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FUND INFORMATION

Management Company
Faysal Asset Management Limited

Board of Directors of the Management Company
Mr. Farook Bengali, Chairman
Mr. Salman Haider Sheikh, Chief Executive Officer
Mr. Hassan Mohamed Mahmood, Director
Mr. Mohammad Iqbal, Director
Mr. Shahid Waqar Mahmood, Director
Mr. Feroz Rizvi, Director
Mr. Iqbal Alimohamed, Director
Mr. Aqeel Karim Dhedhi, Director

CFO of the Management Company
Mr. Muhammad Shakeel Musani

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

Audit Committee
Mr. Iqbal Alimohamed, Chairman
Mr. Mohammad Iqbal, Member
Mr. Shahid Waqar Mahmood, Member
Mr. Feroz Rizvi, Member

Trustee
Central Depository Company of Pakistan Limited
8th Floor, Karachi Stock Exchange Building,
Stock Exchange Road, Karachi-74000

Bankers to the Fund
Faysal Bank Limited
Muslim Commercial Bank Limited
Bank Alfalah Limited
Metropolitan Bank Limited

Auditors
A.F. Ferguson & Co., Chartered Accountants

Legal Advisor
Bawany and Partners
404, 4th Floor
Beaumont Plaza
Beaumont Road
Karachi.

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

Distributors
Faysal Asset Management Limited
Faysal Bank Limited
AKD Securities(Private) Limited
PICIC Commercial Bank Limited
Invest Capital & Securities(Private) Limited
Access Financial Services(Private) Limited
Flow(Private) Limited
First International Investment Bank Limited

MISSION STATEMENT

FBGF endeavors 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 investments in a broad range of sectors and financial instruments.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of the Faysal Asset Management Limited, the management company of the Faysal Balanced Growth Fund (FBGF), is pleased to present the un-audited accounts of FBGF for the quarter ended September 30, 2006.

PERFORMANCE REVIEW

	Quarter Ended September 2006 (Rupees in million)	Quarter Ended September 2005 (Rupees in million)
Total Income	57.49	191.76
Operating Expenses	11.89	12.30
Profit Before Tax	45.60	179.46
Taxation	-	-
Profit After Tax	45.60	179.46
Earnings per Unit - Rs.	2.87	11.50

The Profit After Tax (PAT) for the quarter amounted to Rs 45.60 million. PAT for the current quarter includes realized and unrealized capital gain of Rs 27.65 million and Rs 8.77 million, respectively whereas there was a realized and unrealized capital gain of Rs 24.32 million and Rs 145.51 million, respectively during same quarter last year. Furthermore, in view of its exposure in listed rated Term Finance Certificates, the fund has earned Rs 12.61 million during the current quarter.

The Operating Expenses of the Fund have reduced by over Rs 0.41 million during the current quarter compared to same quarter last year.

The fund reduced its equity exposure from 71% to 59.19% from the end of last quarter. The fund decreased its exposure in Oil & Gas Exploration sector and added a nominal position in the fertilizer sector. The fund did not make any major portfolio changes to its holding in the financial sector. The net foreign investment for the quarter indicated a positive inflow of approx USD 80.17 million. The recent acquisition of Union Bank Limited by Standard Chartered Bank created a euphoric interest by investors in the overall banking sector. The increase in foreign investment along with the increased interest in the banking sector can be positive for the overall market in the upcoming quarter.

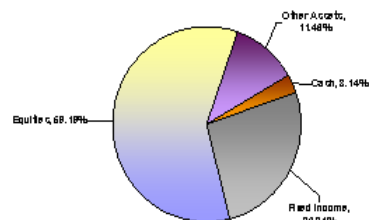
	30-September 2006	30-June 2006	Change
KSE-100 Index	9989.41	10512.48	5.23%
FBGF NAV (ex-bonus) Rs	103.12	*106.26	2.85%

*Final Bonus Paid (FY 05-06) 6%

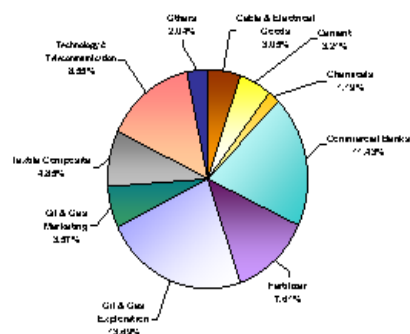
INVESTMENTS

As of 30 September 2006, the total assets of the Fund were invested as below:

