



NAFA CASH FUND

NAFA CASH FUND

Contents

DIRECTORS' REPORT	07
REPORT OF THE TRUSTEE TO THE UNIT HOLDERS	10
STATEMENT OF THE COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	11
FUND MANAGER REPORT	14
REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF THE COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	17
INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDER	18
STATEMENT OF ASSETS AND LIABILITIES	19
INCOME STATEMENT	20
DISTRIBUTION STATEMENT	21
STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND	22
CASH FLOW STATEMENT	23
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	24
PERFORMANCE TABLE	49

NAFA CASH FUND

DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the Fourth Annual Report of NAFA Cash Fund for the year ended June 30, 2009.

Fund's Performance

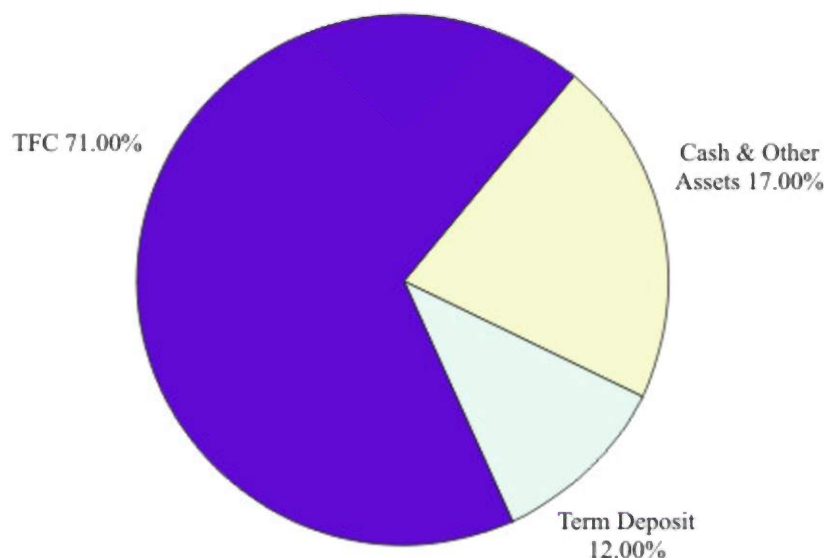
The mutual fund industry went through a crisis in the second half of 2008 due to fall in the value of TFCs followed by a redemption run. This was a result of macro-economic situation where there was severe liquidity shortage stemming from a fall in foreign exchange reserves, loss of investor confidence, rising inflation and interest rates, etc. The income fund industry in Pakistan is about 5 years old, and this was its first major crises. NAFA Cash Fund paid back all its redemptions in time. In line with the industry, the size of NAFA Cash Fund dropped to its lowest at Rs.7.6 billion during the year.

In the second half of the FY 2008-09, the liquidity eased in the system resulting in a rise in TFC prices. As a result, the annualized return on NAFA Cash Fund for the period from January 2009 to June 2009 was 15.53% as compared to its benchmark return (1-Month KIBOR) of 13.91% for the same period.

NAFA Cash Fund has earned a total income of Rs.715.28 million during the year. After deducting total expenses of Rs.577.14 million, the net income is Rs.138.14 million. During the year, the unit price of NAFA Cash Fund has increased from Rs.9.3810 on June 30, 2008 (Ex-Div) to Rs.10.0959 on June 30, 2009. The resultant per unit gain is Re.0.7149.

The asset allocation of NAFA Cash Fund as on June 30, 2009 is as follows:

Asset Allocation as on June 30, 2009



NAFA CASH FUND

Income Distribution

In addition to interim distribution of 4.85%, the Board of Directors of the Management Company has also approved a final distribution of 2%, translating into total distribution of 6.85% of the par value and 7.30% of opening ex-NAV. After final distribution, the net asset value per unit will be Rs.9.8959 on June 30, 2009.

Taxation

As the above distribution is more than 90% of the income earned during the year, excluding realized and unrealized capital gains on investments, the Fund is not subject to tax under Clause 99 of the Part I of the Second Schedule of the Income Tax Ordinance, 2001.

Auditors

The present auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire and, being eligible, offer themselves for re-appointment.

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company of NAFA Cash Fund, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of NAFA Cash Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon NAFA Cash Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of National Fullerton Asset Management Limited held five meetings during the current financial year. The attendance of all directors is disclosed in the note 25 to these financial statements.

NAFA CASH FUND

11. The detailed pattern of unit holding is disclosed in the note 28 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 22 to these financial statements.

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
National Fullerton Asset Management Limited

Masood Karim Shaikh, FCA
Chairman

Dr. Amjad Waheed, CFA
Chief Executive

Date: August 31, 2009
Place: Karachi.

NAFA CASH FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Cash Fund (the Fund), an open-end scheme was established under a trust deed dated February 11, 2006, executed between National Fullerton Asset Management Limited, as the management company and Central Depository Company of Pakistan Limited, as the trustee.

In our opinion, the management company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Kamran Qazi

Chief Financial Officer & Company Secretary
Central Depository Company of Pakistan Limited

Karachi, October 7, 2009

NAFA CASH FUND

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good Governance, whereby a listed Company is managed in compliance with the best practice of corporate governance.

NAFA Cash Fund (the Fund) is an open end mutual fund and is listed at the Lahore Stock Exchange. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of NAFA and other necessary personnel to manage its affairs.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. at present the Board consist seven directors including six independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred during the year in the Board of the Management Company due to resignation of Khawaja Iqbal Hassan and Mr. Habib Yousuf Habib which were filled by Syed Naseer ul Hassan and Mr. Raymond H. Kotwal on October 16, 2008.
5. The Management Company has adopted a "Code of Business Ethics and Business Practices", which has been acknowledged by all the directors and distributed to employees of the Management Company.
6. The Board has developed a vision/mission statement overall corporate strategy and significant policies of the Fund. A complete record of the particulars along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.

