


## 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.

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# NAFA GOVERNMENT SECURITIES LIQUID FUND

## FUND'S INFORMATION

### Management Company

**NBP Fullerton Asset Management Limited – Management Company**  
(Formerly National Fullerton Asset Management Limited)

### Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Syed Ahmed Iqbal Ashraf	Director
Dr. Asif A. Brohi	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Wah Geok Sum	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Faruque	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

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
National Bank of Pakistan

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

68-B-1, M.M. Alam Road,  
Gulberg 3, Lahore.  
UAN: 042-111-111-632  
Phone: 042-35778248-63  
Fax: 042-35876806

## **Islamabad Office:**

Plot No. 395, 396  
Industrial Area, 1-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

## **Peshawar Office:**

1st Floor, Haji Tehmas Centre,  
Near KFC, Tehkal Payan  
University Road, Peshawar.  
Phone: 92-91-5711784, 5711782  
Fax: 92-91-5211780

## **Multan Office:**

NBP Corporate Branch  
3rd Floor, Park Lane Tower, Near Shahjahan Banquet Hall,  
Officers Colony, Khanewal Road. Multan.  
Tel : 92-061-6214070  
Fax: 92-061-6214062  
UAN: 92-061-111-111-632

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## DIRECTORS' REPORT

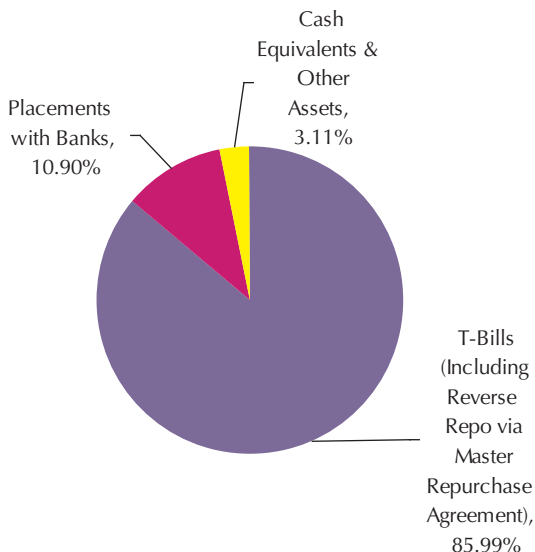
The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of NAFA Government Securities Liquid Fund for the period ended March 31, 2011.

### **Fund's Performance**

The size of NAFA Government Securities Liquid Fund has increased from Rs. 5,805 million to Rs. 10,093 million i.e. a growth of 73.87%, during the first nine months of this Fiscal Year that ended on March 31, 2011. During the said period, the unit price of the Fund has increased from Rs. 9.5469 (Ex-Div) on June 30, 2010 to Rs. 10.3461 on March 31, 2011, thus showing an annualized return of 11.30% as compared to its Benchmark (70%3-MonthT-Bills & 30% average 3-Month deposit rate of 'AA' & above rated banks) annualized return of 11.28% for the same period. During the third quarter, the unit price of the Fund has increased from Rs. 10.0640 (Ex-Div) on December 31, 2010 to Rs. 10.3461 on March 31, 2011, thus showing an annualized return of 11.84% as compared to its Benchmark annualized return of 11.58% for the same period.

NGSLF's Fund stability rating is 'AAA(f)' awarded by PACRA. The rating reflects exceptionally strong credit and liquidity profile of your Fund. NGSLF (i) allocates a minimum of 85% to Government Securities; and (ii) maintains maximum maturity of a single T-Bill to three months. The investment value of NGSLF has not declined on any day since the launch of the Fund in May 2009.

The Fund has earned total income of Rs.856.56 million during the period. After deducting expenses of Rs.107.03 million, the net income is Rs.749.53 million, translating into earning per unit of Rs.0.7992. The asset allocation of the Fund as on March 31, 2011 is as follows:



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## Income Distribution

The Board of Directors of the Management Company, in addition to interim distribution of 5.012%, has also approved a further interim distribution of 2.7570%.

