

FAYSAL
BALANCED
GROWTH FUND





Faysal Balanced Growth Fund

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

Contents

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



Fund Information

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. 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

CFO of the Management Company

Mr. Shahid Usman Ojha

Company Secretary of the Management Company

Mr. Raza Mohsin Qizilbash

Audit Committee

Mr. Feroz Rizvi, Chairman
Syed Majid Ali Esq., Member

Trustee

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

Bankers to the Fund

Atlas Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
The Bank of Punjab

Auditors

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Legal Advisor

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

Registrar

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

Distributors

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



Mission Statement

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



Report of the Directors of the Management Company

The Directors of the Faysal Asset Management Limited, the Management Company of **Faysal Balanced Growth Fund (FBGF)**, are pleased to present the 6th Annual Report on the operations of FBGF along with the audited financial statements, Reports of the Trustee and Auditors to the Unit Holders for the financial year ended June 30, 2009.

SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 69.728 million were issued and units with a value of Rupees 215.720 million were redeemed. The larger redemption in units was due to the deteriorating investor sentiment after the self-imposed floor on the stock market that lasted a few months.

UNIT HOLDERS

As of June 30, 2009, 8,421,216 units with a value of Rs. 640 million were outstanding (June 30, 2008: 10,015,830 units with a value of Rs. 1,020 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, 2009 were as below:

	Offer Price	Redemption Price
Highest	99.88	97.68
Lowest	61.16	59.81
As of June 30, 2009	77.71	76.00

EQUITY MARKETS & FUND PERFORMANCE

FBGF fund management implemented the risk-management strategies to optimize return and outperformed the KSE-100 index by 17.72% with a total decline of 24% for the year versus the decline in the index by 41.72% for the same period. FBGF ended the year with a since inception return of positive 27.98% despite the recent steep fall in the equity markets, validating the long-term investment approach.

The stock market during the year witnessed a steep decline. The fundamental reason for the weak performance for the year was poor economic conditions, global and domestic liquidity constraints, depreciating PKR and deteriorating political and security situation in the country. To make matters worse 'floor' was imposed on the prices of scrips on local stock exchanges for almost three and a half months which resulted in deteriorating investor sentiment in both local and foreign investors. This also led to the exclusion of Pakistan from MSCI emerging market index. According to the NCCPL data foreign portfolio investors sold shares worth USD 1.1 Bn during the year and bought shares worth USD 658 Mn resulting in net foreign selling of USD 445 Mn for the year. Second half of 2009 saw some improvement in economic conditions as Pakistan once again went under the umbrella of IMF to revive its deteriorating economic growth and improve the investor sentiment.

The government subsequently has been able to control its borrowing to bridge budgetary deficits through broader implementation of fiscal policy and control inflation by following tight monetary policy. Interest rates were reduced in the last quarter of FY '09 which resulted in positive sentiments. Going forward it is likely that the government continues to reduce interest rates to start economic recovery as is



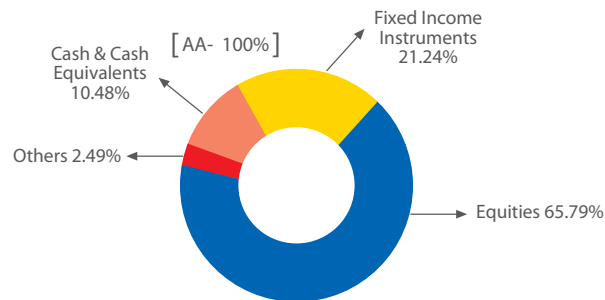
Report of the Directors of the Management Company

evident by the declining yields on PIBs and T-bills. Going forward NSS rates can be expected to decrease which may improve liquidity for banking sector and the capital markets. Expected decrease in discount rates and NSS rates bodes well for the stock market as greater liquidity will be channeled towards the stock market due to high dividend yields and higher expected returns. Improving macroeconomic conditions also present a strong case for improvement in country ratings and reduction in country risk premium.

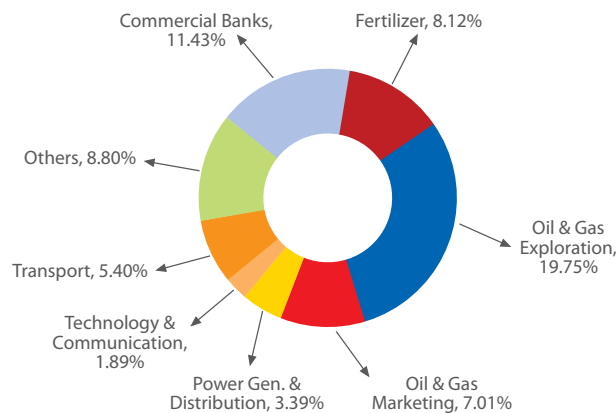
ASSET ALLOCATION

As of June 30, 2009, the fund was invested 65.79% in equities compared to 67.83% at the end of last year. The fund was invested 21.24% in fixed income with the remaining 10.48% in cash deposits.

Asset Allocation as on June 30th, 2009



Sector-wise allocation as on June 30th, 2009



INCOME DISTRIBUTION

Due to net loss of Rs.202 million during the year no distribution has been made to unit holders this year.

MUTUAL FUND RATING

JCR-VIS has assigned fund performance rating of "MFR 3-Star" to FBGF. MFR 3-Star denotes performance in the top 65th percentile vis-à-vis the peer group. The downward revision in the rating from MFR 4-Star was due to the performance analysis with similar funds. The balanced funds launched recently as well as with diverse asset allocation models were taken into the performance evaluation.

MEETINGS OF THE DIRECTORS

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

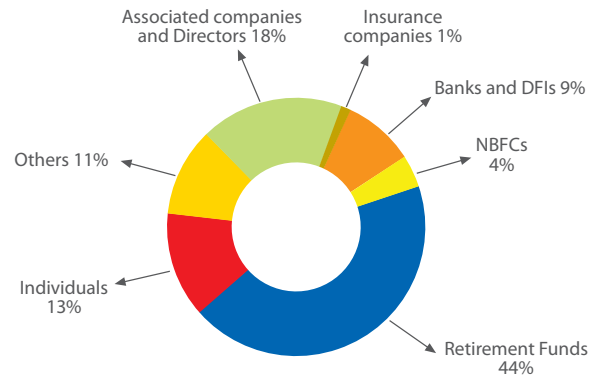
Report of the Directors of the Management Company

CORPORATE GOVERNANCE

1. A prescribed statement by the management along with the auditors' report thereon for the year ended June 30, 2009 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 form part of this Annual Report.
 - x. The prescribed pattern of shareholding is given as part of this Annual Report.

