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NBP Fullerton
Asset Management Ltd.
A Subsidiary of
National Bank of Pakistan

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

HALF YEARLY
REPORT
December 31, 2017




Your investments & "NAFA" grow together



Joint - Venture Partners

MISSION STATEMENT



To rank in the top quartile
in performance of
NAFA FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA ISLAMIC INCOME FUND

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FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Mudassir Husain Khan	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Tariq Jamali	Director
Mr. Abdul Hadi Palekar	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Dr. Foo Chiah Shiung (Kelvin Foo)	Director
Mr. Humayun Bashir	Director
Ms. Anupama Sawhney*	Director

** SECP's approval is in process*

Company Secretary & COO

Mr. Muhammad Murtaza Ali

Chief Financial Officer

Mr. Khalid Mehmood

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Tariq Jamali	Member
Dr. Foo Chiah Shiung (Kelvin Foo)	Member

Human Resource and Remuneration Committee

Mr. Kamal Amir Chinoy	Chairman
Mr. Abdul Hadi Palekar	Member
Ms. Anupama Sawhney*	Member

Trustee

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Dubai Islamic Bank Limited
National Bank of Pakistan
Silk Bank Limited
MCB Bank Limited
Meezan Bank Limited
Habib Bank Limited
Bank Islami Pakistan Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited
Allied Bank Limited

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Auditors

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court,
A-35, Block 7 & 8,
KCHSU, Sharae Faisal
Karachi-75350 Pakistan

Legal Advisor

M/s Jooma Law Associates
205, E.I. Lines, Dr. Daudpota Road,
Karachi.

Head Office:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111-NFA (111-111-632)
Helpline (Toll Free): 0800-20001
Fax: (021) 35825329

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

Islamabad Office:

Plot No. 395, 396
Industrial Area, I-9/3 Islamabad.
UAN: 051-111-111-632
Phone: 051-2514987
Fax: 051-4859031

Peshawar Office:

Opposite Gul Haji Plaza, 2nd Floor
National Bank Building
University Road Peshawar,
UAN: 091-111 111 632 (nfa)
Fax: 091-5703202

Multan Office:

NBP City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

NAFA ISLAMIC INCOME FUND

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DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Islamic Income Fund (NIIF)** for the half year ended December 31, 2017.

Fund's Performance

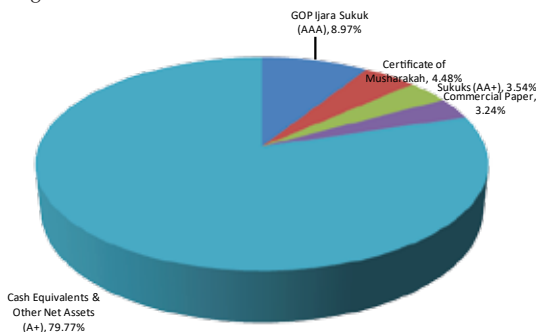
The size of NAFA Islamic Income Fund has decreased from Rs. 4,876 million to Rs. 4,477 million during the period, a decline of 8%. The unit price of the Fund has increased from Rs. 9.5036 (Ex-Div) on June 30, 2017 to Rs. 9.7393 on December 31, 2017, thus showing return of 4.9% as compared to its benchmark return of 2.5% for the same period. The performance of the Fund is net of management fee and other expenses.

NIIF is categorized as Islamic Income Scheme and has been awarded stability rating of 'A- (f)' by PACRA. SECP has approved the change in category of NAFA Islamic Aggressive Income Fund from Shariah Compliant Aggressive Income Fund to Shariah Compliant Income Fund w.e.f. March 14, 2017. Consequently name of NAFA Islamic Aggressive Income Fund has been changed to NAFA Islamic Income Fund from March 14, 2017.

State Bank of Pakistan (SBP) pursued accommodative monetary policy stance and left the policy rate unchanged at 5.75% during the period under review. SBP cited the following reasons to support its policy: a) strong economic activity corroborated by pick up in industrial output; b) gains in production of major crops; c) growth in private sector credit off-take; d) improvement in export growth; e) notable increase in foreign direct investments; and f) CPEC related investment activity gathering pace. SBP also highlighted gathering risks to the external account emanating from expected increase in commodity/global oil prices, confluence of declining remittances and mounting external debt levels (that may imperil the near to medium-term sustainability of the BoP position). Owing to stable policy rate and significant liquidity injections by the SBP, sovereign yields remained flat during the period with investors' preference tilted towards short tenors considering upside risks to inflation and interest rates.

