

**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 Funds

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**FUNDS' INFORMATION****Management Company**

National Fullerton Asset Management Limited.

**Board of Directors of the Management Company**

Mr. Masood Karim Shaikh	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Gerard Lee How Cheng	Director
Khawaja Iqbal Hassan	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shahid Anwar Khan	Director
Mr. Masroor Ahmed Qureshi	Director

**Company Secretary & CFO of the Management Company**

Mr. Muhammad Murtaza Ali

**Audit & Risk Committee**

Mr. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Masroor Ahmed Qureshi	Member

**Trustee**

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

**Bankers to the Fund****NAFA CASH FUND**

Allied Bank Limited  
Askari Commercial Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
My Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
PICIC Commercial Bank Limited  
Saudi Pak Commercial Bank Ltd.  
Soneri Bank Limited  
United Bank Limited  
Atlas Bank Limited  
The Bank of Punjab  
Habib Metropolitan Bank Limited  
JS Bank Limited  
The Bank of Khyber  
Standard Chartered Bank Ltd.  
Arif Habib Rupali Bank Ltd.

## **Auditors**

A.F. Ferguson & Co. Chartered Accountants  
State Life Building No.1-C  
I.I. Chundrigar Road  
P.O. Box 4716  
Karachi.

## **Legal Advisor**

Aly Shah & Co. Advocates and Legal Consultants  
Suite 502, 5th Floor  
Marine Pride, BC-2, Block-7,  
Khayaban-e-Iqbal  
Clifton, Karachi.

## **Head Office**

9th Floor, Adamjee House  
I.I. Chundrigar Road  
Karachi.

## **Lahore Office**

83-A-E/1, Main Boulevard  
Gulberg III  
Lahore.

## **Islamabad Office**

4th Floor, Ali Plaza  
1-E, Blue Area  
Islamabad.

# NAFA CASH FUND

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**DIRECTORS' REPORT**

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the un-audited financial statements of **NAFA Cash Fund** for the half year ended December 31, 2007.

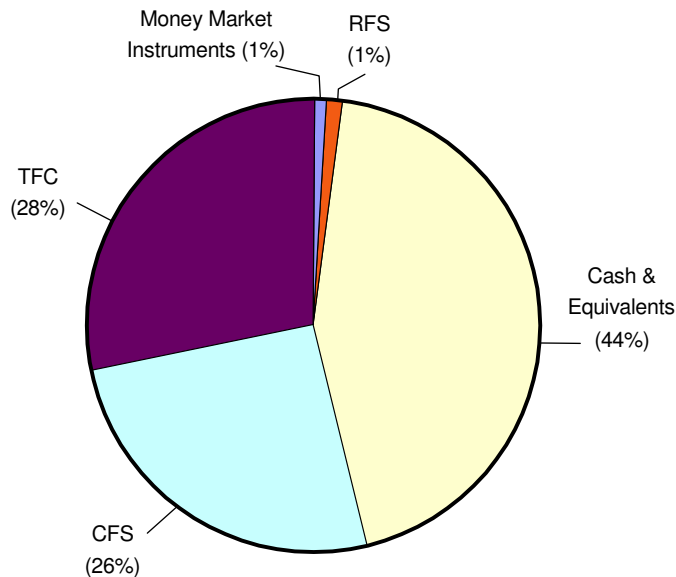
**Fund's Performance**

The size of NAFA Cash Fund has grown from Rs.18.25 billion to Rs.23.07 billion during the period from July 1, 2007 to December 31, 2007, a growth of 26.41%. During this period, the Unit Price of the Fund has grown from Rs.10.0273 (Ex-Div) on June 30, 2007 to Rs.10.5116 on December 31, 2007, which translates into annualized return of 9.58%.

NAFA Cash Fund has earned a total income of Rs.1,281.78 million during the said period. After deducting total expenses of Rs.218.66 million, the net profit is Rs.1,063.12 million, which translates into an earning per unit of Rs.0.4843.