The were no sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary of the Management Company including their spouse and minor children.

PATTERN OF HOLDING



AUDITORS

The present auditors Messers Ford Rhodes Sidat Hyder & Co. Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The Board endorses the recommendation of the Audit Committee for re-appointment of Messers Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the auditors for the financial year 2010.

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

Salman Haider Sheikh
Chief Executive Officer

Karachi:
September 16, 2009

Fund Manager's Report



Investment Objective

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

Fund Information			
Fund Type	Open Ended-Balanced Fund	Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Fund Launch Date	19 th April, 2004	Trustees	Central Depository Company of Pakistan
Performance Benchmark	*KSE-100 index/ 6M KIBOR	Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Rating	3 Star by JCR-VIS		

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

Returns	Portfolio Characteristics			Risk Quant			
Month On Month	-1.87%	P/E Ratio	6.76%	Alpha	-0.0002	VaR	1.21%
Year to Date	-24.00%	Dividend Yield	10.91%	Beta	0.6259	R ²	0.8986
Since Inception	27.98%			Sharpe	-0.1309	Sortino	-0.0017
Annualized Return	4.86%			Std.Dev.	0.73%	Kurtosis	2.1183

STOCK MARKET REVIEW

Amid global economic turmoil and financial crisis stock markets across the globe experienced declines and our market was no exception. The Pakistani capital market saw a very volatile year. The benchmark KSE-100 index closed down 41.72% for the year. On a month on month (MoM) basis the index closed down 1.57% as the index started the month at a level of 7,276.61 and closed at 7162.18. The fundamental reason for the weak performance for the year was poor economic conditions, global and domestic liquidity constraints, depreciating PKR and deteriorating political and security situation in the country. To make matters worse 'floor' was imposed on the prices of scrips on local stock exchanges for almost three and a half months which delivered the final blow to local and foreign investor sentiments. This also led to the exclusion of Pakistan from MSCI emerging market index. According to the NCCPL data foreign portfolio investors sold shares worth USD 1.1 Bn during the year and bought shares worth USD 658 Mn resulting in net foreign selling of USD 445 Mn for the year. Second half of 2009 saw some improvement in economic conditions as Pakistan once again went under the umbrella of IMF to revive investor sentiment and spur economic growth in the country. Following the policies of IMF the government has been able to control its borrowing to bridge budgetary deficits, improve tax base through broader implementation of fiscal policy and control inflation by following tight monetary policy. Interest rates were reduced in the last quarter of FY '09 which resulted in positive sentiments. Going forward it is likely that the government continues to reduce interest rates to start economic recovery as is evident by the declining yields on PIBs and T-bills. Going forward NSS rates can be expected to decrease which will improve liquidity for banking sector and the capital markets.

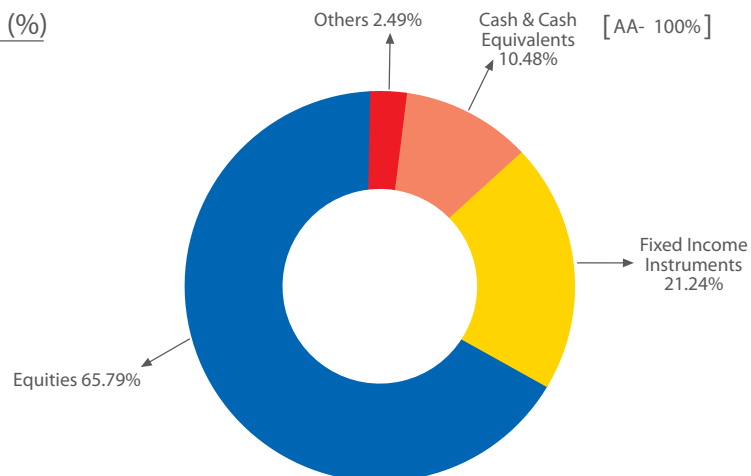
Fund Manager's Report

Expected decrease in discount rates and NSS rates bodes well for the stock market as greater liquidity will be channeled towards the stock market due to high dividend yields and higher expected returns. Improving macroeconomic conditions also present a strong case for improvement in country ratings and reduction in country risk premium. In light of these developments we continue to remain optimistic and foresee market fundamentals to continue improving.

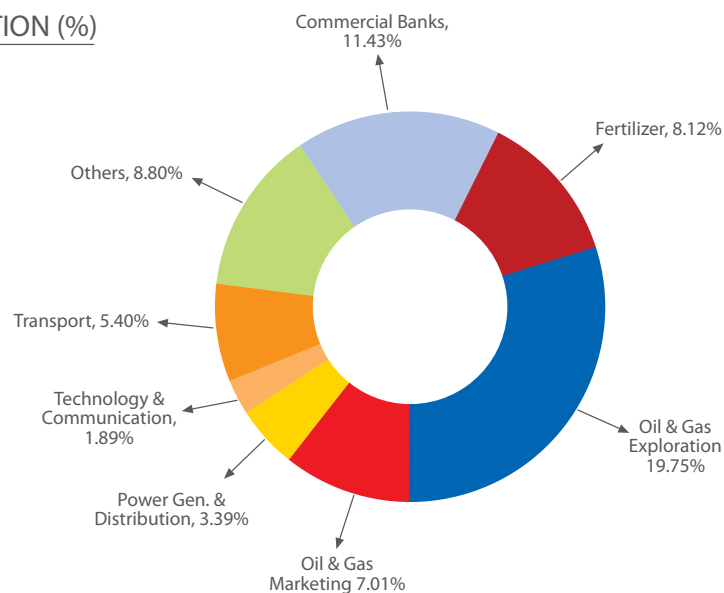
PERFORMANCE:

FBGF started June at a NAV/unit of PKR 77.45 and closed the month at a NAV/unit of PKR 76.00, down 1.87% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of negative 0.72% for the month of June. On a year to date (YTD) basis FBGF gave a negative return of 24%. For the year ending June '09 the KSE-100 index gave a negative return of 41.72% thus FBGF outperformed the KSE-100 index by a staggering 17.72% which shows the management's proactive and prudent approach towards safe guarding our investors interest by increasing portfolio returns and minimizing exposure to risk. On the asset allocation side exposure in equities was decreased to 65.79% from previous month's level of 69.82%. Allocation in other asset classes was more or less maintained at last month's level. FBGF ended the year with a since inception return of 27.98%.