With a pickup in private sector investment activity, we have seen increased issuance of shariah compliant corporate debt securities, during the period. Trading activity in corporate Sukuks increased with a cumulative trade value of around Rs. 2.2 billion as compared to Rs. 1.5 billion during the same period last year.

The Fund has earned total income of Rs.130.24 million during the period. After accounting for expenses of Rs.23.58 million, the net income is Rs.106.66 million. The below chart presents the asset allocation and the weighted average credit rating of each of the sub-asset classes of NIIF:



NAFA ISLAMIC INCOME FUND

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Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 22, 2018
Place: Karachi.

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ڈائریکٹرز رپورٹ

NBP فلٹرن ایسیٹ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز بصدِ مسرت 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لیے NAFA اسلامک انکم فنڈ (NIIF) کے جانچ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

فنڈ کی کارکردگی

NAFA اسلامک انکم فنڈ کا سائز اس مدت کے دوران 31 دسمبر 2017ء کو 4,876 ملین روپے سے کم ہو کر 4,477 ملین روپے ہو گیا، یعنی 8% کی کمی۔ فنڈ کے یونٹ کی قیمت 30 جون 2017ء کو 9.5036 روپے (Ex-Div) سے بڑھ کر 31 دسمبر 2017ء کو 9.7393 روپے تک پہنچ چکی ہے، اسی مدت کے لیے 2.5% بیچ مارک منافع کے مقابلے میں 4.9% منافع درج کیا گیا۔ یہ کارکردگی منیجمنٹ فیس اور دیگر تمام اخراجات کے بعد خالص ہے۔

NIIF کی درجہ بندی بطور اسلامک انکم اسکیم کی گئی ہے اور اسے PACRA کی طرف سے A-(f) کی اسٹیٹمیٹری ریٹنگ دی گئی ہے۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے NAFA اسلامک انکم فنڈ کی ایک قسم کو شریعہ کمپلائنسٹ ایگریسیو انکم فنڈ سے شریعہ کمپلائنسٹ انکم فنڈ میں تبدیلی کی منظوری دی ہے، یہ تبدیلی 14 مارچ 2017ء سے لاگو ہوگی۔ جس کے نتیجے میں 14 مارچ 2017ء سے NAFA اسلامک انکم فنڈ کا نام تبدیل ہو کر NAFA اسلامک انکم فنڈ ہو گیا۔

اسٹیٹ بینک آف پاکستان (SBP) نے مفاہمتی مانیٹری پالیسی جاری رکھی اور زیرِ جائزہ مدت کے دوران پالیسی کی شرح کو 5.75% برقرار رکھا۔ SBP نے اپنی پالیسی کی حمایت میں درج ذیل وجوہات بیان کیں: (ا) مضبوط معاشی سرگرمی، جس کی تصدیق صنعتی پیداوار میں اضافہ سے ہوتی ہے (ب) بڑی فصلوں کی بھرپور پیداوار (ج) نجی شعبہ کے قرضے جات میں اضافہ (د) برآمدات کے اضافے میں بہتری (ر) غیر ملکی براہ راست سرمایہ کاری میں نمایاں اضافہ اور (س) چین پاکستان اقتصادی راہداری (CPEC) سے متعلق سرمایہ کاری کی سرگرمیوں کا مسلسل فروغ۔ SBP نے بیرونی اکاؤنٹس کے بارے میں ان خدشات کی بھی نشاندہی کی جو کموڈٹی / آئل کی قیمتوں میں عالمی سطح پر اضافہ اور اس کے ساتھ ساتھ زرمبادلہ کی ترسیلات میں کمی اور بیرونی قرضہ جات کے بڑھتے ہوئے حجم کے باعث پیدا ہو رہے ہیں (جس سے توازن ادائیگی کی مستقبل قریب سے وسط مدت کیلئے صورتحال غیر مستحکم ہو سکتی ہے)۔ چنانچہ مستحکم شرح پالیسی اور SBP کی جانب سے نمایاں طور پر لیکوڈیٹی داخل کرنے سے اس مدت میں بالائی نتائج کوئی کمی بیشی نہیں ہوئی اور سرمایہ کاروں نے افراط زر اور شرح سود میں بڑھتے ہوئے خدشات کے پیش نظر قلیل المدت سرمایہ کاری کو ترجیح دی۔