ASSET ALLOCATION (%)



SECTOR ALLOCATION (%)



ACKNOWLEDGEMENT

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

For and on behalf of the Board

Salman Haider Sheikh
Chief Executive Officer

Karachi: October 14, 2006

October 14, 2006

Mr. Shakeel Musani
Chief Financial Officer
Faysal Asset Management Limited
St-2, Commercial Lane, 3rd Floor, Faysal House
Opposite Regent Plaza Hotel
Main Shahrah-e-Faisal
Karachi.

Dear Sir,

CONSENT OF TRUSTEE FOR RELEASE OF FINANCIAL STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2006

We have reviewed the investment portfolio and bank balances of Faysal Balanced Growth Fund and Faysal Income & Growth Fund as per the quarter ended Financial Statements received from you and found in conformity.

Based on our review, we give our consent for the issue of financial statements to unit holders for the quarter ended September 30, 2006.

Yours truly,

Sadiq S. Bhaidani
Head of Trustee & Custodial Operations

STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2006

	Note	September 30, 2006 Rupees (Un-audited)	June 30, 2006 Rupees (Audited)
Assets			
Bank balances		51,416,166	27,579,973
Receivables	4	233,754,111	28,647,063
Investments	5	1,400,556,582	1,591,506,641
Total assets		1,685,726,859	1,647,733,677
Liabilities			
Remuneration payable to the Management Company		3,037,261	3,004,781
Remuneration payable to the Trustee		217,180	215,737
Creditors, accrued and other liabilities	6	42,500,773	23,039,559
Total liabilities		45,755,214	26,260,077
Net assets		1,639,971,645	1,621,473,600
Unit holders' funds (as per statement attached)		1,639,971,645	1,621,473,600
Number of Units in issue		15,904,134	15,259,604
Net Asset Value per unit - Rupees		103.12	106.26

The annexed notes 1 to 9 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director

INCOME STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2006
(UN-AUDITED)

	Note	September 30, 2006 Rupees	September 30, 2005 Rupees
Income			
Net gain on sale of held-for-trading investments		27,652,179	24,318,417
Profit earned on Term Finance Certificates		12,612,694	16,660,216
Dividend income		6,569,750	4,266,050
Return on bank balances		2,089,647	2,661,340
Element of gain /(loss) and capital gain / (losses) in prices of units sold less those in units redeemed		(206,436)	(1,651,054)
		48,717,834	46,254,969
Unrealized gain on held-for-trading investments	5.3	8,772,885	145,510,773
		57,490,719	191,765,742
Expenses			
Remuneration of the Management Company		9,390,711	10,137,785
Remuneration of the Trustee		669,420	702,610
Brokerage and settlement charges		1,272,845	657,376
Bank charges		619	4,968
Auditors' remuneration		79,158	83,195
Legal and professional charges		23,000	99,000
Annual fee to Securities & Exchange Commission of Pakistan		417,365	450,568
Listing fee		35,000	35,000
Amortization of preliminary expenses and floatation costs		-	124,657
		11,888,118	12,295,159
Net income for the period		45,602,601	179,470,583
Earnings per Unit		2.87	11.50

The annexed notes 1 to 9 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director

DISTRIBUTION STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2006

	Rupees
Balance of Undistributed income as at July 1, 2005 (Restated)	201,295,910
Net income for the period	<u>405,896,647</u>
	607,192,557
Final distribution for the year June 30, 2005 @ Rs 12.5 per-unit transferred to reserve for issue of bonus units. Declared for distribution on July 12, 2005.	(195,007,337)
Interim Distribution @ Rs 20 per unit transferred to reserve for issue of bonus units. Declared for distribution on February 18, 2006.	<u>(316,672,053)</u>
Balance of Undistributed income as at June 30, 2006	95,513,167
Final distribution for the year June 30, 2006 @ Rs 6 per-unit transferred to reserve for issue of bonus units. Declared for distribution on July 15, 2006.	(91,557,623)
Net Income for the Period	<u>45,602,601</u>
Balance of Undistributed income as at September 30, 2006	<u><u>49,558,145</u></u>