ASSET ALLOCATION (%)



SECTOR ALLOCATION (%)



Trustee Report to the Unit Holders

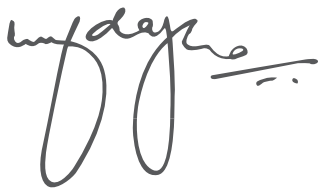
Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

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

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 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 13, 2009

Statement of Compliance with the Best Practices of the Code of Corporate Governance for the Year Ended June 30, 2009



This statement is being presented by the Board of Directors of Faysal Asset Management Limited (FAML), the Management Company of **Faysal Balanced 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 three independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurred during the year due to the resignation of Mr. Mohammad Iqbal, Mr. Khalid S. Trimizey and Mr. Masroor Ahmed Qureshi which were filled up within thirty days by the Board of Directors by appointing Mr. Syed Majid Ali, Mr. Mohammad Abdul Aleem and Mr. Zafar Ahmed Siddiqui.
5. The Management Company has prepared a "**Statement of Ethics and Business Practices**" which is in the process of being 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.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

Statement of Compliance with the Best Practices of the Code of Corporate Governance for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

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 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. During the year, the chairman of the audit committee resigned w.e.f. March 12, 2009 and one of the members of audit committee was nominated as chairman.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they (or their representatives) are involved in the internal audit function on a full time basis.
18. The statutory auditors of the 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.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Date:
September 16, 2009
Karachi.



Salman Haider Sheikh
Chief Executive Officer

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 Balanced Growth Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange 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 2009.

Ford Rhodes Sidat Huda & Co.

CHARTERED ACCOUNTANTS

Date:
September 16, 2009
Karachi.

Independent Auditors' Report to the Unit Holders



We have audited the accompanying financial statements of Faysal Balanced Growth Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2009, 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), the 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 2009 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.

Yousaf Raza Siddiqi & Co.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date:
September 16, 2009
Karachi.

Statement of Assets and Liabilities as at June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

	Note	June 30, 2009	June 30, 2008
		----- (Rupees) -----	-----
Assets			
Bank balances	7	67,451,680	161,776,785
Dividend and other receivables	8	17,924,170	14,059,257
Investments	9	556,980,882	847,893,468
Total assets		642,356,732	1,023,729,510
Liabilities			
Payable to the Management Company	10	671,709	2,275,883
Remuneration payable to the Trustee	11	105,088	164,396
Accrued and other liabilities	12	1,576,565	1,716,617
Total liabilities		2,353,362	4,156,896
Net assets		640,003,370	1,019,572,614
Unit holders' fund		640,003,370	1,019,572,614
		----- Number of units -----	
Number of units in issue		8,421,216	10,015,830
		----- (Rupees) -----	
Net asset value per unit		76.00	101.80

The annexed notes 1 to 21 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, 2009

FAYSAL
BALANCED
GROWTH FUND

		June 30, 2009	June 30, 2008
Income	Note	----- (Rupees) -----	
Profit earned on debt securities		17,786,968	35,451,476
Dividend income		23,611,669	29,866,401
Return on bank balances		22,592,293	14,463,937
Other income		191,890	-
Net gain / (loss) on investments 'at fair value through profit or loss'			
- Net capital (loss) / gain on sale of investments		(173,812,914)	76,042,829
- Net unrealised loss on revaluation of investments	9.5	(96,710,632)	(117,408,113)
		(270,523,546)	(41,365,284)
Element of income and capital gains included in prices of units sold less those in units redeemed		26,680,146	1,282,745
Total (Loss) / Income		(179,660,580)	39,699,275
Expenses			
Remuneration of the Management Company	10	16,220,317	26,299,267
Remuneration of the Trustee	11	1,349,485	2,109,994
Brokerage charges		2,639,533	4,726,664
Bank charges		35,257	39,722
Auditors' remuneration	12	514,831	408,681
SECP annual fee		620,238	1,108,539
Legal and professional charges		60,000	115,000
Fees and subscriptions		135,000	135,000
Settlement charges and capital value tax		370,251	771,114
Printing and other expenses		473,914	-
Total Expenses		22,418,826	35,713,981
Net (loss) / income for the year before taxation		(202,079,406)	3,985,294
Taxation	14	-	-
Net (loss) / income for the year after taxation carried forward for distribution		(202,079,406)	3,985,294
(Loss) / Earnings per unit at the close of the year	15	(24.00)	0.40

The annexed notes 1 to 21 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, 2009



	June 30, 2009	June 30, 2008
Note	-----	-----
	(Rupees)	
Undistributed income brought forward		
[includes unrealised loss on investments of Rs.119,722,889 (2008: unrealised loss of Rs.1,797,523)]	17,989,629	190,392,775
Final bonus distribution for the year ended June 30, 2008 @ Rs.1.8 per unit, (2007: Rs.18 per unit) declared for distribution on July 5, 2008	(13,211,240)	(159,483,911)
Final cash dividend for the year ended June 30, 2008 @ Rs.1.8 per unit, (2007: Rs.Nil) declared for distribution on July 05, 2008	(4,817,255)	-
Interim bonus distribution for the year ended June 30, 2009 @ Rs.Nil per unit (2008: Rs.1.6 per unit)	-	(11,467,207)
Interim cash dividend for the year ended June 30, 2009 @ Rs.Nil per unit (2008: Rs.1.6 per unit)	-	(5,437,322)
Net (loss) / income for the year after taxation	(202,079,406)	3,985,294
Undistributed (loss) / income carried forward		
[includes unrealised loss on investments of Rs.216,433,521 (2008: unrealised loss of Rs.119,722,889)]	<u>(202,118,272)</u>	<u>17,989,629</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