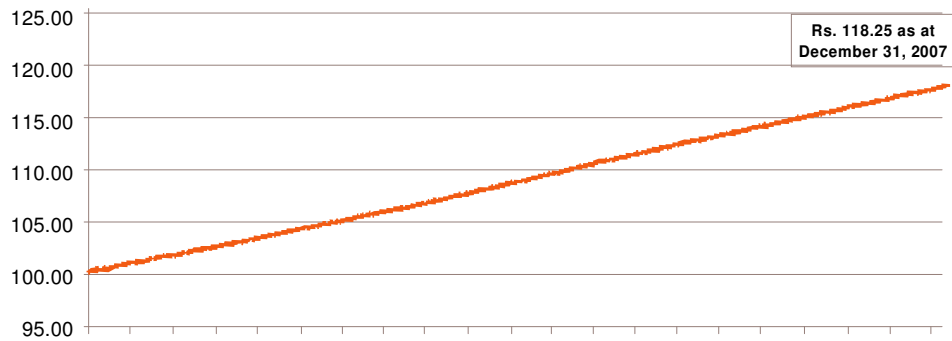
The asset allocation of the Fund as at December 31, 2007 is as follows:

**Asset Allocation as on December 31, 2007**



NAFA Cash Fund has not observed a decline in unit price by even one paisa on any one day since launch of NAFA Cash Fund in April 2006. The following chart shows a uniform growth in the value of investment of NAFA Cash Fund.

Value of Rs. 100 invested in NAFA Cash Fund at launch (April 22, 2006)



## Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the management, and providing us with 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 for their continued support and cooperation.

On behalf of the Board of  
National Fullerton Asset Management Limited

**Masood Karim Shaikh, FCA**  
Chairman

**Dr. Amjad Waheed, CFA**  
Chief Executive

Date: February 15, 2008  
Place: Karachi.



**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS**

Report of the Trustee Pursuant to Regulation 58(f) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007

**NAFA Cash Fund** (Fund), an open-end fund established under a trust deed executed between National Fullerton Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited as Trustee on February 11, 2006. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on February 27, 2006.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2007 in accordance with the provisions of the constitutive documents of the Fund (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

Mohammad Hanif  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, Dated: February 27, 2008

## 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 Cash Fund** as at December 31, 2007, and the related condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes to and forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year then ended. The Management Company (National Fullerton Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2007 and December 31, 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

### 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.

### Basis of Qualified Conclusion

As explained in note 3.1 to the condensed interim financial information during the period the Fund has changed the basis for determination of fair value of listed debt securities, subsequent to their initial recognition, so as to comply with the requirements set out in the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulation) promulgated by SECP in November 2007. The requirement to compute the net assets of a collective investment scheme previously laid down in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) are now set out under clause 2(i)(xvi) of the NBFC Regulations.

Upto the promulgation of the NBFC Regulations 2007, the investments of the Fund in listed debt securities were revalued using the average of the rates quoted by certain brokerage houses. In this connection Rule 2(xxiv) of the NBFC Rules 2003 required these investments to be revalued using the rates quoted on the stock exchange on which these investments were listed. However, the management was of the view that the rates used by the Fund were representative of the fair market value of these investments and that such valuation methodology was fair to the existing as well as the new investors. As a result the Net Asset Value (NAV) calculation of the Fund upto the date of change of the Fund's valuation methodology for listed debt securities and consequently the calculation of number of units issued as well as the net element of income and capital gains included in units issued less those in units redeemed by the Fund, during the period would have been different. These effects have not been quantified as it was impracticable to do so.

### Qualified Conclusion

Based on our review, with the exception of the effect of the matter stated in the preceding paragraph, 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, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Date: February 26, 2008.  
Karachi.

**A . F. Ferguson & Co.**  
Chartered Accountants

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2007

		Un-audited December 31, 2007	Audited June 30, 2007
	Note	(Rupees in '000')	
<b>ASSETS</b>			
Balances with banks		6,729,209	3,111,277
Receivable against Continuous Funding System (CFS) transactions		6,095,722	7,755,443
Investments	4	6,640,833	3,059,370
Loans and receivables		2,578,216	4,130,017
Receivable against sale of Investment		313,274	-
Advances, deposits, prepayments and other receivables		543,175	1,115
Dividend and profit receivable	5	486,570	256,468
Preliminary expenses and floatation costs		1,652	1,904
<b>Total assets</b>		<b>23,388,651</b>	<b>18,315,594</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities	6	67,037	37,675
Payable against redemption of units		207,579	105
Payable to National Fullerton Asset Management Limited - Management Company		27,172	20,287
Payable to Central Depository Company of Pakistan Limited - Trustee		1,963	1,417
Payable to Securities and Exchange Commission of Pakistan - Annual fee		10,292	7,933
<b>Total liabilities</b>		<b>314,043</b>	<b>67,417</b>
<b>NET ASSETS</b>		<b>23,074,608</b>	<b>18,248,177</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>23,074,608</b>	<b>18,248,177</b>
<b>COMMITMENTS</b>			
	8		
		<b>Number of units</b>	
<b>NUMBER OF UNITS IN ISSUE</b>		2,195,158,915	1,647,351,153
		<b>Rupees</b>	
<b>NET ASSET VALUE PER UNIT</b>		10.5116	11.0773

