

MISSION STATEMENT

To rank in the top quartile
in performance of
NAFA Cash Fund
relative to the competition,
and
to consistently offer
superior risk-adjusted
returns to investors

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FUND'S 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 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-Block "B", S.M.C.H.S, Main Shakra-e-Faisal,
Karachi.

Bankers to the Fund

Allied Bank Limited
Askari Commercial Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
KASB Bank Limited
Muslim Commercial Bank Limited
My Bank Limited
National Bank of Pakistan
NIB Bank Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

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.

Rating

A (ff) by JCR-VIS

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, I-E, Blue Area, Islamabad.

DIRECTORS' REPORT

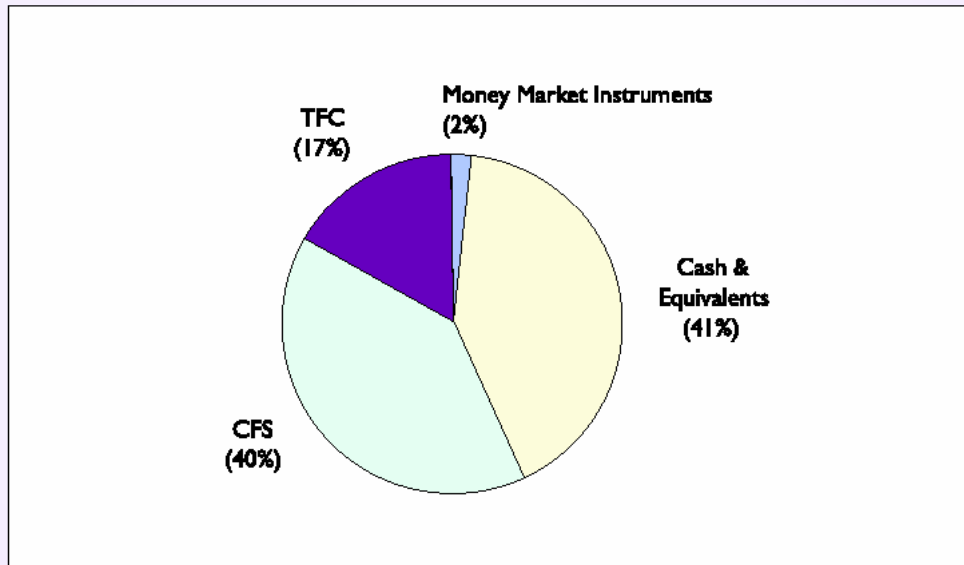
The Board of Directors of National Fullerton Asset Management Limited is pleased to present the third Quarterly Report of NAFA Cash Fund for the period from July 01, 2006 to March 31, 2007.

Performance of NAFA Cash Fund

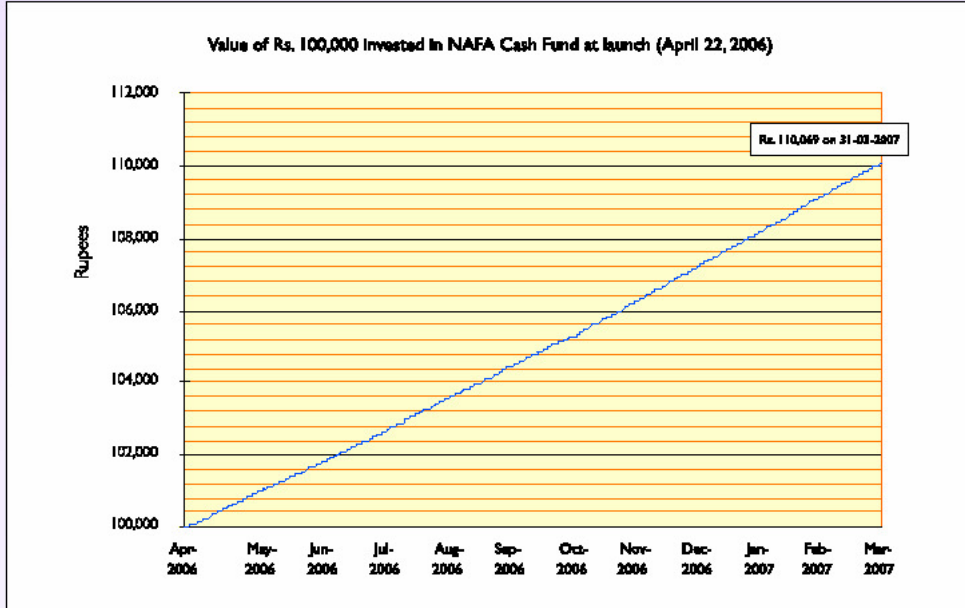
NAFA Cash Fund has crossed Rs. 10 billion in size in a short span of 11 months. This is an indication of the confidence of investors in our performance.