NAFA CASH FUND

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. All the members of Board are well aware of operations of the Fund and Management Company, therefore no orientation courses were arranged during the year.
11. The Board has approved the appointment of Head of Internal Audit and his terms of employment.
12. Directors' Report has been prepared in compliance with the requirements of the Code and fully describe the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold units of the Fund other than those disclosed in note 22 to the financial statements "Transactions with Connected Persons".
15. The Management Company has complied with the corporate and financial reporting requirements of the Code with respect to the Fund.
16. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Fund as required by the Code. Terms of Reference of the Audit Committee have been prepared and advised to the Committee for compliance.
18. There exists an effective internal audit function within the Management Company. The Management Company has appointed the Head of Internal Audit, who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their Spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

NAFA CASH FUND

20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Dated: August 31, 2009
Karachi

Dr. Amjad Waheed, CFA
Chief Executive Officer

NAFA CASH FUND

FUND MANAGER REPORT

NAFA Cash Fund

NAFA Cash Fund (NCF) is an open-end Income Fund.

Investment Objective of the Fund

The objective of NAFA Cash Fund is to seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.

Benchmark

1 Month - KIBOR

Fund's Performance Review

This is the fourth Annual report since the launch of the Fund on April 22, 2006. The Fund size as on June 30, 2009 is Rs. 7.67 billion. The Fund's annualized return since inception is 8.78%. During the same period the benchmark return has been 11.52%. The Fund's annual return during FY 2009 is 5.49%. During the same period the benchmark return has been 14.32%.

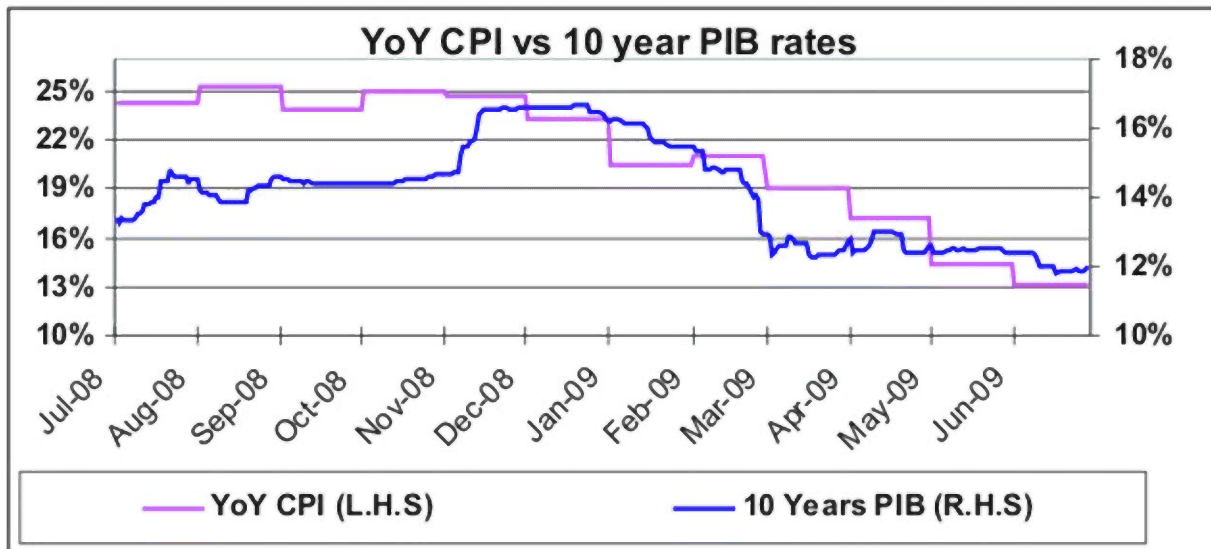
The Fiscal Year 2009 that ended on June 30, 2009 was a turbulent year for the capital markets, both equity and debt. The real GDP growth was only 2.0% in FY 2009 as against average of more than 6% from FY 2003 to FY 2008. Pakistan's economy experienced rising current account deficit due to high international commodity prices, political uncertainty, outflow of foreign portfolio investments, high fiscal deficit and declining import cover. Year on Year (YoY) headline inflation peaked at 25.3% in August 2008. At the same time local banking system witnessed a severe liquidity crunch, with overnight call rates rising in excess of 20% p.a. As a result of the economic situation and the liquidity crunch, the corporate debt market was hit and even good credit quality TFCs/ Sukuks started trading at significant discounts to their par value.

Some TFCs/ Sukuks in your Fund also defaulted in this scenario, namely New Allied Electronics PPTFC and Sukuk II, Dewan Cement Limited TFC and Kohat Cement Company Sukuk. Kohat Cement Sukuk has been restructured since then and is now regular on its payments. We have fully provided for the Dewan Cement TFC. We have provided 48.8% of the New Allied PPTFC and 46.2% of New Allied Sukuk II. We expect that following the restructuring of these TFCs/ Sukuk, we may see reversal of some of the provisioning, which may help increase the NAV per unit of the Fund. As of June 30, 2009 these two issues i.e. New Allied PPTFC and Sukuk II, combined, are only 0.55% of the Net Assets of the Fund.