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

# NAFA Cash Fund

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007

	Note	Half year ended		Quarter ended	
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
		(Rupees in '000')		(Rupees in '000')	
<b>INCOME</b>					
Profit on bank deposits		345,672	91,170	167,819	41,979
Income from Continuous Funding System (CFS) transactions		427,280	152,927	214,106	92,315
Gain on sale of investment		14,090	-	13,064	-
Income from spread transactions		22,209	14,014	22,209	1,717
Income from Term Finance Certificates and Sukuk bonds		308,743	62,412	181,781	38,555
Income on certificates of deposit and clean placements		21,783	32,622	7,528	11,735
Net unrealised appreciation in the value of investments at fair value through profit or loss		41,674	4,987	2,678	1,230
<b>Total Income</b>		<b>1,181,451</b>	<b>358,132</b>	<b>609,185</b>	<b>187,531</b>
<b>EXPENSES</b>					
Remuneration of National Fullerton Asset Management Limited - Management Company		154,379	40,800	81,602	20,590
Remuneration of Central Depository Company of Pakistan Limited - Trustee		10,795	3,224	5,692	1,625
Annual fee - Securities and Exchange Commission of Pakistan		10,292	2,720	5,440	1,373
Annual listing fee		15	16	8	7
Brokerage and other transaction costs		34,834	21,861	15,116	11,122
Settlement charges and bank charges		6,065	3,176	2,539	1,884
Financial charges		-	610	-	572
Auditors' remuneration		224	239	112	110
Provision against impairment in loans and receivables		1,802	7,750	(2,287)	7,750
Amortisation of preliminary expenses and floatation costs		252	252	126	126
<b>Total Expenses</b>		<b>218,658</b>	<b>80,648</b>	<b>108,348</b>	<b>45,159</b>
<b>Net income from operating activities</b>		<b>962,793</b>	<b>277,484</b>	<b>500,837</b>	<b>142,372</b>
Net element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed		100,324	(18,567)	63,005	(15,348)
<b>Net income</b>		<b>1,063,117</b>	<b>258,917</b>	<b>563,842</b>	<b>127,024</b>
<b>Earnings per unit</b>	9				

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007**

Note	Half year ended		Quarter ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	(Rupees in '000')		(Rupees in '000')	
Undistributed income brought forward	1,775,971	72,844	550,968	132,508
Distribution: Bonus issue at the rate of 10.50% for the year ended June 30, 2007 (2006: 1.90%)	(1,729,719)	(72,229)	-	-
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of the unitholders' fund	10,246	-	4,805	-
Net income for the period	1,063,117	258,917	563,842	127,024
Undistributed income carried forward	<u>1,119,615</u>	<u>259,532</u>	<u>1,119,615</u>	<u>259,532</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For National Fullerton Asset Management Limited  
(Management Company)