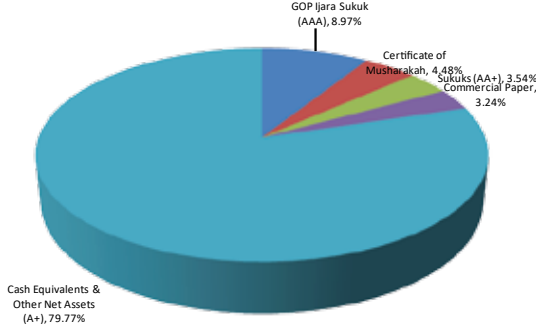
نجی شعبہ میں سرمایہ کاری کی سرگرمیوں کے فروغ سے اس مدت میں شریعہ پر مبنی کارپوریٹ قرضہ کی سیکورٹیز کے اجراء میں اضافہ دیکھنے میں آیا۔ کارپوریٹ Sukuks کی تجارتی سرگرمیوں میں اضافے کے سبب تقریباً 2.2 بلین روپے کی مجموعی تجارتی قدر میں اضافہ ہوا جب کہ گزشتہ سال اسی مدت میں 1.5 بلین روپے کا اضافہ ہوا تھا۔

فنڈ نے اس مدت کے دوران 130.24 ملین روپے آمدنی کمائی ہے۔ 23.58 بلین روپے اخراجات منہا کرنے کے بعد خالص آمدنی 106.66 ملین روپے ہے۔

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درج ذیل چارٹ NIIF کی ایسیٹ ایلوکییشن اور اس کے ذیلی اثاثوں کے تمام درجوں کی پیمائش شدہ اوسط کریڈٹ ریٹنگ پیش کرتا ہے:-



اظہار تشکر

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے منجھٹ کمپنی پر اعتماد، اعتبار اور خدمت کا موقع فراہم کرنے پر اپنے قابل قدر یونٹ ہولڈرز کا شکریہ ادا کرتا ہے۔ یہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان سے بھی ان کی سرپرستی اور رہنمائی کے لیے پُر خلوص اظہار تشکر کرتا ہے۔ بورڈ اپنے اسٹاف اور آرٹسٹ کی طرف سے محنت، لگن اور عزم کے مظاہرے پر اپنا خراج تحسین بھی ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

NBP فلٹرن ایسیٹ منجھٹ لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو

بتاریخ

22 فروری 2018

مقام: کراچی

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Income Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 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.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 26, 2018

NAFA ISLAMIC INCOME FUND

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AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Income Fund** (formerly NAFA Islamic Aggressive Income Fund) (the Fund) as at December 31, 2017, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the half year ended December 31, 2017 (here-in-after referred to as the 'condensed interim financial information'). NBP Fullerton Asset Management Limited (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures in the condensed interim financial information for the quarter ended December 31, 2017 have not been reviewed by us, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Date: February 22, 2018
Place: Karachi

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2017

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
(Rupees in '000)			
ASSETS			
Bank balances	4	3,560,468	4,210,904
Investments	5	903,168	430,906
Mark-up accrued	6	33,703	16,556
Receivable against transfer of units		-	262,484
Deposits, prepayments and other receivables		1,262	1,403
Total assets		<u>4,498,601</u>	<u>4,922,253</u>
LIABILITIES			
Payable to NBP Fullerton Asset Management Limited - Management Company	7	7,042	7,173
Payable to Central Depository Company of Pakistan Limited - Trustee	8	457	321
Payable to the Securities and Exchange Commission of Pakistan	9	1,645	2,104
Payable against redemption of units		-	4,081
Payable against conversion of units		-	7,995
Dividend payable		-	768
Accrued expenses and other liabilities	10	12,123	23,634
Total liabilities		<u>21,267</u>	<u>46,076</u>
NET ASSETS		<u>4,477,334</u>	<u>4,876,177</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>4,477,334</u>	<u>4,876,177</u>
Contingencies and commitments	11		
-----Number of units-----			
Number of units in issue		<u>459,719,589</u>	<u>512,725,293</u>
----- (Rupees) -----			
Net asset value per unit		<u>9.7393</u>	<u>9.5103</u>

The annexed notes from 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC INCOME FUND