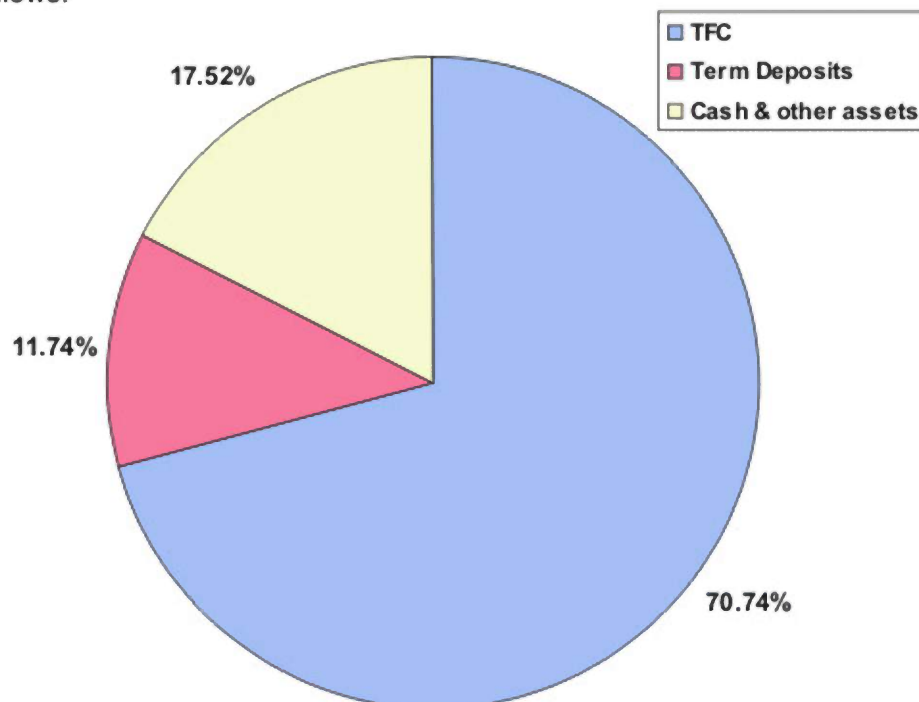
Subsequent to this, SBP announced gradual reduction in CRR to 5% from 9% and exemption of time deposits of more than one year from SLR in order to ease pressure on the banking system and inject liquidity in the capital markets. These measures eased the banking sector liquidity by more than Rs. 250 billion over a three months period in October to December.

NAFA CASH FUND

As the economic situation improved from January onwards, TFCs have started rising in value. Improved Fiscal and Current account deficits combined with declining inflation has resulted in gradual improvement in the capital markets. The graph below shows the positive relation between inflation and yields of PIBs (Pakistan Investment Bonds) observed during FY 2009. A significant improvement in inflation can be seen in the second half of the FY 2009, in alignment with the improvement in capital markets.



The difference between the market value and par value of TFCs/ Sukuks in NCF is presently at 5.6%. This represents the upside potential for our investors. As the liquidity situation improves and inflation and interest rates decline further, we expect TFCs/ Sukuks to revert back to their par values. In addition, the recurring income on the Fund is presently around 11.5% annualized. The asset allocation of NAFA Cash Fund on June 30, 2009 is as follows:



NAFA CASH FUND

The Fund declared interim dividend of 2.85% for the first quarter ending September 30, 2008. The Net Asset Value before declaration was 10.3704, which on ex-NAV basis became 10.0854. The Fund also declared interim dividend of 2.00% for the third quarter ending March 31, 2009. The Net Asset Value before declaration was 10.0465, which on ex-NAV basis became 9.8465. In addition to interim distributions of 4.85%, the Board of Directors of Management Company has also approved a final distribution of 2.00%, translating into total distribution of 6.85% of the par value and 6.822% of the opening ex-NAV.

During the period there has been no significant change in the state of affairs of the Fund, other than stated above. NAFA Cash Fund does not have any soft commission arrangement with any broker in the industry.

Following is the unit holder pattern of NAFA Cash Fund by the size of unit holdings as of June 30, 2009.

Size of Unit holding (Units)	# of Unit Holders
0 upto 1000	280
1,001-5,000	566
5,001-10,000	202
10,001-50,000	563
50,001-100,000	149
100,001-500,000	192
500,001-1,000,000	39
1,000,001-5,000,000	50
5,000,001-10,000,000	5
10,000,001-100,000,000	11
100,000,001-1,000,000,000	1

2,058

NAFA CASH FUND

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **National Fullerton Asset Management Limited** (the Management Company) of **NAFA Cash Fund** to comply with the Listing Regulation No. 35 (Chapter XI) of Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Lahore Stock Exchange (Guarantee) Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: 14 September 2009

NAFA CASH FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **NAFA Cash Fund**, which comprise the statement of assets and liabilities as at June 30, 2009, and the related income statement, distribution statement, cash flow statement and statement of movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: 14 September 2009
Karachi

NAFA CASH FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2009

	Note	2009	2008
		----- Rupees in '000 -----	
Assets			
Balances with banks	4	1,595,275	4,551,072
Receivable against sale of investments		-	254,258
Investments	5	5,422,447	8,410,167
Loans and receivables	6	300,000	6,429,802
Receivable against Continuous Funding System (CFS) transactions	7	-	3,993,216
Dividend and profit receivable	8	382,806	506,066
Advances, deposits, prepayments and other receivables	9	5,603	51,048
Preliminary expenses and floatation costs	10	903	1,403
Total assets		7,707,034	24,197,032
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company	11	11,702	27,694
Payable to Central Depository Company of Pakistan Limited - Trustee	12	744	1,928
Payable to Securities and Exchange Commission of Pakistan	13	12,096	22,381
Payable on redemption of units	14	14,884	75,581
Accrued expenses and other liabilities	15	2,504	25,649
Total liabilities		41,930	153,233
Net assets		7,665,104	24,043,799
Unit holders funds (as per statement attached)		7,665,104	24,043,799
Contingencies and Commitments			
	16	Number of units	
Number of units in issue		759,231,532	2,231,047,818
		Rupees	
Net asset value per unit	17	10.0959	10.7769