Dr. Amjad Waheed  
Chief Executive

Masood Karim Shaikh  
Chairman

# NAFA Cash Fund

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007

	Half year ended		Quarter ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	(Rupees in '000')		(Rupees in '000')	
Net assets at the beginning of the period	18,248,177	3,874,369	20,738,605	5,275,639
Issue of 3,473,451,786 units including 172,500,943 bonus units. (2006: 652,606,155 units)	33,997,556	6,604,777	15,750,713	3,169,130
Redemption of 2,925,644,024 units (2006: 543,511,197 units)	(30,133,918)	(5,604,624)	(13,915,547)	(3,435,135)
	3,863,638	1,000,153	1,835,166	(266,005)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
-amount representing accrued (income) / loss and capital (gains) / losses - transferred to Income Statement	(100,324)	18,567	(63,005)	15,348
-amount representing (income) / loss that form part of unitholders' fund - transferred to Distribution Statement	(10,246)	-	(4,805)	-
	(110,570)	18,567	(67,810)	15,348
Net unrealised appreciation in the value of investments at fair value through profit or loss	41,674	3,275	2,678	718
Other income from operations	1,021,443	255,642	561,164	126,306
Net income for the period	1,063,117	258,917	563,842	127,024
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing income / (losses) that form part of unit holders' funds	10,246	-	4,805	-
<b>Net assets as at the end of the period</b>	<b>23,074,608</b>	<b>5,152,006</b>	<b>23,074,608</b>	<b>5,152,006</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007**

	Half year ended		Quarter ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	(Rupees in '000')		(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period	1,063,117	258,917	563,842	127,024
<b>Adjustments</b>				
Unrealised (appreciation) / depreciation on investments at fair value through profit or loss - net	(41,674)	(4,987)	(1,652)	(1,230)
Amortization of preliminary expenses and floatation costs	252	252	126	126
Remuneration of National Fullerton Asset Management Limited – Management Company	154,379	40,800	81,602	20,590
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10,795	3,224	5,692	1,625
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(100,324)	18,567	(63,005)	15,348
	<u>1,086,545</u>	<u>316,773</u>	<u>586,605</u>	<u>163,483</u>
<b>(Increase) / decrease in assets</b>				
Receivable against Continuous Funding System (CFS) transactions	1,659,721	(1,754,953)	(614,773)	69,121
Receivable against spread transactions	-	557,083	-	-
Investments	(3,539,789)	(827,115)	(588,478)	59,989
Loans and receivables	1,551,801	452,750	(2,052,288)	232,750
Receivable against sale of Investment	(313,274)	-	(313,274)	-
Advances, deposits, prepayments and other receivables	(542,060)	-	(542,064)	-
Dividend and profit receivable	(230,102)	(36,418)	(99,384)	(18,912)
	<u>(1,413,703)</u>	<u>(1,608,653)</u>	<u>(4,210,261)</u>	<u>342,948</u>
<b>Increase / (decrease) in liabilities</b>				
Accrued expenses and other liabilities	29,362	7,680	37,018	999
Payable to brokers	-	-	(83,799)	-
Short term borrowing	-	100,000	-	100,000
Payable to Securities and Exchange Commission of Pakistan - Annual fee	2,359	2,039	(2,492)	691
	<u>31,721</u>	<u>109,719</u>	<u>(49,273)</u>	<u>101,690</u>
Remuneration paid to National Fullerton Asset Management Limited - Management Company	(147,494)	(46,724)	(79,223)	(20,711)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee	(10,249)	(3,099)	(5,446)	(1,662)
<b>Net cash inflow / (outflow) on operating activities</b>	<u>(453,180)</u>	<u>(1,231,984)</u>	<u>(3,757,598)</u>	<u>585,748</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts / (payments) made against issue / redemption of units	<u>4,071,112</u>	<u>1,000,559</u>	<u>2,042,640</u>	<u>(266,181)</u>
<b>Net cash inflow / (outflow) on financing activities</b>	<u>4,071,112</u>	<u>1,000,559</u>	<u>2,042,640</u>	<u>(266,181)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>3,617,932</u>	<u>(231,425)</u>	<u>(1,714,958)</u>	<u>319,567</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>3,111,277</u>	<u>2,111,086</u>	<u>8,444,167</u>	<u>1,560,094</u>
Cash and cash equivalents as at the end of the period	<u>6,729,209</u>	<u>1,879,661</u>	<u>6,729,209</u>	<u>1,879,661</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Dr. Amjad Waheed  
Chief Executive

For National Fullerton Asset Management Limited  
(Management Company)

Masood Karim Shaikh  
Chairman

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Cash Fund (NCF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

NCF is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The core objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return by investing primarily in money market and debt securities having a good credit rating and liquidity.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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 Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2007 except for the change as set out in 3.1 below:

#### 3.1 Change in basis for determination of fair value of listed debt securities

During the period the Fund has changed its basis for determination of fair value of listed debt securities, subsequent to their initial recognition. This change has been made to comply with the requirements set out in the NBFC Regulations issued by SECP in November 2007. The requirements to compute the net assets of a collective investment scheme previously laid down in the NBFC Rules are now set out under clause 2(i)(xvi) of the NBFC Regulations. In accordance with the NBFC Regulations debt securities listed but not regularly traded on the stock exchange are valued, subsequent to initial recognition, at the average rate notified by the Mutual Funds Association of Pakistan based on the average rates quoted by top



three brokers, in terms of volume traded during the last three months in that debt security.