Cash Flow Statement for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
Cash Flows from Operating Activities		
Net (loss) / income for the year before taxation	(202,079,406)	3,985,294
Adjustments for non-cash and other items:		
Net capital loss / (gain) on sale of investments 'at fair value through profit or loss'	173,812,914	(76,042,829)
Dividend income	(23,611,669)	(29,866,401)
Profit earned on debt securities	(17,786,968)	(35,451,476)
Return on bank balances	(22,592,293)	(14,463,937)
Element of income and capital gains included in prices of units sold less those in units redeemed	(26,680,146)	(1,282,745)
Unrealised loss on investment 'at fair value through profit or loss'	96,710,632	117,408,113
	(22,226,936)	(35,713,981)
Increase in Assets		
Dividend and other receivables	(7,486,907)	(2,526,332)
Increase in Liabilities		
Payable to the Management Company	(1,604,174)	(82,129)
Remuneration payable to the Trustee	(59,308)	(16,588)
Accrued and other liabilities	(140,052)	(323,881)
	(1,803,534)	(422,598)
	(31,517,377)	(38,662,911)
Proceeds from sale / redemption of investments	1,159,158,601	3,120,100,294
Payment against purchase of investments	(1,138,769,561)	(3,048,825,173)
Dividend received	24,964,162	26,374,988
Profit received on debt securities	18,663,340	40,626,744
Return received on bank balances	23,985,422	15,937,880
	56,484,587	115,551,822
Net Cash from Operating Activities		
Cash Flows from Financing Activities		
Amounts received against issue of units	69,728,001	490,063,338
Payments made against redemption of units	(215,720,438)	(544,170,506)
Dividend paid	(4,817,255)	(5,437,322)
	(150,809,692)	(59,544,490)
Net Cash used in Financing Activities		
Net (decrease) / increase in cash and cash equivalents during the year	(94,325,105)	56,007,332
Cash and cash equivalents at the beginning of the year	161,776,785	105,769,453
Cash and cash equivalents at the end of the year	67,451,680	161,776,785

The annexed notes 1 to 21 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Syed Majid Ali
Director

Statement of Movement in Unit Holders' Funds for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	<u>101.80</u>	<u>121.49</u>
Net asset value per unit at the end of the year	<u>76.00</u>	<u>101.80</u>
Net Assets at the beginning of the year	1,019,572,614	1,076,414,555
Amount received on issue of units *	69,728,001	490,063,338
Amount paid on redemption of units **	(215,720,438)	(544,170,506)
	(145,992,437)	(54,107,168)
Element of income and capital gains included in prices of units sold less those in units redeemed	(26,680,146)	(1,282,745)
Final cash dividend for the year ended June 30, 2008 @ Rs.1.8 per unit (2007: Rs.Nil per unit)	(4,817,255)	-
Interim cash dividend for the year ended June 30, 2009 @ Rs.Nil (2008: Rs.1.6 per unit)	-	(5,437,322)
Net (loss) / income for the year after taxation	(202,079,406)	3,985,294
Net Assets as at the end of the year	<u>640,003,370</u>	<u>1,019,572,614</u>
	----- Number of units -----	
* Number of units issued (including 132,112 bonus units issued during the year ended June 30, 2009 and 1,646,299 units issued during the year ended June 30, 2008)	1,015,632	6,192,302
** Number of units redeemed	(2,610,246)	5,035,866

The annexed notes 1 to 21 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, 2009



1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Balanced Growth Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on February 18, 2004. It has been constituted under a Trust Deed, dated January 29, 2004, between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Muslim Commercial Financial Services (Private) Limited (MCFSL) as the Trustee till June 04, 2005 and thereafter between Faysal Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Fund is an open ended balanced mutual fund and offers units for public subscription on a continuous basis. The units are 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 April 19, 2004.

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

- 1.2 During the current year, a 'Floor' was placed on the prices of equity securities listed at the KSE by the Board of Directors of KSE in their meeting held on August 27, 2008. Subsequent to the introduction of the 'Floor' on the equity prices at the KSE, the SECP vide its Circular No. 23 of 2008 dated October 07, 2008 directed all collective investment schemes, having direct equity exposure, to suspend pricing, issuance and redemption of their units till the third day of removal of the 'Floor'. The said Floor was removed by the KSE on December 15, 2008 and the Fund resumed dealing in units from January 06, 2009.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 During the year, the Fund has adopted IFRS 7 "Financial Instruments – Disclosures", which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" also became effective during the year. However, these interpretations do not affect the Fund's financial statements.

3. BASIS OF MEASUREMENT

- 3.1 **These financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in notes 4.1 and 4.2 below.**
- 3.2 **The financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.**

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Investments

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

Notes to the Financial Statements for the Year Ended June 30, 2009

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".

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 in case of debt securities (listed but not regularly traded on a stock exchange) 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. However, unquoted equity investments are carried at lower of investment price or break-up value in accordance with the requirements of the NBFC Regulations.

Fair value of investments is determined as follows:

Listed shares

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

Debt securities

These are valued at the rates notified by the Mutual Funds Association of Pakistan (MUFAP). However, in case the rates of the securities are not notified by the MUFAP, those securities are valued at discounted cash flow method as allowed by IAS-39.

4.2 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.

Notes to the Financial Statements for the Year Ended June 30, 2009



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

4.3 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognized 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 recognized in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

4.4 Impairment of financial assets

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

- (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.

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.

4.5 Provisions

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

4.6 Issue and redemption of units

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

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

4.7 Cash and cash equivalents

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

Notes to the Financial Statements for the Year Ended June 30, 2009

4.8 Revenue Recognition

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

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

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

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

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

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

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

4.10 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any. The Fund is exempt from taxation under Clause 99 of Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and Unrealised capital gains for the year are distributed amongst the Fund unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

4.11 Offsetting of financial assets and liabilities

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

4.12 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.

4.13 Proposed dividend and transfer between reserves

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

Notes to the Financial Statements for the Year Ended June 30, 2009

4.14 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 on the statement of assets and liabilities include bank balances, dividend and other receivables and investments.

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

6. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS- 1 Presentation of Financial Statements (Revised)	January 01, 2009
IAS- 23 Borrowing Costs (Revised)	January 01, 2009
IAS- 27 Consolidated and Separate Financial Statements (Revised)	July 01, 2009
IAS- 32 Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	January 01, 2009
IFRS- 2 Share based payment - Amendments regarding Vesting Conditions and Cancellations	January 01, 2009
IAS- 39 Financial Instruments- Recognition and measurement Amendments regarding Eligible Hedge items	July 01, 2009
IFRS- 3 Business Combinations (Revised)	July 01, 2009
IFRS- 8 Operating Segments	January 01, 2009
IFRIC- 15 Agreements for the Construction of Real Estate	January 01, 2009
IFRIC- 16 Hedges of a Net Investment in Foreign Operation	October 01, 2008
IFRIC- 17 Distribution of Non - Cash Assets to Owners	July 01, 2009
IFRIC- 18 Transfers of Assets from Customers	July 01, 2009

Notes to the Financial Statements for the Year Ended June 30, 2009



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

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after January 01, 2009. The management considers that such amendments and improvements will not have any significant effect on the Fund's financial statements for the ensuing periods.

