


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 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. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Mr. Khalid Mahmood	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Amir Shehzad	Member

Trustee

MCB Financial Service Limited
3rd Floor, Adamjee House, I.I.
Chundrigar Road Karachi - 74000

Bankers to the Fund

Summit Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
JS Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (PAK) Limited

NAFA INCOME FUND

Auditors

M. Yousuf Adil Saleem & Co.
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.
Contact: 042-35914272

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

NAFA INCOME FUND

DIRECTORS' REPORT

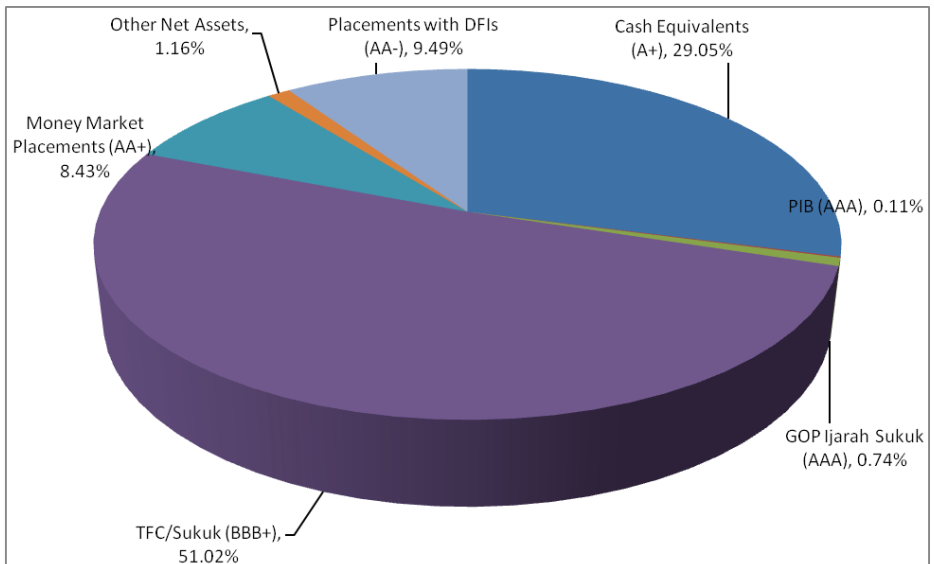
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Income Fund for the period ended March 31, 2013.

Fund's Performance

The size of NAFA Income Fund (NIF) has increased from Rs. 417 million to Rs. 474 million during the period, i.e. an increase of 13.69%. During the nine month period, the unit price of NAFA Income Fund has increased from Rs. 9.0407 on June 30, 2012 to Rs. 9.3338 on March 31, 2013, thus showing a simple annualized return of 4.32% as compared to its Benchmark (6-Month KIBOR) simple annualized return of 10.06% for the same period. During the third quarter the size of the Fund increased by 0.69%. During the quarter, the unit price of the Fund has increased from Rs. 9.2678 on December 31, 2012 to Rs. 9.3338 on March 31, 2013, thus showing a simple annualized return of 2.89% as compared to its Benchmark simple annualized return of 9.44% for the same period. The lower return is due to provisioning in some TFCs/ Sukuks.

NIF is categorized as an Income Scheme and has been awarded stability rating of A-(f) by PACRA. All TFCs/Sukuks in the Fund are floating rate linked to KIBOR. Therefore, any increase in interest rates will improve the coupon income of the TFC portfolio. Trading activity in the TFCs improved in the secondary market with financial sector making the lion share.

The Fund has earned total income of Rs.17.09 million during the period. After deducting expenses of Rs.3.60 million, the net income is Rs.13.49 million. The asset allocation of the Fund as on March 31, 2013 is as follows:



NAFA INCOME FUND

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: April 26, 2013

Place: Karachi.