The annexed notes 1 to 32 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
----- Rupees in '000 -----			
Income			
(Loss) / gain on sale of investments - net		(215,893)	32,356
Income from term finance certificates		1,089,836	767,002
Income on certificates of deposit and clean placements		17,410	34,485
Income from treasury bills		421	-
Income from Continuous Funding System (CFS) transactions		103,934	868,143
Income from spread transactions		5,387	49,613
Profit on bank deposits	18	653,451	775,388
Dividend income		-	691
Unrealised (loss) / gain on investments at fair value through profit or loss - net		(185,086)	6,560
Unrealised gain on revaluation of futures sale contracts		-	1,446
Total income		1,469,460	2,535,684
Expenses			
Remuneration of National Fullerton Asset Management Limited - Management Company	11.1	202,209	335,722
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12.1	14,480	23,381
Annual fee - Securities and Exchange Commission of Pakistan	13.1	12,096	22,381
Securities transaction cost		3,795	57,599
Settlement and bank charges		9,449	14,095
Annual listing fee		30	29
Financial charges		62,062	-
Auditors' remuneration	19	422	362
Printing charges		1,478	-
Fund rating fee		150	-
Legal fee		3,633	-
Amortisation of preliminary expenses and floatation costs	10	500	501
Impairment loss on investments classified as 'available for sale' and 'held for trading'		261,962	-
Impairment loss on loans and receivables		4,877	206
Total expenses		577,143	454,276
Net income from operating activities		892,317	2,081,408
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed		(754,174)	102,719
Net income for the year before taxation		138,143	2,184,127
Taxation	20	-	-
Net income for the year after taxation		138,143	2,184,127
Earnings per unit	21		

The annexed notes 1 to 32 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	----- Rupees in '000 -----	----- Rupees in '000 -----
Undistributed income brought forward	1,684,637	1,775,971
Final distribution for the year ended June 30, 2008: 7.34% (2007: 10.50%)		
- Cash distribution	(389,760)	-
- Bonus units	(1,252,063)	(1,729,719)
Interim distribution for the quarter ended September 30, 2008: 2.85% (2007: Nil)		
(Date of distribution: October 16, 2008)		
- Cash distribution	(206,556)	-
- Bonus units	(268,945)	-
Interim distribution for the quarter ended March 31, 2009: 2.00% (2008: 2.356%)		
(Date of distribution: April 17, 2009)		
- Cash distribution	(82,405)	(125,861)
- Bonus units	(90,952)	(429,190)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' funds	758,507	9,309
Net income for the year	138,143	2,184,127
Undistributed income carried forward	<u>290,606</u>	<u>1,684,637</u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2009

	2009 ----- Rupees in '000 -----	2008 ----- Rupees in '000 -----
Net assets at the beginning of the year	24,043,799	18,248,177
Issue of 1,567,390,535 units (2008: 5,404,241,777 units)	14,016,746	54,196,314
Redemption of 3,039,206,821 units (2008: 4,820,545,112 units)	(30,336,503) (16,319,757)	(50,378,836) 3,817,478
Final Distribution		
Issue of 124,690,658 bonus units for the year ended June 30, 2008: 7.34% (2007: 10.50%)	1,252,063	1,729,719
Interim distribution: Issue of 26,666,780 bonus units for the quarter ended September 30, 2008: 2.85% (2007: Nil)	268,945	-
Issue of 9,235,273 bonus units for the quarter ended March 31, 2009: 2.00% (2008: 2.356%)	90,952	429,190
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing losses / (income) and capital losses / (gains) - transferred to Income Statement	754,174	(102,719)
- amount representing income that form part of the unit holders' funds - transferred to Distribution Statement	(758,507) (4,333)	(9,309) (112,028)
Net unrealised (diminution) / appreciation in the market value of investments classified as 'available for sale'	(272,534)	22,597
Unrealised (loss) / gain on investments at fair value through profit or loss - net	(185,086)	6,560
Unrealised gain on revaluation of futures sale contracts	-	1,446
(Loss) / gain on sale of investments - net	(215,893)	32,356
Other income (net of expenses)	539,122	2,143,765
Distribution:		
Final distribution for the year ended June 30, 2008: 7.34% (2007: 10.50%)		
- Cash distribution	(389,760)	-
- Bonus units	(1,252,063)	(1,729,719)
Interim distribution for the quarter ended September 30, 2008: 2.85% (2007: Nil)		
- Cash distribution	(206,556)	-
- Bonus units	(268,945)	-
Interim distribution for the quarter ended March 31, 2009: 2.00% (2008: 2.356%)		
- Cash distribution	(82,405)	(125,861)
- Bonus units	(90,952)	(429,190)
	(2,152,538)	(100,643)
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that form part of the unit holders' funds	758,507	9,309
Net assets at the end of the year	7,665,104	24,043,799

The annexed notes 1 to 32 form an integral part of these financial statements.

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

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year		138,143	2,184,127
Adjustments			
Unrealised loss / (gain) on investments at fair value through profit or loss - net		185,086	(6,560)
Unrealised gain on revaluation of futures sale contracts		-	(1,446)
Amortization of preliminary expenses and floatation costs		500	501
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		754,174	(102,719)
		<u>1,077,903</u>	<u>2,073,903</u>
(Increase) / decrease in assets			
Receivable against sale of investment		254,258	(254,258)
Investments		2,530,100	(5,320,194)
Loans and receivables		6,129,802	(2,299,785)
Receivable against Continuous Funding System (CFS) transactions		3,993,216	3,762,227
Dividend and profit receivable		123,260	(249,598)
Advances, deposits, prepayments and other receivables		45,445	(49,933)
		<u>13,076,081</u>	<u>(4,411,541)</u>
Increase / (decrease) in liabilities			
Payable to National Fullerton Asset Management Limited - Management Company		(15,992)	7,407
Payable to Central Depository Company of Pakistan Limited - Trustee		(1,184)	511
Payable to Securities and Exchange Commission of Pakistan		(10,285)	14,448
Payable on redemption of units		(60,697)	75,476
Accrued expenses and other liabilities		(23,145)	(12,026)
		<u>(111,303)</u>	<u>85,816</u>
Net cash inflow / (outflow) on operating activities		<u>14,042,681</u>	<u>(2,251,822)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts from issue of units		14,016,746	54,196,314
Payments on redemption of units		(30,336,503)	(50,378,836)
Distribution paid		(678,721)	(125,861)
Net cash inflow / (outflow) from financing activities		<u>(16,998,478)</u>	<u>3,691,617</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(2,955,797)</u>	<u>1,439,795</u>
Cash and cash equivalents at the beginning of the year		4,551,072	3,111,277
Cash and cash equivalents as at the end of the year	4	<u><u>1,595,275</u></u>	<u><u>4,551,072</u></u>

The annexed notes 1 to 32 form an integral part of these financial statements.