	June 30, 2009	June 30, 2008
--	------------------	------------------

Note ----- (Rupees) -----

7. BANK BALANCES

Cash at bank - Current account	54,305	46,829
Cash at bank - PLS saving accounts	7.1 67,397,375	161,729,956
	<u>67,451,680</u>	<u>161,776,785</u>

7.1 These carry mark-up ranging from 5 % to 12 % (2008: 0.0085% to 13.5%) per annum and include balance of Rs.84,768 (2007: Rs.744,429) with Faysal Bank Limited (a related party).

8. DIVIDEND AND OTHER RECEIVABLES - considered good

Receivable against sale of investments	8,498,407	11,500
Dividend receivable	3,133,496	4,485,989
Mark-up receivable on debt securities	1,946,789	2,823,161
Security deposits	2,607,500	3,607,500
Return receivable on bank balances	1,568	1,394,697
Income tax refundable	8.1 1,736,410	1,736,410
	<u>17,924,170</u>	<u>14,059,257</u>

8.1 This mainly represents tax withheld till September 30, 2004 under Section 233 (A) of the Income Tax Ordinance, 2001. This amount has been claimed as refundable in the return of income for the year ended June 30, 2005 and efforts are being made through the tax advisor of the Fund to recover the same as soon as possible.

9. INVESTMENTS

At fair value through profit or loss		
Listed equity securities	9.1 421,035,488	646,206,548
Preference Shares	9.2 45,362,900	45,362,900
Listed debt securities	9.3 90,582,494	156,324,020
	<u>556,980,882</u>	<u>847,893,468</u>

Notes to the Financial Statements for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

9.1 Listed equity securities *

Name of the investee company	Note	Number of shares / units					Market value as at June 30, 2009 (Rupees)†	Investments as % of		
		As at July 01, 2008	Purchased during the year	Bonus / right shares / units received during the year	Disposed off during the year	As at June 30, 2009		Net assets	Total investments	Investee company paid-up capital
Ordinary shares having a face value of Rs.10 each unless stated otherwise										
Cable & electric goods										
Pak Elektron Limited		405,506	-	-	405,506	-	-	-	-	-
Cement										
DG Khan Cement Company Limited		-	645,000	-	645,000	-	-	-	-	-
Lucky Cement Limited		50,000	705,000	-	555,000	200,000	11,706,000	1.83%	2.10%	0.06%
Maple Leaf Cement Factory Limited		-	250,000	-	250,000	-	-	-	-	-
Thatta Cement Company Limited		351,000	-	-	351,000	-	-	-	-	-
							11,706,000	1.83%	2.10%	0.06%
Chemicals										
Engro Polymer & Chemicals Limited		-	200,000	-	200,000	-	-	-	-	-
ICI Pakistan Limited		-	50,000	-	50,000	-	-	-	-	-
Nimir Industrial Chemicals Limited		2,001,500	-	-	2,001,500	-	-	-	-	-
Closed end mutual funds										
PICIC Growth Fund		-	500,000	-	500,000	-	-	-	-	-
PICIC Investment Fund		-	330,000	-	330,000	-	-	-	-	-
Commercial banks										
Allied Bank Limited		50,040	-	4	50,044	-	-	-	-	-
Arif Habib Bank Limited		200,000	-	-	200,000	-	-	-	-	-
Askari Bank Limited		-	199,000	-	199,000	-	-	-	-	-
Bank Alfalah Limited		300,000	1,350,000	62,500	1,487,500	225,000	2,373,750	0.37%	0.43%	0.02%
BankIslami Pakistan Limited		756,250	139,500	-	190,500	705,250	4,492,443	0.70%	0.81%	0.13%
Habib Bank Limited		-	100,000	-	100,000	-	-	-	-	-
JS Bank Limited		1,000,000	518,000	-	316,500	1,201,500	7,245,045	1.13%	1.30%	0.20%
KASB Bank Limited		155,500	-	-	155,500	-	-	-	-	-
MCB Bank Limited		-	401,000	-	401,000	-	-	-	-	-
National Bank of Pakistan		-	1,395,400	70,080	1,055,000	410,480	27,514,474	4.30%	4.94%	0.04%
NIB Bank Limited		2,729,557	810,000	-	3,539,557	-	-	-	-	-
The Bank of Khyber		5,001,500	65,000	1,266,625	300,000	6,033,125	16,953,081	2.65%	3.04%	1.21%
United Bank Limited		25,000	1,012,000	25,000	681,000	381,000	14,588,490	2.28%	2.62%	0.03%
							73,167,283	11.43%	13.14%	1.63%
Automobile assembler										
Sazgar Engineering Works Limited		22,550	-	10	22,560	-	-	-	-	-
Fertilizer										
Engro Chemicals Pakistan Limited		100,000	928,000	-	828,000	200,000	25,686,000	4.01%	4.61%	0.07%
Fauji Fertilizer Company Limited		-	550,000	40,000	287,500	302,500	26,302,375	4.11%	4.72%	0.04%
Fauji Fertilizer Bin Qasim Limited		-	521,500	-	521,500	-	-	-	-	-
							51,988,375	8.12%	9.33%	0.11%
Insurance companies										
Adamjee Insurance Company Limited		63,000	300,000	-	363,000	-	-	-	-	-
EFU General Insurance Limited		50,000	-	-	-	50,000	4,404,500	0.69%	0.79%	0.04%
Pakistan Reinsurance Company Limited		113,888	100,000	-	113,800	100,088	3,506,083	0.55%	0.63%	0.03%
							7,910,583	1.24%	1.42%	0.07%
Investment banks / companies / securities										
Arif Habib Securities Limited		67,500	175,000	25,000	267,500	-	-	-	-	-
Jahangir Siddiqui & Co. Limited		20,000	-	48,755	68,755	-	-	-	-	-
JS Investments Limited		50,000	200,000	-	250,000	-	-	-	-	-
Pervez Ahmed Securities Limited		25,000	-	-	25,000	-	-	-	-	-
Oil & gas exploration companies										
Oil & Gas Development Company Limited	9.3.1	704,788	1,902,000	-	1,806,499	800,289	62,934,727	9.83%	11.30%	0.02%
Pak Oilfields Limited		50,000	747,200	11,000	633,200	175,000	25,532,500	3.99%	4.58%	0.07%
Pakistan Petroleum Limited		102,600	755,000	15,000	672,600	200,000	37,908,000	5.92%	6.81%	0.02%
							126,375,227	19.74%	22.69%	0.11%
Oil & gas marketing companies										
Attock Petroleum Limited		25,000	-	-	25,000	-	-	-	-	-
Pakistan State Oil Company Limited		-	275,000	-	65,000	210,000	44,866,500	7.01%	8.06%	0.12%
							44,866,500	7.01%	8.06%	0.12%
Refinery										
National Refinery Limited		-	10,000	-	-	10,000	2,200,200	0.34%	0.40%	0.01%
Power generation & distribution										
The Hub Power Company Limited		625,000	900,000	-	725,000	800,000	21,672,000	3.39%	3.89%	0.07%
Technology & communication										
Pakistan Telecommunication Company Limited		350,000	2,150,000	-	1,800,000	700,000	12,068,000	1.89%	2.17%	0.02%
NETSOL Technologies Limited		-	62,000	-	62,000	-	-	-	-	-
Worldcall Telecom Limited		1,050,000	-	-	1,050,000	-	-	-	-	-
							12,068,000	1.89%	2.17%	0.02%

