10,000	2,775,100	0.79%	1.18%	0.01%
Attock Refinery Limited		-	310,358	-	310,358	-	-	-	-	-
National Refinery Limited		-	34,413	-	34,413	-	-	-	-	-
							65,038,600	18.42%	27.57%	0.13%
Electricity										
Hub Power Company Limited		150,000	125,000	-	275,000	-	-	-	-	-
Nishat Power Limited		500,000	612,791	-	612,791	500,000	8,560,000	2.42%	3.63%	0.14%
Nishat (Chunian) Power Limited		-	1,064,689	-	314,689	750,000	11,820,000	3.35%	5.01%	0.20%
Japan Power	9.2	-	13,000,000	-	-	13,000,000	16,900,000	4.79%	7.16%	8.33%
							37,280,000	10.56%	15.81%	8.68%

* Ordinary share having a face value of Rs.10 each unless stated otherwise.



Name of the investee company	Note	Number of shares				Market value as at March 31, 2011 (Rupees)	Investment as % of --			
		As at July 01, 2010	Purchased during the period	Bonus / right shares received	Disposed off during the period		As at March 31, 2011	Net assets	Total Investments	Investee company paid-up capital
Banks										
Allied Bank Limited	-	25,000	-	25,000	-	-	-	-	-	
Bank Alfalah Limited	-	601,194	-	601,194	-	-	-	-	-	
Bank Islami Pakistan Limited	-	-	-	-	-	-	-	-	-	
MCB Bank Limited	-	244,500	-	244,500	-	-	-	-	-	
National Bank of Pakistan	-	1,535,006	37,500	1,385,006	187,500	10,691,250	3.03%	4.53%	0.01%	
NIB Bank Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	
Samba Bank Limited	500,000	-	-	500,000	-	-	-	-	-	
United Bank Limited	-	838,033	-	838,033	-	-	-	-	-	
						10,691,250	3.03%	4.53%	0.01%	
Non-life insurance										
Adamjee Insurance Company Limited	-	75,000	-	75,000	-	-	-	-	-	
Pakistan Reinsurance Company Limited	-	50,000	-	50,000	-	-	-	-	-	
Financial services										
Jahangir Siddiqui & Company Limited	-	200,000	-	200,000	-	-	-	-	-	
Chemicals										
Arif Habib Corporation Limited	-	767,905	-	767,905	-	-	-	-	-	
ICI Pakistan Limited	-	182,500	-	182,500	-	-	-	-	-	
Engro Corporation Limited	-	578,445	-	503,445	75,000	15,433,500	4.37%	6.54%	0.02%	
Lotte Pakistan PTA Limited	250,000	2,800,000	-	2,750,000	300,000	4,842,000	1.37%	2.05%	0.02%	
Engro Polymer & Chemicals Limited	-	136,109	-	136,109	-	-	-	-	-	
Fauji Fertilizer Bin Qasim Limited	-	1,653,150	-	1,203,150	450,000	18,639,000	5.28%	7.90%	0.05%	
Fauji Fertilizer Company Limited	-	300,000	-	300,000	-	-	-	-	-	
						38,914,500	11.02%	16.50%	0.09%	
Construction and materials										
Lucky Cement Limited	-	1,499,697	-	1,399,697	100,000	6,748,000	1.91%	2.86%	0.03%	
DG Khan Cement Limited	650,000	1,037,548	-	1,677,316	10,232	263,269	0.08%	0.11%	0.00%	
Lafarge Pakistan Cement Limited	-	250,000	-	250,000	-	-	-	-	-	
						7,011,269	1.99%	2.97%	0.03%	
Automobile and parts										
Indus Motor Company Limited	-	10,000	-	10,000	-	-	-	-	-	
Personal goods										
Azgard Nine Limited	-	550,000	-	550,000	-	-	-	-	-	
Nishat (Chunian) Limited	546,771	1,393,186	-	1,789,957	150,000	4,299,000	1.22%	1.82%	0.09%	
Nishat Mills Limited	25,000	2,028,481	-	1,678,481	375,000	24,371,250	6.90%	10.33%	0.11%	
						28,670,250	8.12%	12.16%	0.20%	
General industrials										
Thal Limited	-	25,000	-	25,000	-	-	-	-	-	
		5,171,571	33,800,528	50,500	22,462,067	16,560,532	198,242,028	56.16%	84.05%	9.70%

6.1.1 The shares held at period end include 52,000 shares, pledged against the exposure margin and mark to market losses with the National Clearing Company of Pakistan Limited.