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

		Half year ended		Quarter ended	
	Note	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		----- Rupees in '000 -----			
INCOME					
Return / mark-up on:					
- bank balances		111,554	81,141	60,068	42,538
- sukuks		15,883	4,533	8,094	2,264
- certificate of musharaka		4,156	-	2,886	-
- commercial paper		89	-	89	-
Net unrealised (loss) / gain re-measurement of investments at fair value through profit or loss - held for trading	5.3	(1,447)	1,783	1,971	1,289
Total income		130,235	87,457	73,108	46,091
EXPENSES					
Remuneration of NBP Fullerton Asset Management Limited - Management Company	7.1	12,393	8,225	6,780	4,357
Sindh Sales Tax on remuneration of the Management Company	7.2	1,611	1,069	881	566
Reimbursement of operational expenses to the Management Company	7.3	2,193	1,366	1,165	728
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	2,293	1,589	1,205	832
Sindh Sales Tax on remuneration of the Trustee	8.2	298	207	157	109
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	1,645	1,024	874	545
Settlement and bank charges		325	74	233	-
Auditors' remuneration		212	346	129	208
Fund rating fee		155	143	77	66
Annual listing fee		14	28	-	18
Printing charges		40	50	40	25
Shariah advisor fee		216	150	110	58
Legal and professional charges		1	-	(12)	-
Total expenses		21,396	14,271	11,639	7,512
Net income from operating activities		108,839	73,186	61,469	38,579
Net element of loss and capital losses included in prices of units issued less those in units redeemed		-	(4,648)	-	(3,850)
Provision for Sindh Workers Welfare Fund		(2,177)	-	(1,230)	-
Net income for the period before taxation		106,662	68,538	60,239	34,729
Taxation	12	-	-	-	-
Net income for the period after taxation		106,662	68,538	60,239	34,729
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		106,662		60,239	
Income already paid on units redeemed		(25,089)		(17,462)	
		81,573		42,777	
Accounting income available for distribution:					
- Relating to capital gain		-		-	
- Excluding capital gain		81,573		42,777	

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For NBP Fullerton Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rupees in '000			
Net income for the period after taxation	106,662	68,538	60,239	34,729
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	106,662	68,538	60,239	34,729

The annexed notes from 1 to 19 form an integral part of these financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017s

	Half year ended December 31,					
	2017			2016		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	4,823,948	52,229	4,876,177	2,527,201	39,547	2,566,748
Issuance of 387,788,650 units (2016: 411,026,531 units)						
- Capital value	3,686,928	-	3,686,928			
- Element of income	34,572	-	34,572			
Total proceeds on issuance of units	3,721,500	-	3,721,500	3,898,833	60,183	3,959,016
Redemption of 440,794,354 units (2016: 418,310,042 units)						
- Capital value	(4,191,141)	-	(4,191,141)			
- Element of Loss	(7,760)	(25,089)	(32,849)			
Total payments on redemption of units	(4,198,901)	(25,089)	(4,223,990)	(3,967,921)	(64,831)	(4,032,752)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	-	-		4,648	4,648
Total comprehensive income for the period	-	106,662	106,662		68,538	68,538
Distribution during the period	-	(3,015)	(3,015)			
Net assets at end of the period	4,346,547	130,787	4,477,334	2,458,113	108,085	2,566,198
Undistributed income brought forward						
- Realised		49,278			38,787	
- Unrealised		2,951			760	
		52,229			39,547	
Accounting income available for distribution						
- Relating to capital gain		-				
- Excluding capital gain		81,573				
		81,573			68,538	
Distribution during the period		(3,015)			-	
Undistributed income carried forward		130,787			108,085	
Undistributed income carried forward						
- Realised		132,234			106,302	
- Unrealised		(1,447)			1,783	
		130,787			108,085	
		- (Rupees) -			- (Rupees) -	
Net assets value per unit at beginning of the period		9.5103			9.4856	
Net assets value per unit at end of the period		9.7393			9.7459	