## 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  
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: April 19, 2011  
Place: Karachi.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2011

	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
------(Rupees in '000)-----			
<b>ASSETS</b>			
Bank balances		1,476,812	1,401,344
Investments	4	7,858,749	3,851,815
Loans and receivables		820,652	610,766
Profit receivable	5	42,167	29,671
Prepayments and other receivables		7,678	8,338
Preliminary expenses and floatation costs		3,096	3,841
<b>Total assets</b>		10,209,154	5,905,775
<b>LIABILITIES</b>			
Payable to the Management Company		11,270	11,866
Payable to the Trustee		739	442
Payable to the Securities and Exchange Commission of Pakistan		4,711	2,982
Payable on redemption of units		72,757	74,062
Accrued expenses and other liabilities	6	26,388	11,045
<b>Total liabilities</b>		115,865	100,397
<b>NET ASSETS</b>		<u>10,093,289</u>	<u>5,805,378</u>
Unit holders' fund (as per statement attached)		<u>10,093,289</u>	<u>5,805,378</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
<b>(Number of Units)</b>			
<b>NUMBER OF UNITS IN ISSUE</b>		<u>975,565,698</u>	<u>565,044,796</u>
----- Rupees -----			
<b>NET ASSET VALUE PER UNIT</b>	3.3	<u>10.3461</u>	<u>10.2742</u>

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Note	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000)-----				
<b>INCOME</b>				
Capital gain / (loss) on sale of investments - net	(1,102)	(405)	(435)	(329)
Income from government securities	570,247	211,003	241,880	96,361
Income from term deposit receipts	66,574	33,446	27,589	14,490
Income from money market placements	123,340	19,027	44,832	9,510
Profit on bank deposits	28,151	33,026	9,673	13,936
	787,210	296,097	323,539	133,968
Net unrealised diminution in the value of investments classified as financial assets 'at fair value through profit or loss'	(3,959)	(888)	(1,868)	(95)
<b>Total Income</b>	<b>783,251</b>	<b>295,209</b>	<b>321,671</b>	<b>133,873</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	78,523	37,332	31,067	16,957
Remuneration of the Trustee	5,274	2,430	2,049	1,033
Annual fee - Securities and Exchange Commission of Pakistan	4,711	1,867	1,864	848
Securities transaction cost	1,615	725	771	323
Bank charges	504	587	181	164
Annual listing fee	30	15	10	5
Auditors' remuneration	282	262	57	62
Amortisation of preliminary expenses and floatation costs	744	744	244	244
Rating fee	150	150	49	49
Other charges	(85)	211	(109)	58
<b>Total Expenses</b>	<b>91,748</b>	<b>44,323</b>	<b>36,183</b>	<b>19,743</b>
<b>Net income from operating activities</b>	<b>691,503</b>	<b>250,886</b>	<b>285,488</b>	<b>114,130</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	73,323	44,932	81,852	26,738
Provision for workers' welfare fund	7 (15,297)	-	(7,347)	-
<b>Net income for the period before taxation</b>	<b>749,529</b>	<b>295,818</b>	<b>359,993</b>	<b>140,868</b>
Taxation	9 -	-	-	-
<b>Net income for the period after taxation</b>	<b>749,529</b>	<b>295,818</b>	<b>359,993</b>	<b>140,868</b>
<b>Earnings per unit</b>	<b>10 -</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director



# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	----- (Rupees in '000)-----			
Net income for the period after taxation	749,529	295,818	359,993	155,412
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>749,529</u>	<u>295,818</u>	<u>359,993</u>	<u>155,412</u>

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000)-----				
<b>Undistributed income brought forward comprising:</b>				
- Realised income	153,313	20,051	222,824	88,968
- Unrealised (loss) / Income	(1,974)	(162)	(2,091)	(955)
	<u>151,339</u>	<u>19,889</u>	<u>220,733</u>	<u>88,013</u>
Final distribution for the year ended June 30, 2010: 2.5010% (declared on July 05, 2010)				
- Cash Distribution	(6,140)	(2,941)	-	-
- Bonus Units	(135,165)	(16,591)	-	-
Interim distribution for the quarter ended September 30, 2010: 2.5060% (declared on October 18, 2010)				
- Cash Distribution	(15,135)	(4,880)	-	-
- Bonus Units	(166,851)	(62,876)	-	-
Interim distribution for the quarter ended December 31, 2010: 2.5060% (declared on February 18, 2011)				
- Cash Distribution	(19,953)	(4,903)	(19,953)	(4,903)
- Bonus Units	(238,988)	(109,483)	(238,988)	(109,483)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	8,606	676	5,457	214
Net income for the period	749,529	295,818	359,993	140,868
Undistributed income carried forward	<u>327,242</u>	<u>114,709</u>	<u>327,242</u>	<u>114,709</u>
<b>Undistributed income comprising:</b>				
- Realised income	331,201	115,760	331,201	115,760
- Unrealised income / (loss)	(3,959)	(1,051)	(3,959)	(1,051)
	<u>327,242</u>	<u>114,709</u>	<u>327,242</u>	<u>114,709</u>