Notes to the Financial Statements for the Year Ended June 30, 2009

Name of the investee company	Note	Number of shares / units					"Market value as at June 30, 2009 (Rupees)"	Investments as % of		
		As at July 01, 2008	Purchased during the year	Bonus / right shares / units received during the year	Disposed off during the year	As at June 30, 2009		Net assets	Total investments	Investee company paid-up capital
Textile composite										
Artistic Denim Mills Limited		120,000	-	-	120,000	-	-	-	-	-
Azgard Nine Limited		325,000	375,500	50,000	450,500	300,000	6,642,000	1.04%	1.19%	0.07%
Nishat Mills Limited		500,000	200,000	-	350,000	350,000	13,237,000	2.07%	2.38%	0.14%
Usman Textile Mills Limited		-	108,500	-	108,500	-	-	-	-	-
							19,879,000	3.11%	3.57%	0.21%
Textile spinning										
D. S. Industries Limited		318,000	-	-	318,000	-	-	-	-	-
Tobacco										
Pakistan Tobacco Company Limited		179,000	25,500	-	3,300	201,200	14,657,420	2.29%	2.63%	0.08%
Transport										
Pakistan International Container Terminal Ltd.		250,000	200,000	-	-	450,000	24,043,500	3.76%	4.32%	0.49%
Pakistan National Shipping Corporation		206,300	30,200	-	9,000	227,500	10,501,400	1.64%	1.89%	0.17%
							34,544,900	5.40%	6.21%	0.66%
Miscellaneous										
Pace (Pakistan) Limited		300,000	-	-	300,000	-	-	-	-	-
Tri-pack Films Limited		-	10,000	-	10,000	-	-	-	-	-
							-	-	-	-
		<u>18,643,479</u>	<u>19,195,300</u>	<u>1,613,974</u>	<u>25,219,821</u>	<u>14,232,932</u>	<u>421,035,488</u>	<u>65.79%</u>	<u>75.61%</u>	<u>3.15%</u>

9.2 Preference shares

Name of the investee company	Note	Number of shares / units					"Market value as at June 30, 2009 (Rupees)"	Investments as % of		
		As at July 01, 2008	Purchased during the year	Bonus / right shares / units received during the year	Disposed off during the year	As at June 30, 2009		Net assets	Total investments	Investee company paid-up capital

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

Cable & electrical Goods										
Pak Elektron Limited		<u>3,749,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,749,000</u>	<u>45,362,900</u>	<u>7.09%</u>	<u>8.14%</u>	<u>0.39%</u>

9.3 Listed Debt Securities *

* Term finance certificates (TFCs)

Name of the investee company	Note	Number of shares / units					As at June 30, 2009	Investments as % of		
		As at July 01, 2008	Purchased during the year	Redeemed during the year	Disposed off during the year	"Market value as at June 30, 2009 (Rupees)"		Net assets	Total investments	
Commercial Banks										
United Bank Limited (1st issue)	9.3.1	6,000	-	-	-	6,000	25,896,863	4.05%	4.65%	
Investment banks / companies / securities										
Jahangir Siddiqui & Co. Limited		7,650	-	-	-	7,650	17,480,980	2.73%	3.14%	
Trust Investment Bank Limited		4,500	-	-	-	4,500	2,250,000	0.35%	0.40%	
Oil and gas exploration companies										
Naimat Basal Oil & Gas Securitization Company Ltd.		15,000	-	(15,000)	-	-	-	-	-	
Technology and communication										
Telecard Limited		20,010	-	-	-	20,010	44,954,651	7.02%	8.07%	
		<u>53,160</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>38,160</u>	<u>90,582,494</u>	<u>14.15%</u>	<u>16.26%</u>	

9.3.1 The Fund has pledged following TFC's and Equity Securities in favour of National Clearing Company of Pakistan Limited (NCPL) as collateral against Exposure Margins and Mark to Market (MTM) losses for Continuous Funding System (CFS) and regular trades on the National Clearing and Settlement System (NCSS).

Name of security	Number of certificates / shares pledged
TFCs - United Bank Limited	6,000
Equity securities - Oil & Gas Development Company Ltd.	300,000

Notes to the Financial Statements for the Year Ended June 30, 2009



9.4 Significant terms and conditions of TFCs are as follows:

Name of security	Number of Certificates	Face value per certificate (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
United Bank Limited (1st issue)	6,000	5,000	8.45%	August, 2012	Unsecured	AA
Jahangir Siddiqui & Company Limited	7,650	5,000	8.29%	December, 2009	Secured	AA +
Trust Investment Bank Limited	4,500	5,000	3% + 6 month KIBOR	July, 2009	Secured	A
Telecard Limited	20,010	5,000	3.75% + 6 month KIBOR	May, 2011	Secured	BBB

	June 30, 2009	June 30, 2008
9.5 Net Unrealized loss during the year in the value of investments 'at fair value through profit or loss'	----- (Rupees) -----	
Market value of investments 'at fair value through profit or loss'	556,980,882	847,893,468
Cost of investments 'at fair value through profit or loss'	(689,635,976)	(967,616,357)
	(132,655,094)	(119,722,889)
Net Unrealised gain on investment classified as 'at fair value through profit or loss' at the beginning of the year	119,722,889	1,797,523
Realised on disposal during the year	(83,778,427)	517,253
	35,944,462	2,314,776
	(96,710,632)	(117,408,113)
	June 30, 2009	June 30, 2008
Note	----- (Rupees) -----	

10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	10.1	664,266	2,072,847
Sales load payable		7,443	203,036
		671,709	2,275,883

10.1 The Management Company is entitled to a remuneration for services rendered to the Fund under the provisions of the NBFC Regulations during the first five years of a Fund's existence of an amount not exceeding three per cent of the average annual net assets of the Fund and thereafter of an amount equal to two per cent of such assets. During the current year, the Management Company has claimed its remuneration @ 2.5% of the average daily NAV upto April 18, 2009 and thereafter @ 2% of average daily NAV.