The net income till the period ended March 31, 2007 was Rs.779 million translating into Earnings per Unit of Rs 0.81. During this quarter, the Fund earned an annualized rate of return of 10.72%. Interest rates (KIBOR, CFS etc.) have fallen despite the tight monetary policy of State Bank of Pakistan. This is because of excess liquidity stemming from maturing National Saving Schemes and increase in Net Foreign Asset. During the quarter under review, the average CFS rates have dropped by 190 basis points whereas average 6-Month KIBOR rates decreased by 7 basis points.

Asset allocation as of March 31, 2007 is as follows:



Since its launch, NAFA Cash Fund has focused on two objectives i.e. earning competitive returns for its investors and minimizing the risk (volatility) of these returns. The strategy has paid off as the risk-adjusted return provided by the Fund has consistently been the highest in the "fixed income funds" category. The unit price of the Fund has not gone down by even one paisa on any day since launch of the Fund. The following chart shows a uniform growth in the value of investment of NAFA Cash Fund.



Acknowledgement:

The Board takes this opportunity to thank its valued unit-holders and investors for their confidence and patronage. It would like to express its gratitude to Securities & Exchange Commission of Pakistan for its continued help and guidance. The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board of
National Fullerton Asset Management Limited

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

Date: April 24, 2007
Place: Karachi.

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
As at March 31, 2007 (Un-Audited)

		(UN-AUDITED) March 31, 2007	(AUDITED) June 30, 2006
	Note	(Rupees in '000')	
ASSETS			
Balances with banks		3,970,968	2,111,086
Receivable against Continuous Funding System (CFS) transactions		4,247,723	242,492
Receivable against spread transactions		-	557,083
Investments	4	1,766,951	170,635
Loans and receivables		230,545	760,000
Receivable against sale of investments		97,634	-
Security deposits		1,100	1,100
Income receivable	5	159,663	44,768
Preliminary expenses and floatation costs		2,029	2,404
Total assets		10,476,613	3,889,568
LIABILITIES			
Accrued expenses and other liabilities	6	24,576	495
Payable to unit holders		126	544
Payable to National Fullerton Asset Management Limited -Management Company		11,937	13,068
Payable to Central Depository Company of Pakistan Limited -Trustee		865	411
Payable to Securities and Exchange Commission of Pakistan - Annual fee		4,484	681
Total liabilities		41,988	15,199
Net assets		10,434,625	3,874,369
Unit Holders' Funds (as per statement attached)		10,434,625	3,874,369
Commitments	8	-	-
Number of units in issue		965,407,052	380,152,449
Net asset value per unit		10.8085	10.1916

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shalkh, FCA
Chairman



CONDENSED INTERIM INCOME STATEMENT
for the Period and Quarter ended March 31, 2007 (Un-Audited)

	Note	Period Ended March 31, 2007	Quarter Ended March 31, 2007
(Rupees in '000')			
Income			
Profit on bank deposits		161,832	70,662
Income from Continuous Funding System (CFS) transactions		267,010	114,083
Income from spread transactions		14,788	774
Income from Term Finance Certificates		102,102	39,690
Income on certificates of deposit and clean placements		34,564	1,942
Discount on term finance certificates		2,298	586
Unrealized gain on investments at fair value through profit or loss-net		5,545	2,270
Total income		588,139	230,007
Expenses			
Remuneration of National Fullerton Asset Management Limited - Management Company		67,262	26,462
Remuneration of Central Depository Company of Pakistan Limited - Trustee		5,235	2,011
Brokerage		33,074	11,213
Annual fee - Securities and Exchange Commission of Pakistan		4,484	1,764
Annual listing fee		24	9
Settlement charges		5,087	1,911
Financial charges		806	196
Auditors' remuneration		299	60
Other		9,455	1,705
Amortization of preliminary expenses and floatation costs		375	123
Total expenses		126,101	45,454
Net income from operating activities		462,038	184,553
Element of income and capital gains included in prices of units issued less those in units redeemed		316,973	335,540
Net income		779,011	520,093
Earnings per unit	9	-	-