Previously, the investments of the Fund in listed debt securities were revalued using the average of the rates quoted by certain brokerage houses. This methodology for determination of fair value of listed debt securities was not in accordance with the NBFC Rules which required such investments to be revalued using the rates quoted on the stock exchange on which these investments were listed. However, the management was of the view that the rates used by the Fund were representative of the fair market value of these investments and that such valuation methodology was fair to the existing as well as the new investors.

The change in basis for determination of fair value of listed debt securities has not made any material impact on the net assets of the Fund as it is broadly on the same lines as the valuation methodology previously used by the Fund.

	Note	Un-audited December 31, 2007	Audited June 30, 2007
		(Rupees in '000')	
<b>4 INVESTMENTS</b>			
At fair value through profit or loss	4.1	1,763,641	1,641,967
Available for sale	4.2	4,877,192	1,417,403
		<u>6,640,833</u>	<u>3,059,370</u>

**4.1 Investments at fair value through profit or loss**

Equity securities purchased under future sale contracts	4.1.1	222,034	-
Term Finance Certificates	4.1.2	1,541,607	1,641,967
		<u>1,763,641</u>	<u>1,641,967</u>

# NAFA Cash Fund

## 4.1.1 Equity securities purchased under future sale contracts

These securities are held under Ready-Future transactions. These securities are purchased in the ready "T+2" market and simultaneously sold in the future market. NCF has no open exposure to the stock market. The details are as follows:

Name of the investee company	Number of shares				Market Value as at December 31, 2007 (Rs. in '000')	Percentage of investments in relation to net assets of the Fund	
	As at July 01, 2007	Purchases during the period	Bonus	Sales during the period			
<b>Commercial Banks</b>							
Askari Bank Ltd.	-	662,500	-	557,000	105,500	10,524	0.05
Bank Alfalah Ltd.	-	4,158,000	-	4,065,500	92,500	4,967	0.02
The Bank of Punjab	-	710,500	-	660,500	50,000	4,890	0.02
MCB Bank Ltd.	-	962,000	-	962,000	-	-	-
National Bank of Pakistan	-	3,962,000	-	3,673,000	289,000	67,091	0.29
Faysal Bank Ltd.	-	166,000	-	166,000	-	-	-
<b>Textile Composite</b>							
Nishat Mills Ltd.	-	35,000	-	35,000	-	-	-
<b>Cement</b>							
D.G Khan Cement Co. Ltd.	-	1,507,000	-	1,504,500	2,500	237	0.00
Lucky Cement Ltd.	-	1,335,000	-	1,335,000	-	-	-
Maple Leaf Cement Factory Ltd.	-	458,000	-	458,000	-	-	-
Pioneer Cement Ltd.	-	13,000	-	13,000	-	-	-
<b>Fertilizers</b>							
Engro Chemical (Pakistan) Ltd.	-	847,500	-	734,500	113,000	30,030	0.13
Fauji Fertilizer Bin Qasim Ltd.	-	900,000	-	900,000	-	-	-
Fauji Fertilizer Company Ltd.	-	10,500	-	10,500	-	-	-
<b>Fibre</b>							
Dewan Salman Fibre Ltd.	-	70,000	-	70,000	-	-	-
<b>Power Generation &amp; Distribution</b>							
The Hub Power Company Ltd.	-	32,500	-	32,500	-	-	-
<b>Oil &amp; Gas Marketing Cos.</b>							
Pakistan State Oil Co. Ltd.	-	341,000	-	306,500	34,500	14,028	0.06
Sui Northern Gas Pipelines Co. Ltd.	-	47,500	-	47,500	-	-	-
Sui Southern Gas Co. Ltd.	-	80,500	-	80,500	-	-	-
<b>Oil &amp; Gas Exploration Cos.</b>							
Oil & Gas Development Co. Ltd.	-	3,743,500	-	3,642,000	101,500	12,124	0.05
Pakistan Oilfield Ltd.	-	2,081,500	-	2,010,500	71,000	23,742	0.10
Pakistan Petroleum Ltd.	-	7,420,500	192,500	7,391,000	222,000	54,401	0.24
<b>Technology &amp; Communication</b>							
Pakistan Telecommunication Co. Ltd.	-	14,000	-	14,000	-	-	-
Telecard	-	217,500	-	217,500	-	-	-
					<u>222,034</u>		
<b>Cost of investments as at December 31, 2007</b>					<u><b>228,566</b></u>		