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2013

	Note	Un-audited March 31, 2013	Audited June 30, 2012
------(Rupees in '000)-----			
ASSETS			
Balances with banks		137,792	8,868
Investments	4	330,984	405,681
Advances, deposits, prepayments and other receivables		383	298
Profit receivable		8,963	4,857
Preliminary expenses and floatation costs		-	744
Total assets		478,122	420,448
LIABILITIES			
Payable to the Management Company		934	793
Payable to the Trustee		40	34
Payable to the Securities and Exchange Commission of Pakistan		251	320
Accrued expenses and other liabilities		2,625	2,145
Total liabilities		3,850	3,292
NET ASSETS		474,272	417,156
Unit holders' fund (As per statement attached)		474,272	417,156
CONTINGENCIES AND COMMITMENTS			
	6		
-----Number of units-----			
Number of units in issue		50,812,464	46,141,823
-----Rupees-----			
Net asset value per unit		9.3338	9.0407

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	------(Rupees in '000)-----			
INCOME				
Profit on bank deposits	4,662	902	3,634	375
Gain / (loss) on sale of investments - net	(1,352)	(264)	183	(621)
Income from term finance certificates and sukuk bonds	29,592	50,658	8,867	31,280
Income from money market Placement	943	-	809	-
Income from government securities	6,574	11,302	13	4,134
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(23,325)	(87,647)	(6,349)	(23,766)
Total income	17,094	(25,049)	7,157	11,402
EXPENSES				
Remuneration of the Management Company	6,702	6,477	2,322	2,039
Sindh Sale Tax on remuneration of the Management Company	1,072	1,036	371	326
Remuneration of the Trustee	335	471	116	102
Annual fee - Securities and Exchange Commission of Pakistan	251	243	87	76
Annual listing fee	23	22	8	7
Securities transaction cost	3	80	1	56
Settlement charges and bank charges	281	116	158	63
Auditors' remuneration	363	344	91	70
(Reversal) / Impairment loss on term finance certificates and sukuk bonds	(6,634)	141	288	(1,633)
Fund rating fee	165	150	55	50
Printing and related costs	19	-	19	-
Amortisation of preliminary expenses and floatation costs	744	750	240	250
Other expenses	-	17	(20)	17
Total expenses	3,324	9,847	3,736	1,423
Net (loss) / income from operating activities	13,770	(34,896)	3,421	9,979
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	-	-	-	-
Provision for workers' welfare fund	(275)	-	(68)	-
Net (loss) / income for the period before taxation	13,495	(34,896)	3,353	9,979
Taxation	-	-	-	-
Net income for the period after taxation	13,495	(34,896)	3,353	9,979
Earnings per unit				

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	------(Rupees in '000)-----			
Net income for the period after taxation	13,495	(34,896)	3,353	9,979
Other comprehensive income for the period				
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	-	1,303	-	2,228
Total comprehensive (loss) / income for the period	<u>13,495</u>	<u>(33,593)</u>	<u>3,353</u>	<u>12,207</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	------(Rupees in '000)-----			
Undistributed income brought forward	(43,047)	(7,854)	(31,507)	(52,465)
Final distribution for the year ended June 30, 2012: Nil % (2011: 3.733%)				
- Bonus units	-	-	-	-
- Cash distribution	-	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	1,395	533	(3)	269
Net income for the period after taxation	13,495	(34,896)	3,353	9,979
Undistributed income carried forward	(28,157)	(42,217)	(28,157)	(42,217)

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
------(Rupees in '000)-----				
Net assets at the beginning of the period	417,156	460,934	471,018	405,873
Issue of 4,821,224 units (2012: 155,478 units)	45,014	1,457	-	-
Redemption of 150,583 units (2012:1,426,756 units)	(1,393)	(13,269)	(99)	(2,551)
Final distribution for the year ended June 30, 2012:Nil (2011: Nil)	43,621	(11,812)	(99)	(2,551)
- Bonus distribution	-	-	-	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	-	-	-	-
- amount representing (income) / loss that form part of unit holders' fund - transferred to distribution statement	(1,395)	(533)	3	(269)
	(1,395)	(533)	3	(269)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets available for sale'	-	1,303	-	2,228
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	-	-	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(23,325)	(87,647)	(6,349)	(23,766)
Capital Gain on sale of Investment	(1,352)	-	-	-
Other operating income / (loss)	38,172	52,751	9,702	33,745
Net income for the period	13,495	(34,896)	3,353	9,979
Distribution:				
Final distribution for the year ended June 30, 2011:Nil (2010: 3.733%)	-	-	-	-
- Bonus distribution	-	-	-	-
- Cash distribution	-	-	-	-
Other comprehensive income				
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	1,395	533	(3)	269
Net assets as at the end of the period	474,272	415,529	474,272	415,529