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shalkh, FCA
Chairman

CONDENSED INTERIM DISTRIBUTION STATEMENT
for the Period and Quarter ended March 31, 2007 (Un-Audited)

	Period Ended March 31, 2007	Quarter Ended March 31, 2007
	(Rupees in '000')	
Undistributed income brought forward	72,844	259,533
Distribution: Bonus issue at the rate of 1.9% (declared on July 4, 2006)	(72,229)	-
Net income for the period	779,011	520,093
Undistributed income carried forward	<u>779,626</u>	<u>779,626</u>

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman



CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
for the Period and Quarter ended March 31, 2007 (Un-Audited)

	Period Ended March 31, 2007	Quarter Ended March 31, 2007
	(Rupees in '000')	
Net assets at the beginning of the period	3,874,369	5,152,006
Issue of 1,436,689,831 units including 7,222,897 bonus units. (784,083,676 units for the quarter ended March 31, 2007)	15,015,759	8,410,983
Redemption of 851,435,227 units (307,924,030 units for the quarter ended March 31, 2007)	(8,917,541)	(3,312,917)
	6,098,218	5,098,066
Element of income and capital gains included in prices of units issued less those in units redeemed	(316,973)	(335,540)
Net unrealized appreciation in the value of investments classified as 'financial assets at fair value through profit or loss'	5,545	2,270
Net income from operations	773,466	517,823
Net income for the period	779,011	520,093
Net assets as at the end of the period	10,434,625	10,434,625

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shalkh, FCA
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT for the Period and Quarter ended March 31, 2007 (Un-Audited)

Period Ended March 31, 2007 Quarter Ended March 31, 2007
(Rupees in '000')

CASH FLOW FROM OPERATING ACTIVITIES

Net income for the period

779,011 520,094

Adjustments

Unrealized gain on investments at fair value through profit or loss - net
Amortization of preliminary expenses and floatation costs
Amortization of discount on term finance certificates
Remuneration of National Fullerton Asset Management Limited
- Management Company
Remuneration of Central Depository Company of Pakistan Limited - Trustee
Element of income and capital gains included in prices
of units issued less those in units redeemed

(5,545) (2,270)
375 123
(2,298) (586)
67,262 26,462
5,235 2,011
(316,973) (335,540)

527,067 210,294

Increase in assets

Receivable against Continuous Funding System (CFS) transactions
Receivable against spread transactions
Investments
Loans and receivables
Receivables against sale of investments
Income receivable

(4,005,231) (2,250,278)
557,083 -
(1,588,473) (761,359)
529,455 76,705
(97,634) (97,634)
(114,895) (78,477)

(4,719,695) (3,111,043)

Increase in liabilities

Accrued expenses and other liabilities
Payable to unit holders
Short term borrowing
Payable to National Fullerton Asset Management Limited
Payable to Securities and Exchange Commission of Pakistan - Annual fee

24,081 16,263
(418) (280)
- (100,000)
(2,607) (138)
3,803 1,764

24,859 (82,391)

Paid to National Fullerton Asset Management Limited
Remuneration paid to Central Depository Company of Pakistan Limited

(65,786) (21,530)
(4,781) (1,682)

Net cash outflow on operating activities

(4,238,336) (3,006,352)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts from issue of units
Payments on redemption of units

15,015,759 8,410,982
(8,917,541) (3,313,323)

6,098,218 5,097,659

Net increase in cash and cash equivalents during the period

1,859,882 2,091,307

Opening balance of cash and cash equivalents

2,111,086 1,879,661

Cash and cash equivalents as at March 31, 2007

3,970,968 3,970,968

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

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shalkh, FCA
Chairman



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the Period and Quarter ended March 31, 2007 (Un-Audited)

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 financial statements have been prepared in accordance with the requirements of International Accounting Standards-34 (IAS-34) "Interim Financial Reporting", NBFC Rules, 2003 and directives issued by the SECP. These financial statements are un-audited.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended March 31, 2007 are same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2006, except in respect of Ready-Future transactions.