11. 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.

Notes to the Financial Statements for the Year Ended June 30, 2009

	Note	June 30, 2009	June 30, 2008
----- (Rupees) -----			
12. ACCRUED AND OTHER LIABILITIES			
SECP annual fee payable	12.1	620,238	1,108,539
Accrued liabilities		865,310	490,208
Settlement charges payable		4,387	36,543
Zakat payable		86,630	81,327
		<u>1,576,565</u>	<u>1,716,617</u>

- 12.1** This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.085% of the average annual assets of the Fund with effect from November 21, 2008. Previously it was charged under the NBFC Regulations, 2007 at the rate of one tenth of 1% of the average annual net assets of the Fund.

	Note	June 30, 2009	June 30, 2008
----- (Rupees) -----			
13. AUDITORS' REMUNERATION			
Audit fee		264,500	230,000
Half yearly review fee		66,125	57,500
Fee for the review of statement of compliance of Code of Corporate Governance		33,063	28,750
Other certifications		66,620	57,931
Out of pocket expenses		84,523	34,500
		<u>514,831</u>	<u>408,681</u>

14. 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.

15. (LOSS) / EARNINGS PER UNIT

(Loss) / earnings per unit is calculated by dividing the net (loss) / income after tax for the year by the number of units outstanding as at the end of the year.

(Loss) / earnings per unit based on cumulative weighted average units for the whole year has not been disclosed as in the opinion of the management determination of the same is not practicable.

Notes to the Financial Statements for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND 

	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES		
16.1 Transactions during the year		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	16,220,317	26,299,267
Sales load	232,366	3,064,598
Faysal Savings Growth Fund (common management)		
Issue of bonus units: Nil (2008: 6,241 units)	-	625,000
Redemption of units: Nil (2008: 506,241 units)	-	50,846,810
Faysal Bank Limited (group company)		
Issue of bonus units: Nil (2008: 215,676 units)	-	22,320,323
Redemption of units: Nil (2008: 215,676 units)	-	22,596,389
Cash dividend	2,232,032	1,984,029
Profit on PLS savings account	54,879	28,760
Faysal Bank Limited - Staff Provident Fund		
Issue of bonus 2,978 units (2008: 26,548 units)	297,753	2,760,512
ICI Pakistan Limited (common directorship)		
Purchase of 50,000 shares (2008: 20,000 shares)	3,746,931	3,154,980
Disposed off 50,000 shares (2008: 110,000 shares)	4,050,001	22,835,025
ICI Pakistan Management Staff Provident Fund		
Issue of bonus 2,978 units (2008: 26,548 units)	297,753	2,760,512
Redemption of 168,396 units (2008: Nil units)	13,475,040	-
AKD Securities (Private) Limited (common directorship)		
Brokerage fee	-	313,970
Purchase of marketable securities	-	320,048,480
Sale of marketable securities	-	154,970,290
AKD Staff Provident Fund		
Issue of units: Nil (2008: 1,327 units)	-	138,026
16.2 Outstanding balances as at year end		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	664,266	2,072,847
Sales load	7,443	203,036
Faysal Bank Limited (group company)		
Units in issue: Nil (2008: 1,240,018 units)	-	126,233,828
Balance in PLS savings account	84,768	744,429
Faysal Bank Limited - Staff Provident Fund		
Units in issue 2,978 units (2008: 165,418 units)	297,753	17,045,692

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

Notes to the Financial Statements for the Year Ended June 30, 2009

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.2 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 the financial instrument will fluctuate due to changes in the market interest rates. As of June 30, 2009, the Fund is exposed to such risk in respect of bank balances and investment in debt securities. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. The debt securities are subject to floating interest rates but valued at MUFAP rates. 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.0.493 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

2009	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year		

----- (Rupees) -----

Financial Assets

Bank balances	67,451,680	-	-	-	-	67,451,680
Dividend and other receivable	-	-	-	-	16,187,760	16,187,760
Investments	-	90,582,494	-	-	466,398,388	556,980,882
	67,451,680	90,582,494	-	-	482,586,148	640,620,322

Financial Liabilities

Payable to the Management Company	-	-	-	-	671,709	671,709
Remuneration payable to the Trustee	-	-	-	-	105,088	105,088
Accrued and other liabilities	-	-	-	-	956,327	956,327
	-	-	-	-	(1,733,124)	(1,733,124)

On statement of assets and liabilities gap

	67,451,680	90,582,494	-	-	480,853,024	638,887,198
--	------------	------------	---	---	-------------	-------------

Notes to the Financial Statements for the Year Ended June 30, 2009



2008	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year		

(Rupees)

Financial Assets

Bank balances	161,776,785	-	-	-	-	161,776,785
Dividend and other receivable	-	-	-	-	12,322,847	12,322,847
Investments	-	156,324,020	-	-	691,569,448	847,893,468
	161,776,785	156,324,020	-	-	703,892,295	1,021,993,100

Financial Liabilities

Payable to the Management Company	-	-	-	-	2,275,883	2,275,883
Remuneration payable to the Trustee	-	-	-	-	164,396	164,396
Accrued and other liabilities	-	-	-	-	608,078	608,078
	-	-	-	-	(3,048,357)	(3,048,357)

On statement of assets

and liabilities gap	<u>161,776,785</u>	<u>156,324,020</u>	<u>-</u>	<u>-</u>	<u>700,843,938</u>	<u>1,018,944,743</u>
----------------------------	--------------------	--------------------	----------	----------	--------------------	----------------------

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general. Management of the Fund estimates that a 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Fund's net assets by Rs.21.05 million. However, in practice, the actual results may differ from the sensitivity analysis.

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

17.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's 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 summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for financial assets 'at fair value through profit or loss', the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realised.