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

	Nine months ended		Quarter ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period before taxation	13,495	(34,896)	3,353	9,979
Adjustments				
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	23,325	87,647	6,349	23,766
Amortisation of preliminary expenses and floatation costs	744	750	240	250
Loss / (gain) on sale of investments - net	1,352	264	(183)	621
(Reversal) / Impairment loss on term finance certificates and sukuk bonds	(6,634)	141	288	(1,633)
	32,282	53,906	10,047	32,983
(Increase) / decrease in assets				
Investments	56,654	(49,376)	(13,134)	(47,952)
Advances, deposits, prepayments and other receivables	(85)	2,367	(70)	(16)
Profit receivable	(4,106)	5,210	(1,234)	1,456
	52,463	(41,799)	(14,438)	(46,512)
Increase / (decrease) in liabilities				
Payable to the Management Company	141	(150)	-	(131)
Payable to the Trustee	6	(23)	-	(5)
Payable to Securities and Exchange Commission of Pakistan	(69)	(146)	87	76
Accrued expenses and other liabilities	480	402	144	344
	558	83	231	284
Net cash inflow from operating activities	85,303	12,190	(4,160)	(13,245)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts from issue of units	45,014	1,457	-	-
Payment on redemption of units	(1,393)	(13,269)	(99)	(2,551)
Distribution paid	-	-	-	-
Net cash outflow on financing activities	43,621	(11,812)	(99)	(2,551)
Net decrease in cash and cash equivalents during the period	128,924	378	(4,259)	(15,796)
Cash and cash equivalents at the beginning of the period	8,868	7,330	142,051	23,504
Cash and cash equivalents as at the end of the period	137,792	7,708	137,792	7,708

The annexed notes 1 to 11 form an integral part of this condensed interim financial statements.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Income Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management [formerly 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 January 03, 2008 and was authorised by the Securities and Exchange Commission of Pakistan (SECP) on January 29, 2008 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

The Central Depository Company of Pakistan Limited (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 and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL.

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 the SECP. The Registered and Principal office of the Management Company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

The Fund is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units of the Fund are offered for public subscription on a continuous basis. These units are transferable and can be redeemed by surrendering them to the Fund. The Board of Directors have approved that the Fund should be categorised as "Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

The core objective of the Fund is to earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets. The Fund comprises of investments of various time horizons with a significant amount invested in short term investments for the purpose of maintaining liquidity.

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

Title of the assets of the Fund is held in the name of MCB Financial Services Limited (MCBFSL) as the 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 approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', 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. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have been limited based on the requirements of the 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 should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2012.

In compliance with schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 March 31, 2013.

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2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The following new standards and amendments to existing standards are mandatory for the first time for the accounting periods beginning on or after July 1, 2012:

Amendment to IFRS 7, 'Financial instruments': The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The adoption of this amendment did not have any impact on the Fund's condensed interim financial information.

There are certain other new standards, amendments and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

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

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2012.

4 INVESTMENTS

		(Un-Audited) March 31 2013	(Audited) June 30, 2012
	Note	-----Rupees in '000-----	
Financial assets 'at fair value through profit or loss'			
Term finance certificates - listed	4.1.1	196,473	154,673
Term finance certificates - unlisted	4.1.2	12,912	40,418
Sukus	4.1.3	43,501	8,500
Market Treasury Bills	4.2	510	134,246
		<u>253,396</u>	<u>337,837</u>
Available for sale			
Term finance certificates - listed	4.3.1	4,497	29,982
Sukuk bonds	4.3.2	28,091	37,862
		<u>32,588</u>	<u>67,844</u>
Loans & Receivable			
LOP	4.5	45,000	-
		<u>45,000</u>	<u>-</u>
		<u>330,984</u>	<u>405,681</u>