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000) -----				
<b>Net assets at the beginning of the period</b>	5,805,378	1,415,232	7,483,350	3,412,507
Issue of 1,203,756,534 units - including 53,419,668 bonus units (March 31, 2010: 786,628,488 units)	11,788,286	7,842,124	5,274,725	2,972,752
Redemption of 793,235,632 units (March 31, 2010: 497,412,171 units)	(8,135,353)	(5,091,179)	(2,922,974)	(2,090,147)
Net Element of (income) / loss and capital (gains) / losses included prices of units issued less those in units redeemed	3,652,933	2,750,945	2,351,751	882,605
- amount representing accrued (income) / losses and capital (gains) / losses transferred to Income Statement	(73,323)	(44,932)	(81,852)	(26,738)
- amount representing (income) / losses that form part of the unit holders' fund transferred to Distribution Statement	(8,606)	(676)	(5,457)	(214)
	(81,929)	(45,608)	(87,309)	(26,952)
Net unrealised (diminution) in the value of investments classified as financial assets 'at fair value through profit or loss'	(3,959)	(888)	(1,868)	(95)
Capital Gain / (Loss) on sale of investments - net	(1,102)	(405)	(435)	(329)
Other operating income (net of expenses)	754,590	297,111	362,296	141,292
Net income for the period	749,529	295,818	359,993	140,868
<b>Less: Distribution</b>				
Final distribution for the year ended June 30, 2010: 2.5010% (declared on July 05, 2010)	(6,140)	(2,941)	-	-
- Cash Distribution	(135,165)	(16,591)	-	-
- Bonus Units				
Interim distribution for the quarter ended September 30, 2010: 2.5060% (declared on October 18, 2010)	(15,135)	(4,880)	-	-
- Cash Distribution	(166,851)	(62,876)	-	-
- Bonus Units				
Interim distribution for the quarter ended December 31, 2010: 2.5060% (declared on February 18, 2011)	(19,953)	(4,903)	(19,953)	(4,903)
- Cash Distribution	(238,988)	(109,483)	(238,988)	(109,483)
- Bonus Units				
Add: Bonus distribution				
Final Distribution	135,165	16,591	-	-
Interim Distribution	405,839	172,359	238,988	109,483
Net Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	8,606	676	5,457	214
<b>Net assets at the end of the period</b>	<b>10,093,289</b>	<b>4,404,339</b>	<b>10,093,289</b>	<b>4,404,339</b>