## 4.1.2 Term Finance certificates

Name of the investee company	Number of certificates				Market Value as at December 31, 2007 (Rs. in "000")	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2007	Purchases during the period	Sales during the period	As at December 31, 2007		
United Bank Ltd.	5,000	8,000	13,000	-	-	-
First International Inv. Bank Ltd.	5,947	-	5,947	-	-	-
Faysal Bank Ltd.	10,000	-	-	10,000	51,030	0.22
Jahangir Siddiqui & Co. Ltd.	18,000	-	-	18,000	96,731	0.42
Gharibwal Cement Ltd.	10,000	-	-	10,000	50,000	0.22
Chanda Oil and Gas Securitization Co. Ltd.	22,790	-	-	22,790	85,063	0.37
Pakistan Mobile Communications (Pvt.) Ltd.	25,000	-	10,000	15,000	81,693	0.35
Pak Electron Limited	10,000	-	-	10,000	51,750	0.22
Orix Leasing Pakistan Ltd.	50,000	-	-	50,000	257,475	1.12
Escort Investment Bank Ltd.	10,000	-	-	10,000	52,320	0.23
Allied Bank Ltd.	49,950	-	17,000	32,950	176,558	0.77
Bank Al-Habib Ltd.	30,000	-	3,000	27,000	145,919	0.63
Askari Commercial Bank Ltd. I	9,000	4,400	-	13,400	70,139	0.30
Askari Commercial Bank Ltd. II	2,000	6,000	-	8,000	41,894	0.18
Azgard Nine Limited	40,000	-	-	40,000	209,212	0.91
Bank Alfalah Ltd. II	15,128	-	-	15,128	78,809	0.34
Bank Alfalah Ltd. III	9,727	-	-	9,727	50,858	0.22
Soneri Bank Ltd.	6,000	-	6,000	-	-	-
Naimat Basal Oil & Gas Securitization	-	6,000	2,000	4,000	10,306	0.04
Standard Chartered Bank (Pak) Ltd.	6,400	-	-	6,400	31,850	0.14
					<b>1,541,607</b>	<b>6.68</b>
					<b>1,505,987</b>	

### Cost of term finance certificates at fair value through profit or loss

**1,505,987**

4.1.3 Fair value of listed Term Finance Certificates classified as investments at fair value through profit or loss is determined using MUFAP rates.

4.1.4 All Term Finance Certificates have a face value of Rs 5,000 each.

## 4.2 Available for sale

Term Finance certificates - Un-listed

Name of the investee company	Number of certificates				Market Value as at December 31, 2007 (Rs. in "000")	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2007	Purchases during the period	Sales during the period	As at December 31, 2007		
<b>Term finance certificate - unlisted</b>						
Azgard Nine Ltd.	50,000	-	-	50,000	250,000	1.08
Pakistan Mobile Communications (Pvt.) Ltd.	20,000	230,000	-	250,000	1,187,157	5.14
Prime Securitization	16,000	-	-	16,000	80,000	0.35
Wateen Telecom Ltd.	16,666	-	16,666	-	-	-
KASB Securities	10,000	-	10,000	-	-	-
Orix Leasing Pakistan Ltd.	-	100,000	-	100,000	500,000	2.17
Pak Arab Fertilizer	-	46,000	-	46,000	230,000	1.00
Pace Pakistan	-	10,000	-	10,000	50,000	0.22
First Dawood Inv. Bank	-	6,900	4,000	2,900	14,500	0.06
Saudi Pak Leasing	-	8,000	-	8,000	40,000	0.17
Maple Leaf Cement	-	50,000	50,000	-	-	-
Engro Chemical	-	164,800	-	164,800	824,000	3.57
Jahangir Siddiqui & Co. Ltd. V	25,000	-	18,000	7,000	35,000	0.15
New Allied Electronics Ind. (pvt) Ltd.	18,000	12,000	15,000	15,000	75,000	0.33
Three Star Cement	22,000	-	-	22,000	110,000	0.48
Pak American Fertilizer	-	30,000	-	30,000	150,000	0.65
Avari Hotels	-	35,040	-	35,040	175,200	0.76
					<b>3,720,857</b>	<b>16.13</b>