For National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1 LEGAL STATUS AND NATURE OF BUSINESS

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. The Fund offers units 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.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2- to the Management Company. The Management Company has initiated the process of obtaining the rating of the Fund with PACRA. PACRA. Previously the fund had a performance rating of "Five star" for the one year ended June 30, 2007 by JCR-VIS Credit Rating Company Limited (JCR-VIS).

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

The SECP vide SRO 411(1)/2008 dated April 28, 2008 notified the adoption of IFRS 7, Financial Instruments: Disclosures. IFRS 7 has superseded IAS 30 and the disclosure requirements of IAS 32. Adoption of this standard has only impacted the format and extent of disclosures presented in these financial statements.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets became effective from July 1, 2008. This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management has not re-classified any financial asset as a result of this amendment.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

NAFA CASH FUND

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

IAS 1 (Revised), Presentation of financial statements (effective for annual periods beginning on or after January 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective restatement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of the comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard is not expected to have a significant impact on the presentation of the financial statements.

IAS 32 (Amendment), Financial Instruments: Presentation, and IAS 1 (Amendment), Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation (effective from January 1, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. This amendment is not expected to have a significant effect on the financial statements of the Fund.

IFRS 7 (Amendment), 'Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Fund's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Fund's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or to have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments (note 3.2 and note 5)
- ii) Amortisation of preliminary expenses and floatation costs (note 3.7 and note 10)

2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair value.

2.6 Functional and Presentation Currency

These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement include demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.2 Financial assets

- 3.2.1 The Fund classifies its financial assets in the following categories: at fair value through profit or loss, available for sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

NAFA CASH FUND

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) Available for sale

These are non-derivatives financial assets that are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.

c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.2.2 Regular way contracts

All regular purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of debt securities

The SECP vide its circular no. 1/2009 dated January 06, 2009 has changed the methodology for valuation of debt securities. Under the said directive, investment in debt securities are valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP). In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities. Accordingly, investment in debt securities have been valued at the rates determined and announced by Mutual Funds Association of Pakistan (MUFAP) based on the methodology prescribed in the said circular. Prior to the issuance of the said circular investment in debt securities were valued as follows:

(i) With effect from November 5, 2008 to January 9, 2009, at the lower of discounted redeemable face value of debt securities and the market value as determined using rates notified by the MUFAP in accordance with the SECP circular no. 26/2008 dated November 5, 2008.

(ii) Prior to November 5, 2008, at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to income statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to equity until these are derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Loans and receivables are carried at amortised cost using the effective interest method.

3.2.5 Impairment

The carrying value of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under circular no. 1 of 2009 issued by the Securities and Exchange Commission of Pakistan.

As allowed under Circular No. 13 of 2009 issued by SECP the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management company in its website.

NAFA CASH FUND

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.5 Securities under resale agreements – Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of the consideration given. The CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the Income Statement and is recognised over the term of the respective transactions. Transaction costs are included in the initial measurement of all CFS transactions except for transaction costs that may be incurred on disposal.

3.6 Spread transactions (Ready-future transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as "Investment at fair value through profit or loss" and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the Net Asset Value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the Management Company, investment facilitators or distributors.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the Net Asset Value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) that form part of the Unit Holders' Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

NAFA CASH FUND

3.10 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.11 Taxation

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions, if any, and is made in accordance with the provisions of the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to avail the tax exemption under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, in future years by distributing at least ninety percent of its accounting income, if any, for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.12 Proposed distributions

Distributions declared subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such distributions are declared.

3.13 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income on reverse repurchase (reverse repo) transactions and Continuous Funding System (CFS) transactions is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the payment is established.
- Income on term finance certificates, sukuk bonds and commercial papers is recognised on time proportion basis.
- Income from clean placements and Certificates of Investment is recognised on an accrual basis.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Profit on bank deposits is recognised on an accrual basis.

3.14 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss.

	NOTE	June 30, 2009	June 30, 2008
		----- Rupees in '000 -----	
4 Balance with Banks			
Current Accounts		27	23
Saving accounts		995,248	2,751,049
Term Deposits		600,000	1,800,000
		<u>1,595,275</u>	<u>4,551,072</u>

NAFA CASH FUND

5 INVESTMENTS

	Note	June 30, 2009 ----- Rupees in '000 -----	June 30, 2008
At fair value through profit or loss - held for trading			
Equity securities - listed	5.1	-	-
Equity securities purchased under futures sales contracts	5.2	-	92,174
Units of open end mutual funds	5.3	-	75,473
Term finance certificates - listed	5.4	1,481,667	3,379,404
		<u>1,481,667</u>	<u>3,547,051</u>
Available for sale			
Term finance certificates - listed	5.5	622,193	-
Term finance certificates - unlisted	5.5	2,064,754	3,043,315
Sukuk bonds	5.5	1,253,833	1,686,387
Commercial paper	5.6	-	133,414
		<u>3,940,780</u>	<u>4,863,116</u>
		<u>5,422,447</u>	<u>8,410,167</u>

5.1 NAFA Cash Fund had entered into a Voluntary Continuous Funding System Mark-II Square Up Program (the Program) with National Clearing Company of Pakistan Limited for squaring up of its outstanding exposure in CFS. The need for this program developed due to the large number of suspension of members in December 2008 following eight days of continuous market lower locks in the underlying CFS shares posing great difficulty in squaring up and the likelihood of systemic risk emanating therein. The aim of this program was to ensure the full repayment of financier funds and prevent mass scale broker defaults enabling a vast majority of them to return from suspension.