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
Note	December 31, 2017	December 31, 2016
	-----Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	106,662	68,538
Adjustments:		
Return / mark-up on:		
- bank balances	(111,554)	(81,141)
- sukuks	(15,883)	(4,533)
Income from certificate of Musharaka	(4,156)	
Discount Income on Commercial paper	(89)	
Net unrealised loss / (gain) re-measurement of investments at fair value through profit or loss - held for trading	1,447	(1,783)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	-	4,648
	(130,235)	(82,809)
(Increase) / decrease in assets	(23,573)	(14,271)
Investments - net	(473,620)	-
Deposit, prepayments and other receivables	141	116
	(473,479)	116
Increase / (decrease) in liabilities		
Payable to the Management Company	(131)	(1,033)
Payable to the Trustee	136	32
Payable to the Securities and Exchange Commission of Pakistan	(459)	(358)
Accrued expenses and other liabilities	(11,511)	(2,149)
	(11,965)	(3,508)
Mark-up on bank balances received	107,895	77,231
Mark-up on sukuks received	3,924	4,508
Mark-up on certificate of musharaka	2,627	-
Net cash used in operating activities	(394,571)	64,076
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received on issuance of units	3,983,984	4,255,786
Amounts paid on redemption of units	(4,236,066)	(4,235,247)
Distributions paid	(3,783)	(601)
	(255,865)	19,938
Net cash (used in) / generated from financing activities	(255,865)	19,938
Net (decrease) / increase in cash and cash equivalents during the period	(650,436)	15,476
Cash and cash equivalents at the beginning of the period	4,210,904	2,345,246
Cash and cash equivalents at the end of the period	4 3,560,468	2,429,260

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

**For NBP Fullerton Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Income Fund (formerly: NAFA Islamic Aggressive Income Fund) (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 17, 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as shariah-compliant aggressive fixed income scheme as per the criteria for categorization of open end collective investment scheme as specified by SECP and other allied matters. CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC on November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL. Thereafter, on July 17, 2014 CDC was re-appointed as the new Trustee of the Fund, after MCBFSL retired on prior day.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Fund is an open-ended mutual fund and classified as sharia compliant "aggressive fixed income" scheme by the Management Company and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can be redeemed by surrendering them to the Fund.

Management Company has obtained approval of SECP, pursuant to which the category of the Fund was changed from shariah compliant aggressive fixed income scheme to 'shariah compliant income scheme' and the name of the Fund was 'NAFA Islamic Income Fund' with effect from March 14, 2017.

The objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant securities, having a good credit rating and liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' to the Management Company and has assigned stability rating of 'A-(f)' to the Fund.

Title of the assets of the Fund is held in the name of CDC as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984, 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 23 of October 04, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2017.

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

In compliance with Schedule V of the NBFC regulations, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2017.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 Estimates and judgments

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017.

2.5 Financial risk management

The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Fund as at and for the year ended June 30, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2017 except as explained in note 3.1.

3.1 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to 'element of income' and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the amended regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the amended regulations.

Previously, an equalization account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealized appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognized in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as allowed by the SECP vide their email to MUFAP dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the profit of the Fund would have been higher by Rs. 1.689 million net off charge for SWWF in respect of element of income / loss and consequently NAV per unit would have been lower by Rs. 0.0001. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

NAFA ISLAMIC INCOME FUND

Formerly; NAFI Islamic Aggressive Income Fund

	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
4 BALANCE WITH BANKS		----- Rupees in '000 -----	
Current accounts			
Saving accounts	4.1	15,690 3,544,778	21,938 4,188,966
		<u>3,560,468</u>	<u>4,210,904</u>
4.1 These savings accounts carry mark-up at rates ranging from 2.40% to 6.80% per annum (June 30, 2017: 2.40% to 6.50% per annum).			
5 INVESTMENTS	Note	(Un-audited) December 31, 2017	Audited June 30, 2017
		----- Rupees in '000 -----	
At fair value through profit or loss - held for trading			
Sukuks	5.1	558,459	430,906
Available for sale			
Sukuks	5.2	-	-
Loans and Receivable			
Commercial Paper		144,709	
Certificate of Musharaka		200,000	-
		<u>903,168</u>	<u>430,906</u>
5.1 Sukuks - At fair value through profit or loss - held for trading			

Description	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
	As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments	Issue size
(Rupees in '000)						----- (%) -----		

All sukuks have a face value of Rs. 5,000 each except for GoP Ijara Sukuks which have face value of Rs. 100,000 each.

Dubai Islamic	-	129	-	129	131,266	0.03	14.53%	3.28%
K-Electric Limited - AZM Sukuk 3	5,200	-	-	5,200	26,663	0.01	2.95%	1.78%
GoP Ijara Sukuk - XVI	1,000	-	-	1,000	100,710	0.02	11.15%	0.09%
GoP Ijara Sukuk - XIX	3,000	-	-	3,000	299,820	0.07	33.20%	0.42%
					<u>558,459</u>			
Carrying value before mark to market as at December 31, 2017					<u>559,906</u>			