Notes to the Financial Statements for the Year Ended June 30, 2009

2009	upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
------	-------------------	--	---	-----------------------	-------

(Rupees)

Assets

Bank balances	67,451,680	-	-	-	67,451,680
Dividend and other receivable	11,735,727	984,486	860,047	4,343,910	17,924,170
Investments	-	556,980,882	-	-	556,980,882
	79,187,407	557,965,368	860,047	4,343,910	642,356,732

Liabilities

Payable to the Management Company	671,709	-	-	-	671,709
Remuneration payable to the Trustee	105,088	-	-	-	105,088
Accrued and other liabilities	685,701	890,864	-	-	1,576,565
	(1,462,498)	(890,864)	-	-	((2,353,362))

Net Assets

	77,724,909	557,074,504	860,047	4,343,910	640,003,370
--	------------	-------------	---------	-----------	-------------

2008	upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
------	-------------------	--	---	-----------------------	-------

(Rupees)

Assets

Bank balances	161,776,785	-	-	-	161,776,785
Dividend and other receivable	6,412,276	1,009,014	1,294,057	5,343,910	14,059,257
Investments	-	847,893,468	-	-	847,893,468
	168,189,061	848,902,482	1,294,057	5,343,910	1,023,729,510

Liabilities

Payable to the Management Company	2,275,883	-	-	-	2,275,883
Remuneration payable to the Trustee	164,396	-	-	-	164,396
Accrued and other liabilities	603,873	1,112,744	-	-	1,716,617
	(3,044,152)	(1,112,744)	-	-	(4,156,896)

Net Assets

	165,144,909	847,789,738	1,294,057	5,343,910	1,019,572,614
--	-------------	-------------	-----------	-----------	---------------

2009

2008

17.4 Credit risk

(Rupees)

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:

Bank balances	67,451,680	161,776,785
Investments in debt securities	90,582,494	156,324,020
Receivable against sale of investments	8,498,407	11,500
Dividend receivable	3,133,496	4,485,989
Mark-up receivable on debt securities	1,946,789	2,823,161
Return receivable on bank balances	1,568	1,394,697
	<u>171,614,434</u>	<u>326,816,152</u>

Investment of the Fund in debt securities is collateralised by creation of first charge in favour of Trustee to the issue over the specific leased assets and its associated lease rentals and fixed assets of the issuer, as specified.

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.

Notes to the Financial Statements for the Year Ended June 30, 2009

FAYSAL
BALANCED
GROWTH FUND

The table below analyses the credit quality of the Fund's exposure:

Rating category	2009	%	2008
AA	70.18		63.83
A	1.34		34.57
BBB	26.01		0.00
Unrated	2.47		1.60
	<u>100.00</u>		<u>100.00</u>

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

	2009	2008
	% of assets exposed to credit risk	
Investment banks / companies and leasing companies	11.58	13.57
Commercial banks	54.97	58.29
Insurance	0.15	-
Oil and gas	0.99	10.54
Technology and communication	26.67	17.51
Fertilizer	0.69	-
Others	4.95	0.09
	<u>100.00</u>	<u>100.00</u>

17.5 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 holder's 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.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

19. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

20. GENERAL

Figures are rounded off to the nearest rupee.

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 16 September 2009 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

(i) PATTERN OF UNIT HOLDING

ANNEXURE-1

Category	No. of Investors	Units held	%
Associated companies and Directors	4	1,487,107	17.67
Insurance companies	2	90,261	1.07
Banks and DFIs	2	733,759	8.71
NBFCs	2	301,057	3.57
Retirement Funds	54	3,799,751	45.12
Individuals	412	1,094,176	12.99
Others	8	915,105	10.87
	<u>484</u>	<u>8,421,216</u>	<u>100.00</u>

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
Ismail Iqbal Securities (Private) Limited	15.41
Global Securities Pakistan Limited	12.06
Elixir Securities Limited	11.85
Alfalah Securities Limited	10.35
BMA Capital Management Limited	8.97
Cassim Investments (Private) Limited	5.39
IGI Finex Securities Limited	5.32
JS Global Capital Limited	5.27
Atlas Investment Bank	4.66
Moonaco Securities (Private) Limited	3.72

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Mr. Salman Haider Sheikh

Mr. Tahir Sohail

Mr. Shahid Usman Ojha

Mr. Omar Ehtisham Anwar

Mr. Ayaz Mustafa Zuberi

Mr. Qamar Abbas

Mr. Salman Haider Sheikh

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

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

Mr. Tahir Sohail

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

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. 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 (Honours) degree in Computer Science. Previously, Mr. Anwar was working for Alfalah Securities a subsidiary of Bank Alfalah in the Institutional Sales Group. His responsibilities included dealing with individual, institutional and foreign clients, guiding clients on their investment options by keeping abreast with market conditions, meeting market deadlines and risk assessment. He was also responsible for providing business and technical support and initiating new product ideas.

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 Securitization 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. 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 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. 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.

(iv) PARTICULARS OF FUND MANAGERS

Mr. Omar Ehtisham Anwar

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

Presently Mr. Omar is also looking after Equity area of Faysal Savings Growth Fund and Faysal Income & Growth 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 Securitization 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 all funds managed by Faysal Asset Management Limited.

Supplementary Non Financial Information as Required Under Rules 6(D), (F), (G), (H), (I) & (J) of the 5th Schedule to the Non Banking Finance Companies and Notified Entities Regulations, 2008



(v) Meetings of the Board of Directors

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

Name of Directors	Meeting held on							
	Meetings Attended	05 July, 2008	24 Sept., 2008	17 October, 2008	12 Nov., 2008	23 February, 2009	23 April, 2009	19 June, 2009
Mr. Khalid Tirmizey (Resigned w.e.f. December 02, 2008)	4	1	1	1	1	-	-	-
Salman Haider Sheikh	7	1	1	1	1	1	1	1
Mr. Feroz Rizvi	6	1	1	1	1	1	-	1
Mr. Mohammad Iqbal (Resigned w.e.f. August 02, 2008).	1	1	-	-	-	-	-	-
Mr. Sanaullah Qureishi (Resigned w.e.f. March 12, 2009)	5	1	1	1	1	1	-	-
Syed Majid Ali (Appointed w.e.f. September 26, 2008)	4	-	-	1	1	-	1	1
Mr. Mohammad Abdul Aleem (Appointed w.e.f. January 21, 2009)	3	-	-	-	-	1	1	1
Mr. Masroor Ahmed Qureshi (Appointed w.e.f. February 11, 2009 & resigned on June 02, 2009)	2	-	-	-	-	1	1	-

(vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a " MFR 3- Star " fund rating to Faysal Balanced Growth Fund.

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