# NAFA Cash Fund

Name of the investee company	Number of certificates				Market Value as at December 31, 2007 (Rs. in '000')	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2007	Purchases during the period	Sales during the period	As at December 31, 2007		
<b>Sukuk bonds</b>						
Pak Electron Ltd. (Sukuk)	-	24,000	-	24,000	120,000	0.52
Kohat Cement Ltd. (Sukuk)	28,000	500,000	28,000	500,000	250,000	1.08
Orix Leasing Pakistan Ltd. (Sukuk)	-	10,000	-	10,000	50,000	0.22
Century Paper (Sukuk)	-	50,000	-	50,000	250,000	1.08
Engro Chemical (Sukuk)	60,000	-	-	60,000	300,000	1.30
New Allied Electronics Ind. (pvt) Ltd.(Sukuk)	-	192,000	192,000	-	-	-
					<u>970,000</u>	<u>4.20</u>
<b>Commercial paper</b>						
Azgard Nine Ltd. (Commercial Paper)	17,823	177	-	18,000	81,917	0.36
Pak Electron Ltd. (Commercial Paper)	-	9,000	-	9,000	42,693	0.19
World Telecom (Commercial Paper)	-	13,000	-	13,000	61,725	0.27
					<u>186,335</u>	<u>0.81</u>
					<u><u>4,877,192</u></u>	<u><u>21.14</u></u>
<b>Cost of investments as at December 31, 2007</b>					<u><u>4,877,192</u></u>	

4.2.1 All Term Finance Certificates have a face value of Rs 5,000 each.

	<b>Un-audited December 31, 2007</b>	<b>Audited June 30, 2007</b>
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**(Rupees in '000')**

## 5 DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable on shares held under Spread transactions	1,582	-
Income accrued on Continuous Funding System (CFS) transactions	35,833	26,767
Profit on savings and term deposits	259,728	158,029
Income accrued on Term Finance Certificates and Sukuk Bonds	185,600	68,779
Income accrued on clean placements	2,012	57
Income accrued on Certificates of Investment	1,815	2,836
	<u>486,570</u>	<u>256,468</u>

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	234	278
Settlement charges payable	1,281	1,489
Brokerage	12,367	13,914
Dividend payable to brokers	43,089	21,326
Others	10,066	668
	<u>67,037</u>	<u>37,675</u>

## 7 TAXATION

The Fund is exempt from income 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 percent of its accounting income for the year, as reduced by capital gains whether realized or unrealized, is distributed among its unit holders. The management intends to avail the tax benefit at the year end. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

**Un-audited**      **Audited**  
**December**      **June**  
**31, 2007**      **30, 2007**  
**(Rupees in '000')**

**8 COMMITMENTS**

Continuous Funding System (CFS) transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at period end	<u>153,782</u>	<u>4,320,785</u>
Spread Transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase transactions have not been settled as at period end	<u>360,372</u>	<u>-</u>

**9 EARNINGS PER UNIT**

Earnings per unit (EPU) for the six months ended December 31, 2007 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

**10 TRANSACTIONS WITH CONNECTED PERSONS**

Connected persons include National Fullerton Asset Management Limited being the Management Company and National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the Sponsors.

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

**10.1 Transactions during the period**

	(Unaudited) Six months ended December 31, 2007	(Unaudited) Six months ended December 31, 2006	(Unaudited) Quarter ended December 31, 2007	(Unaudited) Quarter ended December 31, 2006
	----- (Rupees in '000') -----			
<b>National Fullerton Asset Management Limited - Management Company</b>				
Management fee expense for the period	154,379	40,800	81,602	20,590
Bonus units issued (527,242 units; 2006: Nil units)	5,287	-	5,287	-
Units Issued (1,925,947 units; 2006: Nil units)	20,000	-	20,000	-
<b>National Bank of Pakistan - Sponsor</b>				
Bonus units issued (785,356 units; 2006: 237,500 units)	7,875	2,375	7,875	-