5.1.1 Other particulars of sukuks outstanding as at December 31, 2017 are as follows:

Description	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
Dubai Islamic	1,000	0.50% + 6 month KIBOR	14-Jul-17	14-Jul-27
K-Electric Limited - AZM Sukuk 3	5,000	2.75% + 3 month KIBOR	19-Mar-14	19-Mar-19
GoP Ijara Sukuk - XVI	100,000	5.51%	18-Dec-15	18-Dec-18
GoP Ijara Sukuk - XIX	100,000	5.24%	30-Jun-17	30-Jun-20

NAFA ISLAMIC INCOME FUND

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5.2 Sukus - Available for sale

Name of the investee company	Note	Number of certificates				Market value as at December 31, 2017	Investment as a percentage of		
		As at July 01, 2017	Purchased during the period	Sold / matured during the period	As at December 31, 2017		Net assets	Market value of total investments	Issue Size

(Rupees in '000)

----- (%) -----

All sukus have a face value of Rs. 5,000 except New Allied Electronics Industries (Private) Limited - 1st, issue which have face value of Rs. 312.5

New Allied Electronics Industries
(Private) Limited

- Sukuk 1	5.2.1	352,000	-	-	352,000	-	-	-	14.67%
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New Allied Electronics Industries
(Private) Limited

- Sukuk 2	5.2.1	1,000	-	-	1,000	-	-	-	0.65%
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-

Carrying value as at December 31, 2017

114,905

Accumulated impairment

114,905

5.2.1 These represent investment in privately placed sukus with a term of five years. The investee company had defaulted on its obligation on account of principal and profit payment and accordingly has been classified as non performing asset by MUFAP since January 9, 2009. The amount of provision as per circular no. 1 of 2009 and circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circulars.

5.2.2 The sukus held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

5.2.2 Other particulars of sukus outstanding as at December 31, 2017 are as follows:

Name of the investee company	Face value (unredeemed)	Profit rate per annum	Issue date	Maturity date
------------------------------	-------------------------	-----------------------	------------	---------------

New Allied Electronics Industries (Private) Limited -
Sukuk 1

313

2.60% + 3 month KIBOR

27-Jul-07

27-Jul-12

New Allied Electronics Industries (Private) Limited -
Sukuk 2

4,905

2.20% + 6 month KIBOR

3-Dec-07

3-Dec-12

(Un-audited) (Audited)
December 31, June 30,
2017 2017

Note

-----Rupees in '000-----

5.3 Net unrealised (loss)/ gain on re-measurement of investments at fair value through profit or loss - held for trading

Market value of investments

5.1

558,459

430,906

Less: carrying value of investments before mark to market

5.1

(559,906)

(427,955)

(1,447)

2,951

NAFA ISLAMIC INCOME FUND

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		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
5.4 Net unrealised gain on re-measurement of investments classified as 'available for sale'			
Market value of investments	5.2	-	-
Less: carrying value of investments	5.2	(114,905)	(114,905)
Add: provision against non-performing sukuk		114,905	114,905
		-	-
		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
6 MARK-UP ACCRUED			
Mark-up accrued on bank balances		19,899	16,240
Mark-up accrued on sukuk		83	128,938
Mark-up accrued on Government Securities		12,192	240
Less: Income suspended over non-performing sukuk		-	(128,862)
		12,275	316
Loan receivable			
Mark-up on Certificate of Musharaka		1,529	-
		33,703	16,556
7 PAYABLE TO NBP FULLERTON ASSET MANAGEMENT LIMITED			
Remuneration of the Management Company	7.1	2,266	1,624
Sindh Sales Tax on remuneration of the Management Company	7.2	292	209
Operational expenses	7.3	2,193	2,806
Sales load		1,396	1,549
Sindh Sales Tax and Federal Excise Duty on sales load		895	985
		7,042	7,173

- 7.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund was entitled to a remuneration during the first five years of a Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and thereafter of an amount equal to 2% of such assets provided that Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the NBFC Regulations and such fee structure shall be disclosed in the offering document.

On November 25, 2015 SECP has made certain amendments in the NBFC Regulations through S.R.O 1160(1)/2015. As per the provisions of amended NBFC Regulations, the applicable rate has been changed from 2% to 1.5%.

The applicability of management remuneration is same as that disclosed in note 9.1 to the annual audited financial statements of the fund for the year ended June 30, 2017.

NAFA ISLAMIC INCOME FUND

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Management remuneration is paid on a monthly basis in arrears.