Transactions involving outright purchase of securities in the ready market and sale of the same securities in the future market.

During the current period with effect from August 2, 2006, the management has decided to change its policy of accounting for these transactions in accordance with the requirements of IAS 39. Consequently securities purchased by the Fund in the ready market are now carried on the Statement of Assets and Liabilities till their eventual disposal, and the forward sale of securities in the future market is accounted for separately as a 'derivative'. Previously these transactions were accounted for by the Fund as 'spread transactions' by deleting the cost of investment from the books and recording the receivable based on the forward sale price. The difference between these two amounts was taken to the Income Statement over the period of the forward transaction.

The effect of the above change in accounting policy has not been quantified as it was not practical to do so.

4. INVESTMENTS

		March 31, 2007	June 30, 2006
		(Rupees in '000')	
At fair value through profit or loss	4.1	1,177,075	144,369
Available for sale	4.2	589,876	26,266
		<u>1,766,951</u>	<u>170,635</u>
4.1 Investments at fair value through profit or loss			
Equities securities purchased under future sale contracts	4.1.1	12,387	-
Term Finance certificates	4.1.2	1,164,688	144,369
		<u>1,177,075</u>	<u>144,369</u>

4.1.1 Equities securities purchased under future sale contracts

These securities are held under Ready-Future transactions. These securities are purchased in the ready "T+3" market and simultaneously sold in the future market. The details are as follows:

Name of the investee company	Number of shares				Market value as at March 31, 2007 (Rs "000")	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2006	Purchases during the period	Sales during the period	As at March 31, 2007		

All the holding are in shares of Rs. 10/- each as otherwise stated.

Investment Banks/ Cos./ Securities

Pakistan Industrial Credit & Inv. Corp	-	2,500,000	2,500,000	-	-	-
Commercial Banks						
Askari Commercial Bank Ltd.	-	200,000	200,000	-	-	-
The Bank of Punjab	-	39,500	39,500	-	-	-
Faysal Bank Ltd.	-	375,000	375,000	-	-	-
National Bank of Pakistan	-	1,314,000	1,260,000	54,000	12,387	0.12
Textile Composite						
Nishat Mills Ltd.	-	5,000	5,000	-	-	-
Oil & Gas Marketing Cos.						
Pakistan State Oil Co. Ltd.	-	100,000	100,000	-	-	-
Sui Southern Gas Co. Ltd.	-	28,500	28,500	-	-	-
Oil & Gas Exploration Cos.						
Pakistan Petroleum Ltd.	-	100,000	100,000	-	-	-
Technology & Communication						
Pakistan Telecommunication Co. Ltd.	-	500,000	500,000	-	-	-
Fertilizer						
Engro Chemical (Pakistan) Ltd.	-	50,000	50,000	-	-	-
Fauji Fertilizer Bin Qasim Ltd.	-	480,500	480,500	-	-	-
					<u>12,387</u>	<u>0.12</u>
Cost of Investments as at March 31, 2007					<u>12,314</u>	



4.1.2 Term Finance certificates - Listed

Name of the investee company	Number of Certificates				Market value as at March 31, 2007 (Rs '000')	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2006	Purchases during the period	Sales during the period	As at March 31, 2007		
United Bank Ltd.	3,000	-	-	3,000	14,997	0.14
Faysal Bank Ltd.	-	10,000	-	10,000	48,625	0.47
First International Inv. Bank Ltd.	-	5,947	-	5,947	30,205	0.29
Jahangir Siddiqui & Co. Ltd.	-	18,000	-	18,000	90,000	0.86
Gharibwal Cement Ltd.	-	10,000	-	10,000	50,000	0.48
Chanda Oil and Gas Securitization Co. Ltd.	6,895	15,895	-	22,790	93,907	0.90
Pakistan Mobile Communications (Pvt.) Ltd.	20,000	5,000	-	25,000	129,904	1.24
Orix Leasing Pakistan Ltd.	-	40,000	-	40,000	200,000	1.92
Pak Electron Ltd.	-	10,000	-	10,000	50,000	0.48
Escort Investment Bank Ltd.	-	8,000	-	8,000	40,000	0.38
Allied Bank Ltd.	-	47,950	-	47,950	240,853	2.31
Bank Al-Habib Ltd.	-	28,000	-	28,000	141,750	1.36
Askari Commercial Bank Ltd.	-	7,000	-	7,000	34,447	0.33
					1,164,688	11.16

Cost of Investments as at March 31, 2007

1,159,153

Fair value of listed Term Finance Certificates classified as investments at fair value through profit or loss is determined using average of market rates obtained from brokers.