# NAFA Cash Fund

	(Unaudited) Six months ended December 31, 2007	(Unaudited) Six months ended December 31, 2006	(Unaudited) Quarter ended December 31, 2007	(Unaudited) Quarter ended December 31, 2006
----- (Rupees in '000) -----				
<b>NIB Bank Limited - Sponsor</b>				
Bonus units issued				
(2,134,074 units; 2006: 380,000 units)	21,399	3,800	21,399	-
Units redeemed				
(2,514,074 units; 2006: Nil units)	25,782	-	-	-
Income from bank deposits	14,209	17,631	6,393	5,029
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued				
(1,067,037 units; 2006: 190,000 units)	10,700	1,900	10,700	1,900
<b>NAFA Multi Asset Fund</b>				
Units Issued				
(34,02,326 units; 2006: Nil units)	350,000	-	200,000	-
Units Redeemed				
(34,052,326 units; 2006: Nil units)	351,757	-	351,757	-
<b>NAFA Islamic Income Fund</b>				
Sale of Sukuk Bonds				
(192,000 bonds; 2006: Nil bonds)	60,360	-	-	-
<b>NAFA Provident Fund</b>				
Bonus units issued				
(8,778 units; 2006: Nil units)	88	-	88	-
Units issued				
(78,792 units; 2006: Nil units)	800	-	800	-
<b>Chief Executive Officer</b>				
Bonus units issued				
(11,352 units; 2006: 15,684 units)	114	157	114	-
Units Issued				
(8,544,853 units; 2006: Nil units)	87,417	-	38,678	-
Units Redeemed				
(8,664,617 units; 2006: Nil units)	89,246	-	48,746	-
<b>Spouse of Chief Executive Officer</b>				
Bonus units issued				
(1,910 units; 2006: Nil units)	19	-	19	-
Units Issued				
(Nil units; 2006: 145,794 units)	-	1,500	-	1,000
Units Redeemed				
(940 units; 2006: 145,794 units)	10	1,533	5	1,494
<b>Other Executives of the Management Company</b>				
Bonus units issued				
(20,018 units; 2006: Nil units)	201	-	201	-
Units issued				
(1,453,010 units; 2006: Nil units)	14,979	-	14,234	-
Units redeemed				
(1,148,722 units; 2006: Nil units)	11,892	-	10,881	-

	Un-audited December 31, 2007	Audited June 30, 2007
	----- (Rupees in '000) -----	
<b>10.2 Balances outstanding as at period / year end</b>		
<b>National Fullerton Asset Management Limited - Management Company</b>		
Investment held by the Management Co. in the Fund (7,488,252 units; June 30, 2007: 5,035,062.34 units)	78,714	55,775
Management fee payable	27,172	20,017
Others	-	270
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (8,285,356 units; June 30, 2007: 7,500,000 units)	87,092	83,080
Deposit held by the Fund with the Sponsor	835	5,246
<b>NIB Bank Ltd. - Sponsor</b>		
Investment held by the Sponsor in the Fund (20,000,000 units; June 30, 2007: 20,380,000 units)	210,232	225,755
Deposit held by the Fund with the Sponsor	485,245	510,410
Profit receivable on bank deposits	165	264
TDR Balance	500,000	300,000
Profit receivable on TDR	1,870	4,574
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (11,257,037 units; June 30, 2007: 10,190,000 units)	118,329	112,878
<b>NAFA Provident Fund Trust</b>		
Investment held in the Fund Trust (171,394 units; June 30, 2007: 83,824.28 units)	1,802	929
<b>Chief Executive Officer</b>		
Investment held by the CEO (Nil units; June 30, 2007: 108,411.87 units)	-	1,201
<b>Spouse of Chief Executive Officer</b>		
Investment held in the Fund (19,206 units; June 30, 2007: 18,237.03 units)	202	202
<b>Other Executives of the Management Company</b>		
Investment held in the Fund (477,306 units; June 30, 2007: 199,297.60 units)	5,017	2,207

**11 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 15, 2008 by the Board of Directors of the Management Company.

**12 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

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

**Dr. Amjad Waheed**  
Chief Executive

**Masood Karim Shaikh**  
Chairman