The annexed notes 1 to 9 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE QUARTER ENDED SEPTEMBER 30, 2006
(UN-AUDITED)

	September 30, 2006 Rupees	September 30, 2005 Rupees
Net assets at the beginning of the period - July 01,	1,621,473,600	1,761,354,643
Amounts received on issue of 372,861 Units (2005: 231,545 units)	38,109,572	23,990,227
Amounts paid on redemption of 641,533 Units (2005: 713,256 units)	(65,420,564)	(74,589,256)
	(27,310,992)	(50,599,029)
Element of (income) / loss and capital (gain) / losses included in prices of units sold less those in units redeemed	206,436	1,651,054
Net profit for the period	45,602,601	179,470,583
Net assets at the end of the period	<u>1,639,971,645</u>	<u>1,891,877,250</u>
Net assets at the end of the period consist of:		
Capital account	1,590,413,500	1,706,118,094
Undistributed income carried forward	49,558,145	185,759,156
	<u>1,639,971,645</u>	<u>1,891,877,250</u>

The annexed notes 1 to 9 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director

CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2006
(UN-AUDITED)

	September 30, 2006 Rupees	September 30, 2005 Rupees
Cash flow from operating activities		
Net income for the period	45,602,601	179,470,583
Adjustments for:		
Net gain on sale of "Held for trading" investments	(27,652,179)	(24,318,417)
Unrealized (gain) on "Held for trading" investments	(8,772,885)	(145,510,773)
Element of loss and capital losses in prices of units sold less those in units redeemed	206,436	1,651,054
Amortization of preliminary expenses & floatation costs	-	124,657
	9,383,973	11,417,105
(Increase) in assets		
Receivables (excluding advance taxation)	(205,107,048)	(72,260,844)
Increase / (decrease) in liabilities		
Remuneration payable to the Management Company	32,480	176,349
Remuneration payable to the Trustee	1,443	7,794
Creditors, accrued and other liabilities	19,461,214	(1,817,549)
	19,495,137	(1,633,406)
Proceeds from Sale of investments	705,758,158	662,735,179
Payment against Purchase of investments	(478,383,035)	(757,354,415)
Advance tax refund / (paid)	-	66,844
	227,375,123	(94,552,392)
Net cash inflow / (outflow) from operating activities	51,147,185	(157,029,537)
Cash flow from financing activities		
Amounts received on issue of units	38,109,572	23,990,227
Payments against redemption of units	(65,420,564)	(74,589,257)
Net cash outflow from financing activities	(27,310,992)	(50,599,030)
Net increase / (decrease) in bank balances during the period	23,836,193	(207,628,568)
Balance with banks at the beginning of the period	27,579,973	232,210,681
Balance with banks at the end of the period	51,416,166	24,582,113

The annexed notes 1 to 9 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2006
(UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Faysal Balanced Growth Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorized 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, a company incorporated under the Companies Ordinance, 1984 and Muslim Commercial Financial Services (Private) Limited (MCFSL) as the Trustee, also incorporated under the Companies Ordinance, 1984 and a wholly owned subsidiary of Muslim Commercial Bank Limited till June 04, 2005 and thereafter between Faysal Asset Management Limited, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

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 them to the Fund. The units are listed on the Karachi Stock Exchange.

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

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" as applicable in Pakistan, Trust Deed and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

3. ACCOUNTING POLICIES

The accounting policies followed for the preparation of these financial statements are the same as those applied in preparing the financial statements of the Fund for the year ended June 30, 2006.

4. RECEIVABLES - considered good

	September 30, 2006 Rupees (Un-audited)	June 30, 2006 Rupees (Audited)
Against sale of held-for-trading investments	215,176,705	5,350,000
Dividend receivable	6,569,750	12,237,500
Mark-up receivable on Term Finance Certificates	9,395,090	8,825,005
Income receivable on money market transaction	-	244
Return receivable on bank balances	787,512	391,445
Advance tax	1,736,410	1,736,410
Prepaid settlement charges	88,643	106,459
	233,754,111	28,647,063