- 7.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.
- 7.3 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the NBFC Regulations, fee and expenses pertaining to registrar services, accounting, operation and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum up to 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees in '000-----	
8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	8.1	404	284
Sindh Sales Tax on remuneration of the Trustee	8.2	53	37
		457	321

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

The applicability of Tariff Structure to the Fund is same as that disclosed in note 10.1 to the annual audited financial statements of the fund for the year ended June 30, 2017.

- 8.2 This represents amount payable in respect of Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 9.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as "income scheme" is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075% of the average annual net assets of the Fund. The fee is paid annually in arrears.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
		-----Rupees in '000-----	
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		351	516
Provision for Sindh Workers' Welfare Fund	10.1	4,710	2,534
Federal Excise Duty on remuneration of the Management	10.2	3,955	3,955
Settlement charges		-	21
Withholding tax		1,249	8,230
Capital gains tax		951	6,586
Legal and professional charges		50	49
Bank charges		169	34
Brokerage payable		22	22
Printing charges		40	58
Shariah advisor fee		222	425
Others		404	1,204
		12,123	23,634

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- 10.1** The legal status of applicability of Worker's Welfare Fund and Sindh Workers' Welfare Fund is same as that disclosed in note 16 to the annual audited financial statements of the Fund for the year ended June 30, 2017.

The Fund, being prudent, recognised provision for SWWF amounting to Rs. 4.710 million for the half year ended December 31, 2017 in this condensed interim financial information, Had the provision not been made, net assets value per unit at December 31, 2017 would have been higher by Rs. 0.010 per unit (June 30, 2017: Rs. 0.0049 per unit).

- 10.2** The legal status of applicability of Federal Excise Duty on the Fund is same as disclosed in note 13.1 and 13.2 to the annual audited financial statements of the Fund for the year ended June 30, 2017, and the appeal, filed by tax authorities against the order in the Honourable Supreme Court of Pakistan dated July 16, 2016, is pending for decision.

In view of above, the Management Company, being prudent, is carrying provision for FED for the period from January 13, 2013 to June 30, 2017 aggregating to Rs. 3.955 million. Had the provision not been retained, NAV per unit of the Fund as at December 31, 2017 would have been higher by Rs. 0.0086 per unit (June 30, 2017: 0.0077 per unit).

11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2017 and June 30, 2017.

12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders (excluding distribution made by issuance of bonus units). Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute ninety percent of accounting income other than capital gains whether realised or unrealised to the unit holders. The Fund intends to distribute such accounting income for the year ending June 30, 2018 to its unit holders. Accordingly, no provision in respect of taxation has been made in the current period.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

13 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of management, the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

14 TOTAL EXPENSE RATIO

Total expense ratio (all the expenses incurred during the period divided by average net assets for the period) is 1.08% including 0.27% representing government levies on collective investment scheme such as Sales tax and Securities and Exchange Commission of Pakistan fee for the period.

15 DETAILS OF NON-COMPLIANT INVESTMENTS

The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to categorize funds under their management on the basis of criteria laid down in the circular. The Board has approved the category of the fund as 'income scheme'.

The SECP vide circular no. 16 dated July 07, 2010, prescribed specific disclosures for the scheme holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with investment requirements of their constitutive documents.

Following is the detail of non-compliant investments :

NAFA ISLAMIC INCOME FUND

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Name of non-compliant investment	Non-compliance of clause	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Value of investment after provision	Value of investment after provision
New Allied Electronics Industries (Private) Limited - Sukuk 1	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of circular 7 of 2009	Sukuks (5.2)	110,000	(110,000)	-	-	-
New Allied Electronics Industries (Private) Limited - Sukuk 2	Rating is below investment grade as prescribed in clause 9(v) of the Annexure of circular 7 of 2009	Sukuks (5.2)	4,905	(4,905)	-	-	-

15.1 At the time of purchase, these sukuk were in compliance with the aforementioned circular. However, they either subsequently defaulted or were downgraded to non investment grade.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

16.1 Connected persons and related parties include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan being the Parent of the Management Company and Alexandra Fund Management Pte. Limited being the sponsor of the Management Company. It also includes associated companies of Management Company due to common directorship, post-employment benefit funds of the Management Company, its parent and sponsor. It also includes subsidiaries and associated companies of the Parent of the Management Company and other collective investment schemes (CIS) managed by the Management Company, directors and key management personnel of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

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

16.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations.