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

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

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

Note	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000) -----				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	749,529	295,818	359,993	140,868
<b>Adjustments</b>				
Net unrealised (diminution) in the value of investments classified as financial assets 'at fair value through profit or loss'	3,959	888	1,868	95
Amortisation of preliminary expenses and floatation costs	744	744	244	244
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(73,323)	(44,932)	(81,852)	(26,738)
	<u>680,909</u>	<u>252,518</u>	<u>280,253</u>	<u>114,469</u>
<b>(Increase) / decrease in assets</b>				
Investments	(4,010,892)	(1,925,475)	(3,474,050)	(346,493)
Loans and receivables	(209,886)	(834,407)	1,253,547	(430,899)
Profit receivable	(12,496)	(19,135)	(4,611)	(6,100)
Prepayments and other receivables	660	(3,637)	249	28,380
	<u>(4,232,614)</u>	<u>(2,782,654)</u>	<u>(2,224,865)</u>	<u>(755,112)</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	(596)	4,260	2,547	1,465
Payable to the Trustee	297	229	152	73
Payable to the Securities and Exchange Commission of Pakistan	1,729	1,753	1,864	848
Accrued expenses and other liabilities	15,343	164	4,977	47
	<u>16,773</u>	<u>6,406</u>	<u>9,540</u>	<u>2,433</u>
Net cash outflow on operating activities	<u>(3,534,932)</u>	<u>(2,523,730)</u>	<u>(1,935,072)</u>	<u>(638,210)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	11,788,286	7,842,124	5,274,725	2,972,752
Payments on redemption of units	(8,136,658)	(5,094,259)	(2,850,566)	(2,095,264)
Cash dividend paid	(41,228)	(12,724)	(19,953)	(4,903)
Net cash inflow from financing activities	<u>3,610,400</u>	<u>2,735,141</u>	<u>2,404,206</u>	<u>872,585</u>
<b>Net (decrease) in cash and cash equivalents during the period</b>				
	<u>75,468</u>	<u>211,411</u>	<u>469,134</u>	<u>234,375</u>
Cash and cash equivalents at the beginning of the year / period	1,401,344	275,045	1,007,678	252,081
Cash and cash equivalents at the end of the period	<u>1,476,812</u>	<u>486,456</u>	<u>1,476,812</u>	<u>486,456</u>

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Government Securities Liquid Fund ('the Fund') was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (formerly National Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on April 10, 2009 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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

The Fund 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 to the Fund. The units of the Fund were initially offered for public subscription at par from May 11, 2009 to May 15, 2009.

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- to the Management Company and a short-term rating of AAA (f) to the Fund.

Title of the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