Under the terms of the Program, CFS shares and their associated margins in the form of exposure shares, that is, those shares which were deposited as collateral against the specific shares financed in the CFS market by the relevant financee broker were sold to the financiers at a discount of 12.5% and 15% respectively to their closing prices prevailing as at December 24, 2008. The financiers opting into the program had purchased shares of an amount equal to 30% of the total value they had financed in the CFS market at the aforementioned price. The remaining 70% that they had financed in the CFS market along with the mark-up accrued thereon was to be settled in cash.

Consequent to the announcement of the Program, NAFA Cash Fund had purchased shares of an amount equal to approximately 30% of the total value that they had financed in the CFS market which were classified in the short-term investments. The remaining 70% CFS balance along with the entire mark-up accrued thereon was received subsequent to the period ended December 31, 2008.

The SECP vide its circular no. NBFC-1/MUFAP/01/2009 dated January 1, 2009, permitted all income / money market funds to keep the shares acquired under the Program for a period of three months extendable to another three months upon application to SECP. However, in case the price of these shares attained the level determined in the program, that is, 12.5% discount to the closing price as of December 24, 2008, the Fund was required to dispose of the said shares immediately. As at June 30, 2009, the Fund does not hold any shares acquired under the afore-mentioned program.

NAFA CASH FUND

5.1.1 Equity securities - listed

Name of the investee company	Number of shares					Value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
(Rupees in '000)-----%									
Fully paid ordinary shares of Rs 10 each.									
Closed-end mutual fund									
JS Value Fund	-	2,089	-	2,089	-	-	-	-	-
Pakistan Premier Fund Limited	-	1,928	-	1,928	-	-	-	-	-
PICIC Growth Fund	-	1,765	-	1,765	-	-	-	-	-
Investment banks / companies									
Arif Habib Limited	-	9,071	-	9,071	-	-	-	-	-
Arif Habib Securities Limited	-	330,869	-	330,869	-	-	-	-	-
Dawood Equities Limited	-	61	-	61	-	-	-	-	-
First National Equities Limited	-	10	-	10	-	-	-	-	-
Investment & Finance Securities Limited	-	3	-	3	-	-	-	-	-
J.O.V. & Company Limited	-	9,244	-	9,244	-	-	-	-	-
Jahangir Siddiqui & Company Limited	-	25,725	-	25,725	-	-	-	-	-
JS Investments Limited	-	693	-	693	-	-	-	-	-
Pervez Ahmed Securities Limited	-	8,389	-	8,389	-	-	-	-	-
Commercial banks									
Allied Bank Limited	-	573	-	573	-	-	-	-	-
Arif Habib Bank Limited	-	113,813	-	113,813	-	-	-	-	-
Askari Bank Limited	-	158,672	-	158,672	-	-	-	-	-
Bank Al Habib Limited	-	90	-	90	-	-	-	-	-
Bank Alfalah Limited	-	145,179	-	145,179	-	-	-	-	-
Bank Islami Pakistan Limited	-	69,587	-	69,587	-	-	-	-	-
Faysal Bank Limited	-	1,490	-	1,490	-	-	-	-	-
Habib Bank Limited	-	9,321	-	9,321	-	-	-	-	-
J. S. Bank Limited	-	81,520	-	81,520	-	-	-	-	-
MCB Bank Limited	-	24,903	-	24,903	-	-	-	-	-
Meezan Bank Limited	-	113	-	113	-	-	-	-	-
National Bank of Pakistan	-	116,049	-	116,049	-	-	-	-	-
NiB Bank Limited	-	120,366	-	120,366	-	-	-	-	-
Sikbank Limited	-	58,503	-	58,503	-	-	-	-	-
Soneri Bank Limited	-	193	-	193	-	-	-	-	-
The Bank of Punjab	-	2,877	-	2,877	-	-	-	-	-
United Bank Limited	-	28,730	-	28,730	-	-	-	-	-
Insurance									
Adamjee Insurance Company Limited	-	453	-	453	-	-	-	-	-
EFU General Insurance Limited	-	3,390	-	3,390	-	-	-	-	-
Pakistan Reinsurance Limited	-	1,658	-	1,658	-	-	-	-	-
Textile spinning									
D.S Industries Limited	-	3,819	-	3,819	-	-	-	-	-
Textile composite									
Azgard Nine Limited (Non-voting)	-	257	51	-	308	-	-	-	-
Azgard Nine Limited	-	24,825	-	24,825	-	-	-	-	-
Dawood Lawrencepur Limited	-	232	-	232	-	-	-	-	-
Nishat (Chunian) Mills Limited	-	1,763	-	1,763	-	-	-	-	-
Nishat Mills Limited	-	131,711	-	131,711	-	-	-	-	-
Synthetic and rayon									
Dewan Salman Fibre Limited	-	34,214	-	34,214	-	-	-	-	-
Cement									
Al Abbas Cement Company Limited	-	508	-	508	-	-	-	-	-
D.G Khan Cement Company Limited	-	14,499	-	14,499	-	-	-	-	-
Dewan Cement Limited	-	1,868	-	1,868	-	-	-	-	-
Fauji Cement Company Limited	-	6,371	-	6,371	-	-	-	-	-
Lucky Cement Limited	-	32,056	-	32,056	-	-	-	-	-
Maple Leaf Cement Limited	-	3,142	-	3,142	-	-	-	-	-
Pakistan Cement Limited	-	10,116	-	10,116	-	-	-	-	-
Pioneer Cement Limited	-	1,701	-	1,701	-	-	-	-	-
Thatta Cement Limited	-	1	-	1	-	-	-	-	-
Balance carried forward					308	-	-	-	-