16.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

16.5 Details of transactions with connected persons and related parties are as follows:

	(Unaudited) Half year ended	
	December 31, 2017	December 31, 2016
NBP Fullerton Asset Management Limited (Management Company)		
Remuneration of the Management Company	12,393	8,225
Sindh Sales Tax on remuneration of the Management Company	1,611	1,069
Reimbursement of operational expenses to the Management Company	2,193	1,366
Sales load including Sindh Sales Tax and Federal Excise Duty	1,253	1,253
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,293	1,589
Sindh Sales Tax on remuneration of the Trustee	298	207
Employees of the Management Company		
Units issued / transferred in 8,802,915 units (2016: 4,568,455 units)	84,530	43,976
Units redeemed / transferred out 6,863,797 units (2016: 4,580,090 units)	66,077	44,101
Dividend re-invest 2,983 units	29	-

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

(Unaudited)
Half year ended
December 31, 2017 **December 31, 2016**

Mr. Khalid Mehmood (Chief Financial Officer of the Management Company)

Units issued / transferred in 312,120 units (2016: 31,502 units)	3,000	300
Units redeemed / transferred out 243,722 units (2016: 47,329 units)	2,351	454

Alexandra Fund Management Pte. Limited (Sponsor of the Management Company)

Units redeemed / transferred out 5,969,262 units (2016: Nil)	56,795	-
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Prosperity Weaving Mills

Units issued / transferred in 12 units (2016: Nil)	117	-
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Akhuwat (Portfolio managed by the Management Company)

Units issued / transferred in 890,005 units (2016: Nil)	8,558	-
Dividend re-invest 2,305 units (2016: Nil)	22	-

(Un-audited) (Audited)
December 31, 2017 **June 30, 2017**
----- Rupees in '000 -----

16.6 Amounts outstanding as at period / year end are as follows :

NBP Fullerton Asset Management Limited (Management Company)

Remuneration of the Management Company	2,266	1,624
Sindh Sales Tax on remuneration of the Management Company	292	209
Operational expenses	2,193	2,806
Sales load	1,396	1,549
Sindh Sales Tax and Federal Excise Duty on sales load	895	985

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	404	284
Sindh sales tax on remuneration of the Trustee	53	37
Security deposit	100	100

National Bank of Pakistan (Parent of the Management Company)

Bank balance	968	3,311
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Alexandra Fund Management Pte. Limited (Sponsor of the Management Company)

Investment held in the Fund: Nil (2017: 5,969,262 units)	-	56,770
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Employees of the Management Company

Investment held in the Fund: 5,755,994 units (2017: 3,813,893 units)	56,059	36,271
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NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
Mr. Khalid Mehmood (Chief Financial Officer of the Management Company)		
Investment held in the Fund: 68,398 units (2017: Nil)	666	-
Akhuwat (Portfolio managed by the Management Company)		
Investment held in the Fund: 4,144,556 units (2017: 3,252,247 units)	40,365	30,930
Prosperity Weaving Mills		
Investment held in the Fund: 12 units (2017: Nil)	118	-
Punjab Police Welfare Fund		
Investment held in the Fund: 74,655,372 units (2017: Nil)	726,986	-
Sadia Kamran (Unit holder of 10% or more of units of the CIS)		
Investment held in the Fund: Nil (2017: 51,923,866 units)	-	493,812
Bank Islami Pakistan Limited (Common Directorship with the Management Company)		
Balance is savings accounts	-	61,832
Summit Bank (Common Directorship with the Management Company)		
Balance is savings accounts	-	5,931
Net amount receivable / (payable) against transfer of units from / to:		
NAFA Islamic Asset Allocation Fund	-	215
NAFA Islamic Energy Fund	-	248,834
NAFA Riba Free Savings Fund	-	10,800
NAFA Islamic Stock Fund	-	2,439
NAFA Stock Fund	-	196
NAFA Islamic Stock Fund	-	(7,995)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Fund's financial assets which are carried at fair value:

NAFA ISLAMIC INCOME FUND

Formerly; NAFA Islamic Aggressive Income Fund

(Un-audited)				
-----As at December 31, 2017-----				
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
Assets				
At fair value through profit or loss - held for trading				
Sukuks	-	558,459	-	558,459
(Audited)				
-----As at June 30, 2017-----				
	Level 1	Level 2	Level 3	Total
-----Rupees in '000-----				
Assets				
At fair value through profit or loss - held for trading				
Sukuks	-	430,906	-	430,906

There were no transfers between above levels during the period.

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.

The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 22, 2018 by the Board of Directors of the Management Company.

19 GENERAL

19.1 Figures have been rounded off to the nearest thousand rupees.

19.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

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