6.2 Listed debt securities*

Name of the investee company	Note	Number of shares					Market value as at March 31, 2011 (Rupees)	-- Investment as % of --	
		As at July 01, 2010	Purchased/ Issued during the period	Fully redeemed during the period	Disposed off during the period	As at March 31, 2011		Net assets	Total investment
* Term Finance Certificates - TFCs									
Financial services									
Trust Investment Bank Limited		7,000	-	-	-	7,000	18,692,211	5.30%	7.92%
		7,000	-	-	-	7,000	18,692,211	5.30%	7.92%

6.3 Unlisted debt securities*

Name of the investee company	Note	Number of shares					Market value as at March 31, 2011 (Rupees)	-- Investment as % of --	
		As at July 01, 2010	Purchased/ Issued during the period	Fully redeemed during the period	Disposed off during the period	As at March 31, 2011		Net assets	Total investment
* Sukuk Certificates									
Construction and Materials									
Maple Leaf Cement Limited		5,800	-	-	-	5,800	18,167,880	5.15%	7.70%
Maple Leaf Cement Limited(Additional Units)		-	218	-	-	218	767,424	0.22%	0.33%
		5,800	218	-	-	6,018	18,935,304	5.36%	8.03%
		12,800	218	-	-	13,018	37,627,515	10.66%	15.95%

6.4 Significant terms and conditions of debt securities are as follows:

Name of security	Number of certificates	Face value (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
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Listed debt securities

Trust Investment Bank Limited	7,000	5,000	1.85% + 6 months KIBOR	July 2013	Secured	BBB-
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Unlisted debt securities

Maple Leaf Cement Limited	5,800	5,000	1% + 3 months KIBOR	December 2018	Secured	BB
Maple Leaf Cement Limited	218	5,000	1% + 3 months KIBOR	March 2012	Secured	BB



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

Name of non compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	% of net assets	% of gross assets
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Maple Leaf Cement Limited *	Term finance certificate	18,935,304	-	18,935,304	5.36%	5.11%
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*Circular 7 of 2009 of SECP requires that the rating of any debt security in the portfolio of the Fund shall not be lower than investment grade, however, the rating of above mentioned debt securities are lower than the investment grade.

Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
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7. ACCRUED AND OTHER LIABILITIES

Payable against purchase of investments		13,384,262	7,213,454
SECP annual fee payable	7.1	187,415	288,826
Accrued expenses		927,511	576,656
Workers' Welfare Fund payable	7.2	2,061,200	-
		<u>16,560,389</u>	<u>8,078,936</u>

7.1 This represents payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP at the rate of 0.095% (June 30, 2010: 0.095%) per annum of the daily net assets of the Fund.

7.2 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). 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 Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

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 one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.



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.

In view of the uncertainty regarding the matter relating to the contribution to WWF prevailing at the reporting date and pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs.2,061,200 in these condensed interim financial statements.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2011.

----- (Un-audited) -----
March 31, March 31,
2011 2010
 ----- (Rupees) -----

9. REVERSAL OF PROVISIONS

Reversal of provision against unlisted debt securities	9.1	7,067,210	18,790,000
Reversal of provision against placements	9.2	30,443,836	-
		37,511,046	<u>18,790,000</u>

9.1 During the period, the provision amounting to Rs.7,067,210 (December 31, 2009: Rs.18,790,000) on unlisted debt securities has been reversed, as no provision shall be allowed against any performing debt Instrument under NBFC Regulations, 2008.

9.2 On September 23, 2008, the Fund made an unsecured placement of Rs.30 million with First Dawood Investment Bank Limited (FDIBL) maturing on October 22, 2008. Owing to financial difficulties faced by FDIBL, the mark-up and the principal balance was rescheduled and was due to be paid on November 22, 2008. However, to date, FDIBL has failed to pay its outstanding dues. Hence, a provision of Rs.30.444 million (inclusive of mark-up of Rs.0.444 million) has been made against the same.

During the period, the whole provision has been reversed as the management of the fund with the approval of its board entered into negotiation with FDIBL and acquired 13 million shares of Japan Power Generation Limited (JPGL) against full and final settlement of FDIBL's outstanding liability.

10. TAXATION

The Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders.



11. EARNINGS PER UNIT

Earnings per unit (EPU) is calculated by dividing the net income after tax for the period by the number of units outstanding as at the end of the period.

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.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Details of Transactions with connected persons and balances with them at the period end are as follows:

----- (Un-audited) -----
March 31, **March 31,**
2011 **2010**
 ----- (Rupees) -----

12.1 Transactions during the period

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

Remuneration of Management Company	5,918,189	915,099
Issue of 1,038,698 Units	74,869,363	-

**AMZ Asset Management Limited
(former Management Company)**

Remuneration of Management Company	-	5,832,965
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Faysal Bank Limited (group company)

Profit on PLS saving accounts	31,945	-
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**Central Depository Company of Pakistan Limited
(Trustee of the Fund)**

Remuneration of Trustee	525,518	529,105
Settlement charges	87,863	6,000



	(Un-audited) March 31, 2011	(Audited) June 30, 2010
	----- (Rupees) -----	
12.2 Outstanding balances		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	712,843	1,039,723
Units in issue 1,038,698 units (June 30, 2010: Nil units)	74,829,339	-
Central Depository Company of Pakistan Limited (Trustee of the Fund)		
Remuneration payable to trustee	59,509	57,534

The transactions with connected persons are in normal course of business at contracted rates

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 23, 2011 by the Board of Directors of the Management Company.

14. GENERAL

Figures are rounded off to the nearest rupee.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