#### 2.2 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3. 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 published financial statements of the Fund for the year ended June 30, 2010.

#### 3.1 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

#### 3.2 Standards, interpretations and amendments to published approved accounting standards as adopted in Pakistan, that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these condensed interim financial statements.

## 3.3 Net Asset Value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
		(Rupees in '000)	

## 4. INVESTMENTS

Financial assets 'at fair value through profit or loss' - held for trading  
Government securities - Market Treasury Bills

4.1	<u>7,858,749</u>	<u>3,851,815</u>
	<u>7,858,749</u>	<u>3,851,815</u>

### 4.1 Financial assets 'at fair value through profit or loss' - held for trading - Investment in government securities

Issue Date	Tenor	Face value				Market value as at March 31, 2011	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2010	Purchases during the period	Sales / matured during the period	As at March 31, 2011			
						Rupees in '000	----- %	
<b>Market Treasury Bills</b>								
January 14, 2010	6 months	200,000	-	200,000	-	-	-	-
July 16, 2009	12 months	405,000	-	405,000	-	-	-	-
April 22, 2010	3 months	310,000	-	310,000	-	-	-	-
May 06, 2010	3 months	274,500	100,000	374,500	-	-	-	-
May 20, 2010	3 months	370,000	-	370,000	-	-	-	-
August 27, 2009	12 months	50,000	50,000	100,000	-	-	-	-
February 25, 2010	6 months	450,000	-	450,000	-	-	-	-
February 25, 2010	12 months	-	300,000	300,000	-	-	-	-
February 11, 2010	6 months	765,000	-	765,000	-	-	-	-
August 13, 2009	12 months	300,000	-	300,000	-	-	-	-
June 03, 2010	3 months	420,000	-	420,000	-	-	-	-
June 17, 2010	3 months	310,000	-	310,000	-	-	-	-
September 26, 2009	12 months	50,000	775,000	825,000	-	-	-	-
September 10, 2009	12 months	-	325,000	325,000	-	-	-	-
March 25, 2010	6 months	-	400,000	400,000	-	-	-	-
March 11, 2010	6 months	-	765,000	765,000	-	-	-	-
April 08, 2010	6 months	-	500,000	500,000	-	-	-	-
July 15, 2010	3 months	-	580,000	580,000	-	-	-	-
April 22, 2010	6 months	-	434,000	434,000	-	-	-	-
July 29, 2010	3 months	-	1,350,000	1,350,000	-	-	-	-
October 08, 2009	12 months	-	350,000	350,000	-	-	-	-
August 26, 2010	3 months	-	767,500	767,500	-	-	-	-
August 03, 2010	6 months	-	385,000	385,000	-	-	-	-
August 13, 2010	3 months	-	1,635,000	1,635,000	-	-	-	-
September 09, 2010	3 months	-	1,945,930	1,945,930	-	-	-	-
June 17, 2010	6 months	-	150,000	150,000	-	-	-	-
October 07, 2010	3 months	-	1,525,000	1,525,000	-	-	-	-
October 21, 2010	3 months	-	1,931,000	1,931,000	-	-	-	-
November 04, 2010	3 months	-	1,965,000	1,965,000	-	-	-	-
November 04, 2010	6 months	-	40,000	-	40,000	39,495	0.39	0.50
November 16, 2010	3 months	-	1,520,000	1,520,000	-	-	-	-
December 02, 2010	3 months	-	2,419,000	2,419,000	-	-	-	-
December 18, 2010	3 months	-	1,605,000	1,605,000	-	-	-	-
December 30, 2010	3 months	-	937,500	937,500	-	-	-	-
January 13, 2011	3 months	-	2,640,000	1,925,000	715,000	713,154	7.07	9.07
January 27, 2011	3 months	-	3,690,500	500,000	3,190,500	3,166,144	31.37	40.29
February 10, 2011	3 months	-	3,075,000	400,000	2,675,000	2,641,263	26.17	33.61
February 24, 2011	3 months	-	800,000	-	800,000	785,956	7.79	10.00
March 10, 2011	3 months	-	425,000	-	425,000	415,462	4.12	5.29
March 24, 2011	3 months	-	100,000	-	100,000	97,275	0.96	1.24
						<u>7,858,749</u>		<u>100.00</u>
						7,862,708		