NAFA INCOME FUND

4.1 Term Finance Certificates and Sukuks and Market Treasury Bills

Term Finance Certificates

Name of the investee company	Number of Certificates				Market value as at March 31, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at March 31, 2013		Net assets	Market value of total investments	Issue size
Rupees in '000						-----%-----		
4.1.1 Term finance certificates - listed								
Saudi Pak Leasing Company Limited	15,000	-	-	15,000	24,064	5.07	7.27	10.00
Bank Alfalah Limited	2,000	-	-	2,000	10,453	2.20	3.16	0.20
Faysal Bank Limited	5,000	-	-	5,000	25,832	5.45	7.80	0.83
NIB Bank Limited	1,200	-	-	1,200	5,985	1.26	1.81	0.20
Allied Bank Limited	2,000	-	-	2,000	9,647	2.03	2.91	0.33
Standard Chartered Bank (Pak) Limited	6,000	-	-	6,000	30,330	6.40	9.16	1.50
Engro Fertilizer Limited(30-11-07)	-	6,804	400	6,404	30,280	6.38	9.15	0.75
Engro Fertilizer Limited(17-12-2009)	-	1,000	400	600	2,593	0.55	0.78	0.25
Pakistan Mobile Communication Limited	5,000	3,400	-	8,400	41,997	8.86	12.69	0.76
United Bank Limited	3,000	-	-	3,000	15,292	3.22	4.62	0.25
					196,473	41.43	59.36	15.07
4.1.2 Term finance certificates - unlisted								
Engro Fertilizers Limited PRP I	8,500	-	5,600	2,900	12,912	2.72	3.90	2.50
Agriotech Limited II (note: 4.1.5)	30,000	-	-	30,000	-	-	-	2.17
Agriotech Limited V (note: 4.1.6)	4,436	-	-	4,436	-	-	-	-
					12,912	2.72	3.90	4.67
Total as at March 31, 2013					209,385			
Carrying Value as at March 31, 2013					404,787			
Accumulated impairment					172,056			

4.1.3 Sukuk

Name of the investee company	Number of Bonds				Market value as at March 31, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at March 31, 20123		Net assets	Market value of total investments	Issue size
Rupees in '000								
New Allied Electronics Industries (Private) Limited (note 4.1.7)	10,000	-	-	10,000	-	-	-	-
GOP Ijarah Sukuk (02-MAR-12 to 02-MAR-15)	700	-	-	700	3,501	0.74	1.06	-
HUBCO Short term Islamic Sukuk(03-Feb-12 to 03-Aug-12)	1,000	-	1,000	-	-	-	-	-
HUBCO Short term Islamic Sukuk(03-Aug-12 to 03-Feb-13)	-	5,000	5,000	-	-	-	-	-
HUBCO Short term Islamic Sukuk(16-Aug-12 to 16-Feb-13)	-	1,000	1,000	-	-	-	-	-
HUBCO Short term Islamic Sukuk(13-Mar-13 to 13-Sep-13)	-	4,000	-	4,000	20,000	4.22	6.04	6.04
HUBCO Short term Islamic Sukuk(14-Feb-13 to 14-Aug-13)	-	4,000	-	4,000	20,000	4.22	6.04	6.04
Total as at March 31, 2013					43,501	9.17	13.14	
Carrying Value as at March 31, 2013					92,554			
Accumulated impairment					49,054			

NAFA INCOME FUND

- 4.1.4 All term finance certificates and sukuk bonds have a face value of Rs 5,000 each.
- 4.1.5 This represents investment in privately placed unlisted term finance certificates with a term of seven years. On July 14, 2010 the investee company defaulted on its obligation on account of principal and profit payment. The amount of provision as per circular 1 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.1.6 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech I. The management has classified these PPTFC's as non-performing. The amount of provision as per circular 1 of 2009 has been maintained by valuing the investment in terms of the said circular.
- 4.1.7 This represents investment in privately placed sukuks with a term of five years. On December 3, 2008, the investee company had defaulted on its obligation on account of profit repayment. The amount of provision as per circular 1 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.2 Government Securities