	Note	September 30, 2006 Rupees (Un-audited)	June 30, 2006 Rupees (Audited)
5. INVESTMENTS			
At fair value through profit or loss - Held-for-trading			
Listed equity securities	5.1	970,700,457	1,151,058,141
Listed debt securities	5.2	429,856,125	440,448,500
		<u>1,400,556,582</u>	<u>1,591,506,641</u>

	At the beginning of the period	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	At the end of the period	Market value (Rupees)	% of net assets
← No. of holdings →							

5.1 Listed equity securities

Ordinary share having a face value of Rs. 10/- each

Cement							
D.G. Khan Cement Limited	494,875	475,400	-	475,000	495,275	47,546,400	2.90%
Lucky Cement Limited	-	50,400	-	-	50,400	5,080,320	0.31%
Maple Leaf Cement Limited	850,000	-	-	850,000	-	-	0.00%

Commercial Banks

Askari Commercial Bank Ltd	150,000	-	-	-	150,000	14,190,000	0.87%
Bank Al Falah Limited	665,812	-	-	65,000	600,812	27,787,555	1.69%
MCB Bank Limited	200,000	50,000	-	250,000	-	-	0.00%
National Bank of Pakistan	804,400	325,000	-	679,400	450,000	113,962,500	6.95%
NIB Bank	116,734	-	-	-	116,734	2,731,576	0.17%
Bank of Punjab	-	200,000	-	200,000	-	-	0.00%
Saudi Pak Commercial Bank	-	1,797,000	-	120,000	1,677,000	28,760,550	1.75%

Chemicals

ICI Pakistan Limited	168,200	-	-	-	168,200	19,511,200	1.19%
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Oil & Gas Marketing Companies

Attock Petroleum Ltd	5,000	-	-	5,000	-	-	0.00%
Pakistan State Oil Co. Ltd	100,000	50,000	-	25,000	125,000	39,006,250	2.38%
Sui Southern Gas Co. Ltd	700,000	-	-	-	700,000	19,530,000	1.19%

Oil & Gas Exploration Companies

Pakistan Oil Fields Limited	450,000	25,000	-	275,000	200,000	66,650,000	4.06%
Oil & Gas Development Corp Ltd	950,000	350,000	-	800,000	500,000	63,925,000	3.90%
Pakistan Petroleum Limited	500,000	160,000	-	260,000	400,000	94,000,000	5.73%

Fertilizer

Fauji Fertilizer Bin Qasim Ltd	1,473,500	3,000,000	-	-	4,473,500	124,810,650	7.61%
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Synthetic and Rayan

Dewan Salman Fibers Limited	900,000	400,000	-	-	1,300,000	15,210,000	0.93%
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Textile Composite

Artistic Denim Mills	11,500	-	-	-	11,500	3,056,700	0.19%
Nagina Cotton Mills Limited	71,000	-	-	-	71,000	1,313,500	0.08%
Nishat Chunian Limited	-	1,199,300	-	-	1,199,300	61,763,950	3.77%

Textile Spinning

Nishat Mills Limited	1,116,000	-	-	966,000	150,000	13,387,500	0.82%
Dewan Farooq Spinning Mills Ltd	510,000	-	-	-	510,000	2,856,000	0.17%

	At the beginning of the period	Acquired during the period	Bonus / right shares received during the period	Market Disposed during the period	% of At the end of the period	value (Rupees)	net assets
← No. of holdings →							
Modaraba							
First Habib Modaraba	424,000	-	-	-	424,000	3,328,400	0.20%
Paper & Board Packages Limited	13,420	-	-	-	13,420	2,691,381	0.16%
Glass & Ceramics							
Tariq Glass Industries Limited	12,000	-	-	-	12,000	384,000	0.02%
Technology and Communication							
Pakistan Telecommunications Company Limited	3,200,000	800,000	-	800,000	3,200,000	131,680,000	8.03%
World Call Telecom	-	749,000	-	4,500	744,500	8,524,525	0.52%
Miscellaneous							
Tri Pack Films	140,000	35,000	-	-	175,000	9,012,500	0.55%
	<u>14,026,441</u>	<u>9,666,100</u>	<u>-</u>	<u>5,774,900</u>	<u>17,917,641</u>	<u>920,700,457</u>	<u>56.14%</u>