Carrying value as at March 31, 2011

7,862,708

# NAFA GOVERNMENT SECURITIES LIQUID FUND

	Note	(Un-audited) March 31, 2011	(Audited) June 30, 2010
<b>5. PROFIT RECEIVABLE</b>		(Rupees in '000)	
Profit on savings deposits		1,254	1,384
Profit on money market placements		17,936	17,082
Profit on term deposit receipts		22,977	11,205
		42,167	29,671
<b>6. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		186	235
Payable to brokers		117	144
Bank charges		7	6
Provision for workers' welfare fund	7.1	25,622	10,325
Others		456	335
		26,388	11,045
<b>7. PROVISION FOR WORKERS' WELFARE FUND</b>			

- 7.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry has filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 25.622 million in these condensed interim financial statements.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2010 and as at March 31, 2011.

## 9. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I 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 realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 10. EARNINGS PER UNIT

Earnings per unit (EPU) for the period ended March 31, 2011 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

## 11. TRANSACTIONS WITH CONNECTED PERSONS

- 11.1 Connected persons include NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

# NAFA GOVERNMENT SECURITIES LIQUID FUND

- 11.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 11.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 11.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000)-----				
<b>11.5 Transactions during the period</b>				
<b>Details of the Transactions with connected persons during the period are as follows:</b>				
<b>NBP Fullerton Asset Management Company Limited</b>				
Remuneration of the Management Company	78,523	37,332	31,067	16,957
Bonus units issued (38,038 units; March 31, 2010: 28,480 units)	-	-	-	-
Units issued (5,463,383 units; March 31, 2010: 3,796,492 units)	56,036	39,000	22,036	20,000
Units redeemed (5,382,099 units; March 31, 2010: 3,824,972 units)	55,097	39,176	20,929	20,109
<b>National Bank of Pakistan - Sponsor</b>				
Units issued (9,622,046 units; March 31, 2010: Nil units)	100,000	-	100,000	-
Cash Dividend	4,665	1,920	3,163	750
T-Bills purchased during the period	99,576	478,522	-	257,264
T-Bills sold during the period	499,008	-	-	-
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued (223,706 units; March 31, 2010: 259,063 units)	-	-	-	-
Units redeemed (2,176,558 units; March 31, 2010: Nil units)	22,000	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee for the period	5,274	2,430	2,049	1,033
<b>Mr. Kamal A. Chinoy - Director</b>				
Bonus units issued (2,494 units; March 31, 2010: 1,943 units)	-	-	-	-
<b>Chief Executive Officer</b>				
Bonus units issued (23,737 units; March 31, 2010: Nil units)	-	-	-	-
Units issued (958,240 units; March 31, 2010: 426,675 units)	10,000	2,000	10,000	2,000
Units redeemed (237,494 units; March 31, 2010: Nil units)	2,450	-	2,450	-
<b>Chief Financial Officer</b>				
Bonus units issued (Nil units; March 31, 2010: 3,444 units)	-	-	-	-
Units issued (Nil units; March 31, 2010: 230,323 units)	-	2,351	-	-
Units redeemed (Nil units; March 31, 2010: 234,938 units)	-	2,412	-	1,178
<b>NBP Employees Pension Fund</b>				
Bonus units issued (804,535 units; March 31, 2010: 491,369 units)	-	-	-	-
Units issued (Nil units; March 31, 2010: 9,813,928 units)	-	100,000	-	-
<b>NBP Exchange Company Limited</b>				
Bonus units issued (473,561 units; March 31, 2010: Nil units)	-	-	-	-
Units issued (19,310,152 units; March 31, 2010: Nil units)	200,120	-	200,120	-
<b>NAFA Provident Fund Trust - Provident Fund</b>				
Bonus units issued (31,422 units; March 31, 2010: Nil units)	-	-	-	-
Units issued (1,832,711 units; March 31, 2010: 491,299 units)	18,843	5,000	12,127	5,000
Units redeemed (1,785,962 units; March 31, 2010: 130,600 units)	18,327	1,332	10,042	1,332
<b>Executives of the Management Company</b>				
Bonus units issued (57,715 units; March 31, 2010: 45,292 units)	-	-	-	-
Units issued (241,526 units; March 31, 2010: 4,929,479 units)	2,457	50,357	2,233	17,409
Units redeemed (598,966 units; March 31, 2010: 4,115,864 units)	6,159	42,046	5,572	15,471



# NAFA GOVERNMENT SECURITIES LIQUID FUND

	(Un-audited) As at March 31, 2011	(Audited) As at June 30, 2010
<b>11.6 Amounts outstanding as at period / year end</b>		
	(Rupees in '000)	
<b>Management Company</b>		
Receivable from Management Company	6,980	6,980
Management fee payable	11,270	6,909
Other payable	-	4,957
Investment held by the Management Company in the Fund (119,322 units; June 30, 2010: Nil units)	1,235	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	739	442
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (12,622,046 units; June 30, 2010: 3,000,000 units)	130,589	30,823
Balance in current account	1,767	1,576
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (2,411,672 units; June 30, 2010: 4,364,524 units)	24,951	44,842
<b>Mr. Kamal A. Chinoy - Director</b>		
Investment held by the Director in the Fund (35,228 units; June 30, 2010: 32,734 units)	364	336
<b>Chief Executive Officer</b>		
Investment held by the Chief Executive Officer in the Fund (747,478 units; June 30, 2010: 2,995 units)	7,733	31
<b>NBP Employees Pension Fund</b>		
Investment held by the NBP Employees Pension Fund in the Fund (11,365,006 units; June 30, 2010: 10,560,470 units)	117,583	108,500
<b>NBP Exchange Company Limited</b>		
Investment held by the NBP Exchange Company Ltd in the Fund (19,783,712 units; June 30, 2010: Nil units)	204,684	-
<b>NAFA Provident Fund Trust - Provident Fund</b>		
Investment held by the NAFA Provident Fund Trust in the Fund (494,014 units; June 30, 2010: 415,843 units)	5,111	4,272
<b>Executives of the Management Company</b>		
Investment held by the executives in the Fund (436,537 units; June 30, 2010: 1,006,403 units)	4,516	10,340

# NAFA GOVERNMENT SECURITIES LIQUID FUND

## 12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2011 by the Board of Directors of the Management Company.

## 13 CORRESPONDING FIGURES

13.1 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. No significant rearrangements or reclassifications have been made to corresponding figures.

## 14 GENERAL

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

For NBP Fullerton Asset Management Limited  
(Formerly National Fullerton Asset Management Limited)  
(Management Company)

Chief Executive

Director