NAFA CASH FUND

Name of the investee company	Number of shares				Value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year		As at June 30, 2009	Net Assets	Market Value of Total Investment
(Rupees in '000)						-----%		
Balance brought forward					308	-	-	-
Refinery								
Attock Refinery Limited	-	3,632	-	3,632	-	-	-	-
Bosicor Pakistan Limited	-	16,667	-	16,667	-	-	-	-
National Refinery Limited	-	288	-	288	-	-	-	-
Pakistan Refinery Limited	-	1,540	-	1,540	-	-	-	-
Power generation & distribution companies								
Kot Addu Power Company Limited	-	234	-	234	-	-	-	-
The Hub Power Company Limited	-	14,680	-	14,680	-	-	-	-
Oil & gas marketing companies								
Attock Petroleum Limited	-	1,675	-	1,675	-	-	-	-
Pakistan State Oil Company Limited	-	87,550	-	87,550	-	-	-	-
Sui Southern Gas Company Limited	-	6,784	-	6,784	-	-	-	-
Sui Northern Gas Pipelines Company Limited	-	36,011	-	36,011	-	-	-	-
Oil & gas exploration companies								
Mari Gas Company Limited	-	959	-	959	-	-	-	-
Oil and Gas Development Company Limited	-	52,007	-	52,007	-	-	-	-
Pakistan Oilfields Limited	-	42,046	-	42,046	-	-	-	-
Pakistan Petroleum Limited	-	1,993	-	1,993	-	-	-	-
Engineering								
Crescent Steel and Allied Products Limited	-	1,877	-	1,877	-	-	-	-
Dost Steel Limited	-	1,554	-	1,554	-	-	-	-
Automobile assemblers								
Honda Atlas Cars (Pakistan) Limited	-	4,773	-	4,773	-	-	-	-
Indus Motor Company Limited	-	135	-	135	-	-	-	-
Cable and electrical goods								
Pak Elektron Limited	-	3,741	-	3,741	-	-	-	-
Transport								
Pakistan International Container Terminal Limited	-	305	-	305	-	-	-	-
Technology and communications								
Eye Television Network Limited	-	9	-	9	-	-	-	-
Netsol Technologies Limited	-	355,575	-	355,575	-	-	-	-
Pakistan Telecommunication Company Limited	-	24,322	-	24,322	-	-	-	-
Telecard Limited	-	4,493	-	4,493	-	-	-	-
TRG Pakistan Limited	-	31,587	-	31,587	-	-	-	-
World Call Telecommunication Limited	-	122,506	-	122,506	-	-	-	-
Fertilizers								
Engro Chemical Pakistan Limited	-	894	-	894	-	-	-	-
Fauji Fertilizer Company Limited	-	19,287	-	19,287	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	75,893	-	75,893	-	-	-	-
Pharmaceuticals								
Searle Pakistan Limited	-	22	-	22	-	-	-	-
Chemicals								
BOC Pakistan Limited	-	73	-	73	-	-	-	-
ICI Pakistan Limited	-	156,892	-	156,892	-	-	-	-
Pakistan PTA Limited	-	20,463	-	20,463	-	-	-	-
Sitara Peroxide Limited	-	2,748	-	2,748	-	-	-	-
Paper and board								
Packages Limited	-	691	-	691	-	-	-	-
Miscellaneous								
Pace (Pakistan) Limited	-	51,752	-	51,752	-	-	-	-
Tri Pack Films Limited	-	1,198	-	1,198	-	-	-	-
					308	-	-	-

Cost of investments as at June 30, 2009

13

13

Impairment losses

NAFA CASH FUND

5.2 Equity securities purchased under future sale contracts

These securities are held under Ready-Future transactions. These securities are purchased in the ready "T+2" market and simultaneously sold in the future market. The details are as follows:

Name of the investee company	Number of shares					Value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
(Rupees in '000)-----%-----									
Fully paid ordinary shares of Rs 10 each.									
Commercial banks									
National Bank of Pakistan	220,000	-	-	220,000	-	-	-	-	-
The Bank of Punjab	20,000	-	-	20,000	-	-	-	-	-
Investment banks / companies									
Arif Habib Securities Limited	20,500	-	-	20,500	-	-	-	-	-
Jahangir Siddiqui & Company Limited	-	100,000	-	100,000	-	-	-	-	-
Cement									
Lucky Cement Limited	25,000	-	-	25,000	-	-	-	-	-
Oil and gas marketing companies									
Pakistan State Oil Company Limited	13,000	-	-	13,000	-	-	-	-	-
Oil and gas exploration companies									
Oil & Gas Development Company Limited	3,000	-	-	3,000	-	-	-	-	-
Pakistan Oil Fields Limited	10,000	22,500	-	32,500	-	-	-	-	-
Pakistan Petroleum Limited	166,500	17,500	-	184,000	-	-	-	-	-
Chemicals									
Sifara Peroxide Limited	31,500	-	-	31,500	-	-	-	-	-
Power and generation companies									
Hub Power Company Limited	36,500	-	-	36,500	-	-	-	-	-
Textile composite									
Azgard Nine Limited	-	3,100,000	-	3,100,000	-	-	-	-	-
Nishat Mills Limited	2,000	-	-	2,000	-	-	-	-	-
						-	-	-	-
						-	-	-	-
Cost of investments as at June 30, 2009						-	-	-	-

5.3 Units of open-end mutual funds

Name of the investee company	Number of shares					Value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Bonus	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Paid-up Capital of Investee Company
(Rupees in '000)-----%-----									
NAFA Income Fund	7,391,566	-	154,910	7,546,476	-	-	-	-	-
						-	-	-	-
Cost of Investment as at June 30, 2009						-	-	-	-