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 March 31, 2007 (Rs '000')	Percentage of investments in relation to net assets of the Fund
	As at July 01, 2006	Purchases during the period	Sales during the period	As at March 31, 2007		
Dewan Mushtaq Textile Mills Ltd.	8,266	-	8,266	-	-	-
Dewan Textile Mills Ltd.	8,000	-	8,000	-	-	-
Azgard Nine Ltd.	-	50,000	-	50,000	250,000	2.40
Pakistan Mobile Communications (Pvt.) Ltd.	-	60,000	60,000	-	-	-
Pakistan Mobile Communications (Pvt.) Ltd.	-	20,000	-	20,000	56,547	0.54
Prime Securitization	-	16,000	-	16,000	80,000	0.77
Wateen Telecom Ltd.	-	16,666	-	16,666	83,329	0.80
Kohat Cement Ltd.	-	24,000	-	24,000	120,000	1.15
					589,876	5.65

Cost of investments as at March 31, 2007

589,876

Unlisted Term Finance Certificates classified as available for sale are valued at cost as these are not quoted in the market.

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

March 31, 2007 June 30, 2006
(Rupees in '000')

5. INCOME RECEIVABLE

Dividend receivable on shares held under Continuous Funding System (CFS) transactions	9,182	2,161
Dividend receivable on shares held under spread transactions	-	6,955
Income accrued on continuous funding system (CFS) transactions	14,936	607
Income accrued on spread transactions	-	4,892
Profit on savings and term deposits	77,211	19,276
Income accrued on term finance certificates	57,730	2,395
Income accrued on clean placements	573	5,713
Income accrued on certificates of investment	31	2,769
	159,663	44,768

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	307	200
Listing fee payable	9	15
Settlement charges payable	614	160
Payable to brokers	22,476	104
Others	1,170	16
	24,576	495

7. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES

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.

Period Ended March 31, 2007 Quarter Ended March 31, 2007
(Rupees in '000')

7.1 Amount of transactions during the period

National Fullerton Asset Management Limited - Management Company Management fee expense for the period	67,262	26,462
National Bank of Pakistan - Sponsor Bonus units issued (237,500 units)	2,375	-
NIB Bank Limited - Sponsor Bonus units issued (380,000 units) Income on bank deposits	3,800 25,116	- 7,485
Alexandra Fund Management Pte. Limited - Sponsor Bonus units issued (190,000 units)	1,900	-
Dr. Amjad Waheed (Chief Executive) Bonus units issued (15,684,1509 units)	157	-
Spouse of Chief Executive Units issued (164,449.32 units) Units redeemed (145,794.1698 units)	1,700 1,533	1,200 -
Executives of Management Co. (155,058 units)	1,631	1,381



	As at March 31, 2007	As at June 30, 2006
(Rupees in '000')		
7.2 Amounts outstanding as at period end		
National Fullerton Asset Management Limited - Management Company		
Management fee payable	11,697	10,222
Others	240	2,847
National Bank of Pakistan - Sponsor		
Deposit held by the Fund with the Sponsor	7,092	2,419
NIB Bank Limited - Sponsor		
Deposit held by the Fund with the Sponsor	373,216	192,141
Profit receivable on bank deposits	57	-
Executives of Management Co. (155,058 units)	1,676	-

8. COMMITMENTS

Commitment in respect of unsettled CFS purchase	4,350,230	127,016
Commitment in respect of unsettled CFS sales	3,643,018	-
Commitment in respect of unsettled Future sales	12,439	560,550

9. Earnings Per Unit

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

10. DATE OF AUTHORIZATION FOR ISSUE

These financials statements were authorized for issue on April 24, 2007 by the Board of Directors of the Management Company.

11. GENERAL

11.1 Figures have been rounded off to the nearest rupee.

11.2 Since the Fund commenced its operation on April 22, 2006, the comparative figures for corresponding period and quarter of last year are not available in respect of Income Statement, Statement of Movement in Unit Holders' Fund and Cash Flow Statement.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shalkh, FCA
Chairman