Issue date	Tenor	Face value				Market Value as at March 31, 2013	Investment as a percentage of	
		As at July 1, 2012	Purchases during the period	Sales / matured during the period	As at March 31, 2013		Net assets	Market value of total investments
Market Treasury Bills						Rupees in '000	-----%	
26-Jan-12	12 Months	7,500	-	7,500	-	-	-	
11-Aug-11	12 Months	-	28,000	28,000	-	-	-	
19-Apr-12	3 Months	7,500	-	7,500	-	-	-	
3-May-12	3 Months	15,000	-	15,000	-	-	-	
17-May-12	3 Months	86,000	-	86,000	-	-	-	
14-Jun-12	3 Months	5,000	-	5,000	-	-	-	
28-Jun-12	3 Months	15,000	-	15,000	-	-	-	
12-Jul-12	3 Months	-	110,000	110,000	-	-	-	
26-Jul-12	3 Months	-	14,000	14,000	-	-	-	
9-Aug-12	3 Months	-	9,000	9,000	-	-	-	
23-Aug-12	3 Months	-	1,500	1,500	-	-	-	
6-Sep-12	6 Months	-	7,000	7,000	-	-	-	
20-Sep-12	6 Months	-	15,000	15,000	-	-	-	
4-Oct-12	3 Months	-	85,000	85,000	-	-	-	
18-Oct-12	3 Months	-	10,000	10,000	-	-	-	
1-Nov-12	3 Months	-	12,000	12,000	-	-	-	
15-Nov-12	3 Months	-	90,000	90,000	-	-	-	
13-Dec-12	3 Months	-	125,000	125,000	-	-	-	
13-Dec-12	6 Months	-	30,000	30,000	-	-	-	
13-Dec-12	12 Months	-	30,000	30,000	-	-	-	
10-Jan-13	12 Months	-	150,000	150,000	-	-	-	
24-Jan-13	3 Months	-	150,000	150,000	-	-	-	
21-Feb-13	12 Months	-	150,000	150,000	-	-	-	
21-Mar-13	3 Months	-	45,000	45,000	-	-	-	
Pakistan Investment Bond								
18-Aug-11	3 Years	500	-	-	500	510	0.11	0.15
19-Jul-12	3 Years	-	105,000	105,000	-	-	-	-
19-Jul-12	5 Years	-	100,000	100,000	-	-	-	-
19-Jul-12	10 Years	-	25,000	25,000	-	-	-	-
Total as at March 31, 2013						510	0.11	0.15
Carrying Value as at March 31, 2013						489		

4.3 Term Finance Certificates and Sukuks

Name of the investee company	Number of Bonds				Market value as at March 31, 2013	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale during the period	As at March 31, 2013		Net assets	Market value of total investments	Issue size
Rupees in '000								
4.3.1 Term finance certificate - listed								
Worldcall Telecom Limited (note 4.3.4)	14,000	-	-	14,000	4,497	0.95	1.36	3.00
Total as at March 31, 2013					<u>4,497</u>	<u>0.95</u>	<u>1.36</u>	
Carrying Value as at March 31, 2013					<u>29,982</u>			
Accumulated impairment					25,485			
4.3.2 Sukuks								
Eden Housing Limited (note 4.3.5)	20,000	-	-	20,000	28,091	5.92	8.49	3.33
Carrying Value as at March 31, 2013					<u>28,091</u>	<u>5.92</u>	<u>8.49</u>	
Accumulated impairment					15,034			

4.3.3 All term finance certificates and sukuks have a face value of Rs 5,000 each.

4.3.4 This represents investment in listed term finance certificates of Worldcall Telecom Ltd. On April 07, 2012, the investee company defaulted on its obligation on account of principal and profit payment. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.3.5 This represents investment in privately placed sukuks with a term of five years. The issuer defaulted on payment of principal and profit to certain sukuk holders due to which it was rated as "Defaulter" by the MUFAP. The management of the Fund as a matter of abundant caution has classified the investment as "Non-Performing". The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.4 The term finance certificates and sukuks held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage of fixed assets of the issuer.

4.5 Loans and receivable

This represents Letter of Placement (LOP) of Pak Libya Holding Company Limited carrying mark up rate of 10% and will mature on 27th May 2013.

5 PROVISION FOR WORKERS' WELFARE FUND

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 the light of this, Mutual Fund Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court challenging the applicability of WWF on CISs which was dismissed mainly on the grounds that MUFAP is not an aggrieved party.

Subsequently, clarifications were 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. These clarifications were forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on these clarifications, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF.

NAFA INCOME FUND

Further, a Constitutional Petition was filed with the Honorable High Court of Sindh by a CIS / mutual fund and a pension fund through their trustee and an asset management company inter alia praying to declare that mutual funds / voluntary pension funds being pass through vehicles / entities are not industrial establishments and hence, are not liable to contribute to the WWF under the WWF Ordinance. The matter is still pending with the Honorable Court.