Preference shares having a face value of Rs.10/- each

Cable and Electric Goods							
Pak Electron Limited	5,000,000	-	-	-	5,000,000	50,000,000	3.05%
	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>50,000,000</u>	<u>3.05%</u>
	<u>19,026,441</u>	<u>9,666,100</u>	<u>-</u>	<u>5,774,900</u>	<u>22,917,641</u>	<u>970,700,457</u>	<u>59.19%</u>

	At the beginning of the period	Acquired during the period	Disposed during the period	At the end of the period	Fair value (Rupees)	% of Net assets
← No. of holdings →						

5.2 Listed debt securities

These TFCs having a face value of Rs. 5,000/- each.

Commercial Banks						
United Bank Limited(1st issue)	25,000	-	-	25,000	112,742,749	6.87%
United Bank Limited (2nd issue)	5,000	-	-	5,000	22,878,999	1.40%
Investment Companies						
Jahangir Siddiqui & Company Limited	7,650	-	-	7,650	35,177,685	2.15%
Oil & Gas Exploration Companies						
Chanda Oil and Gas Securitization Co.	20,000	-	-	20,000	88,377,998	5.39%
Naimat Basal Oil and Gas Securitization Company	15,000	-	-	15,000	57,930,450	3.53%
Leasing Companies						
Trust Leasing Company Limited	4,500	-	-	4,500	12,896,865	0.79%
Technology and Communication						
Tele Card Limited	20,000	-	-	20,000	99,851,379	6.09%
	<u>97,150</u>	<u>-</u>	<u>-</u>	<u>97,150</u>	<u>429,856,125</u>	<u>26.21%</u>

5.2.1 As disclosed in accounting policy 4.1 to the annual financial statements for the year ended June 30, 2006, TFCs, both listed and unlisted, are valued based on discounted cash flow method as allowed by IAS-39. However, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 require listed securities to be valued on the basis of the closing rate of the stock exchange on which the same are listed and unlisted to be valued at the investment price. Had these been valued on the basis required by the NBFC Rules, the carrying value of investments and net income for the period would have been higher by Rs. 57,581,375/- (June 2006: Rs.46,989,099)

Further, the Net Asset Value (NAV) of the Fund during the period may also have been lower or higher based on the prevailing stock exchange rates and as such there may be differences in the "element of (income)/loss and capital(gain)/losses in prices of units sold less those of units redeemed" accordingly. The impact of the method used by the Fund on the number of units issued / redeemed during the period as well as the "element of (income)/loss and capital(gain)/losses in prices of units sold less those in units redeemed" is not quantifiable and considered immaterial as difference between the value of TFCs using closing rate of the stock exchange and carrying value of TFCs based on discounted cash flow method form less than 3.51%(June 2006: 2.89%) of the NAV at the period end.

	September 30, 2006 Rupees (Un-audited)	June 30, 2006 Rupees (Audited)
5.3 Net unrealized gain / (loss) during the period in the value of investments classified as 'Held-for-trading'		
Fair value of investments classified as 'Held-for-trading'	1,400,556,582	1,591,506,641
Less: Cost of investments classified as 'Held-for-trading'	1,548,188,207	1,854,071,980
	(147,631,626)	(262,565,339)
Net unrealized loss in fair value of investments classified as 'Held-for-trading' at the beginning of the period	262,565,339	150,778,750
Less: Realized on disposal during the period	106,160,828	130,728,419
	156,404,511	20,050,331
	8,772,885	(242,515,008)

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Includes Rs. 39.62 Million (June 2006: 20.05 million) payable in respect of purchase of held-for-trading investments.

	September 30, 2006 Rupees	September 30, 2005 Rupees
7. TRANSACTIONS WITH CONNECTED PERSONS		
Faysal Asset Management Limited		
Remuneration of the Management Co.	9,390,711	10,137,785
Sales load	849,780	-
Faysal Bank Limited		
Issue of Units	119,689 Units	2,543,514 Units

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of Management Company on October 14, 2006.

9. GENERAL

9.1 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison.

9.2 Figures have been rounded off to the nearest rupee.

For Faysal Asset Management Limited
(Management Company)



Salman Haider Sheikh
Chief Executive Officer



Feroz Rizvi
Director



Mohammad Iqbal
Director