The Management Company is hopeful that the decision of the court will be in favour of the Fund. The Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF as at March 31, 2013 amounting to Rs.1.985 million (including Rs.0.275 million for the current period) (June 30, 2012: Rs 1.710 million) in this condensed interim financial information. Had the same not been made the net asset value per unit would have been higher by Rs 0.0390.

6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2013 and June 30, 2013.

7 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 ninety 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 incurred a loss during the current period. Accordingly, no tax liability has been recorded in the current period.

8 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

The Clause (IV) of the categorisation criteria requires that not more than 15% of the net assets shall be invested in non traded securities including reverse repos, bank deposits, certificates of investments (COI), certificates of musharakas (COM) and anything over 6 months maturity which is not a marketable security. Clause (v) of the categorisation criteria requires that the ratings of any security in the portfolio of the Fund shall not be lower than investment grade. However, as at December 31, 2012, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

Type of Investment	Name of Non-Compliant Investment	Note	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
-----Rupees in '000-----							
Investment in Debt securities	Agritech Limited II	4.1.2	149,876	149,876	-	-	-
	Agritech Limited V		22,180	22,180	-	-	-
	Worldcall Telecom Limited		29,982	25,485	4,497	0.95%	0.95%
	Saudi Pak Leasing Company Limited	4.1.1	46,726	-	24,064	5.11%	5.07%
	New Allied Electronics Industries (Private) Limited - Sukuk	4.1.3	49,054	49,054	-	-	-
	Eden Housing - Sukuk II	4.3.2	43,125	15,034	28,091	5.96%	5.92%

8.1 SECP vide circular no. 16 of 2010 dated July 7, 2010 required that a scheme non-compliant with this requirement should comply with this requirement by December 31, 2010.

8.2 At the time of purchase, the above Term Finance Certificates were in compliance with the circular (i.e. investment grade) and were subsequently downgraded. In case of New Allied Electronics Industries (Private) Limited, Agri Tech Limited, Eden Housing Limited and Saudi Pak Leasing Company Limited, the downgrading has been made due to default in payments of due principal and markup

NAFA INCOME FUND

9 TRANSACTIONS WITH CONNECTED PERSONS

- 9.1 Connected persons include NBP Fullerton Asset Management Limited being the Management Company, MCB Financial Services Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 9.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 9.3 Remuneration and front - end load payable to the Management Company and remuneration payable to the Trustee are determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

	------(Un-Audited)-----			
	Nine months ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	------(Rupees in '000)-----			
9.4 Transactions during the period				
NBP Fullerton Asset Management Limited - Management Company				
Management fee expense for the period	6,702	6,477	2,322	2,039
Sindh sales tax on remuneration of the Management Company	1,072	1,036	371	326
Front end load	-	2	-	-
Units Redeemed / Transferred Out (Nil units;2012;752,012 units)	-	7,084	-	-
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	-	357	-	-
CDC charges	-	3	-	-
MCB Financial Services Limited- Trustee				
Remuneration	335	114	116	102
			(Un-Audited)	(Audited)
			March 31	June 30,
			2013	2012
			------(Rupees in '000)-----	
9.5 Balances outstanding as at period / year end				
NBP Fullerton Asset Management Limited - Management Company				
Management fee payable			805	684
Sindh sales tax payable on remuneration of the Management Company			129	109
National Bank of Pakistan - Sponsor				
Balance in current account			4	5

NAFA INCOME FUND

	(Un-Audited) March 31 2013	(Audited) June 30, 2012
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Ex-Trustee *		
Remuneration payable	-	-
CDC Charges	-	1
Security deposit	100	100
MCB Financial Services Limited- Trustee		
Remuneration payable	40	34
Security deposit	100	100
NBP Employees Pension Fund		
Investment held in the Fund (45,033,858 units; June 30, 2012: 45,033,858)	420,337	407,138
Executives of Management Company		
Investment held in the Fund (1,138 units; June 30, 2012: 1,138 units)	11	10

* Central Depository Company of Pakistan Limited retired as a trustee with effect from November 22, 2011.

10 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 26, 2013 by the Board of Directors of the Management Company.

11 GENERAL

11.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

11.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director