NAFA CASH FUND

5.4 Term finance certificates - listed

Name of the investee company	Number of certificates				Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Issue Size
(Rupees in '000)-----%								
Allied Bank Limited	27,950	-	27,950	-	-	-	-	-
Askari Bank Limited - I	13,400	-	13,400	-	-	-	-	-
Askari Bank Limited - II	8,000	-	8,000	-	-	-	-	-
Azgard Nine Limited	30,000	-	-	30,000	110,459	1.44	2.04	7.50
Bank Al Habib Limited	27,000	-	27,000	-	-	-	-	-
Bank Alfalah Limited - II	5,128	-	5,000	128	623	0.01	0.01	0.05
Bank Alfalah Limited - III	9,727	-	9,727	-	-	-	-	-
Engro Chemical Pakistan Limited	80,000	-	55,000	25,000	121,414	1.58	2.23	3.13
Escort Investment Bank Limited	10,000	-	-	10,000	49,696	0.65	0.91	10.00
Faysal Bank Limited	12,000	-	12,000	-	-	-	-	-
Gharibwal Cement Limited	5,000	-	-	5,000	22,226	0.29	0.41	6.25
Jahangir Siddiqui & Company Limited	18,000	-	-	18,000	83,616	1.09	1.54	9.00
Naimat Basal Oil & Gas Securitization Company Limited	4,000	-	4,000	-	-	-	-	-
NIB Bank Limited	72,000	5,000	40,000	37,000	170,946	2.23	3.15	4.63
Orix Leasing Pakistan Limited	50,000	-	-	50,000	206,439	2.69	3.81	10.00
Pace (Pakistan) Limited	30,000	-	-	30,000	124,450	1.62	2.30	10.00
Pak Arab Fertilizers Limited	100,000	-	55,000	45,000	214,495	2.80	3.96	4.50
Pak Elektron Limited	10,000	-	10,000	-	-	-	-	-
Pakistan Mobile Communications (Private) Limited	15,000	-	15,000	-	-	-	-	-
Saudi Pak Leasing Company Limited	15,000	-	-	15,000	55,478	0.72	1.02	10.00
Standard Chartered Bank (Pakistan) Limited	6,400	-	6,400	-	-	-	-	-
United Bank Limited - IV	120,000	-	50,000	-	70,000	4.20	5.94	5.83
					335,128	1,481,667	19.32	27.32

Carrying value of investments as at June 30, 2009

1,666,755

5.4.1 Fair value of listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan.

5.4.2 All term finance certificates have a face value of Rs 5,000 each.

5.5 Term finance certificates and sukuk bonds - available for sale

Name of the investee company	Number of certificates				Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Issue Size
(Rupees in '000)-----%								
Term finance certificate - listed								
Pakistan Mobile Communications (Private) Limited	120,000	-	35,000	85,000	408,091	5.32	7.53	10.00
World Telecom Limited	45,000	-	-	45,000	214,102	2.79	3.95	5.63
				130,000	622,193	8.11	11.48	
Term finance certificate - unlisted								
Allied Bank Limited - Pre-IPO	-	53,400	-	53,400	237,075	3.09	4.37	8.90
Avani Hotels International	35,040	-	-	35,040	163,560	2.13	3.02	5.57
Azgard Nine Limited	50,000	-	-	50,000	246,349	3.21	4.54	10.00
Dewan Cement Limited (note 5.2.3.1)	30,000	-	-	30,000	-	-	-	-
Engro Chemical Pakistan Limited	80,000	-	-	80,000	352,000	4.59	6.49	10.00
First Dawood Investment Bank Limited	6,900	-	-	6,900	25,875	0.34	0.48	10.00
Jahangir Siddiqui & Company Limited - V	21,000	-	-	21,000	96,017	1.25	1.77	8.40
New Allied Electronics Industries (Private) Limited (note 5.2.3.2)	15,000	-	-	15,000	18,121	0.24	0.33	8.33
Orix Leasing Pakistan Limited	100,000	-	95,000	5,000	489,380	6.38	9.03	0.50
Pak American Fertilizers Limited	30,000	-	-	30,000	146,067	1.91	2.69	10.00
Pakistan Mobile Communication (Private) Limited	90,000	-	23,400	66,600	290,310	3.79	5.35	9.51
				392,940	2,064,754	26.93	38.07	
Sukuk bonds								
BRR Guardian Modaraba	10,000	-	-	10,000	47,936	0.63	0.88	6.25
Century Paper and Board Mills Limited	43,000	-	10,000	33,000	160,958	2.10	2.97	6.14
Eden Builders Limited	-	7,956	-	7,956	39,838	0.52	0.73	1.16
Engro Chemical Pakistan Limited	60,000	-	-	60,000	294,780	3.85	5.44	10.00

NAFA CASH FUND

5.5 Term finance certificates and sukuk bonds - available for sale

Name of the investee company	Number of certificates				Market value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the period	Sales during the period	As at June 30, 2009		Net Assets	Market Value of Total Investment	Issue Size
						(Rupees in '000)-----%		
House Building Finance Corporation Limited	20,000	-	20,000	-	-	-	-	-
Kohat Cement Company Limited (note 5.2.3.3)	500,000	-	450,000	50,000	167,627	2.19	3.09	10.00
Maple Leaf Cement Factory Limited	80,000	-	-	80,000	360,040	4.70	6.64	5.00
National Industrial Parks	40,000	-	40,000	-	-	-	-	-
New Allied Electronics Industries (Private) Limited (note 5.2.3.4)	4,000	5,000	-	9,000	24,225	0.32	0.45	6.00
Orix Leasing Pakistan Limited	10,000	-	-	10,000	49,150	0.64	0.91	9.52
Pak Elektron Limited	19,000	5,000	-	24,000	109,279	1.43	2.02	10.00
				283,956	1,253,833	16.38	23.13	
				806,896	3,940,780	51.42	72.68	

Cost of investments as at June 30, 2009

4,475,263

Impairment losses

261,949

5.5.1 All term finance certificates and sukuk bonds have a face value of Rs 5,000 each.

5.5.2 Term finance certificates are valued as per the requirements of SECP circular No. 01/2009 dated January 06, 2009.

5.5.3 During the period ended June 30, 2009, the Fund did not receive redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:

5.5.3.1 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). During the current year, DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The management has recognised an impairment loss of Rs 61.50 million in accordance with the requirement of SECP Circular no. 01/2009. Further as a matter of prudence an additional impairment of Rs 88.50 million has also been recognised in line with the provisioning policy approved by the Board of Directors. The income accrued on these term finance certificates amounting to Rs 33.177 million has also been reversed.

5.5.3.2 This represents investment in privately placed term finance certificates. On November 15, 2008, the scheduled redemption date, principal redemption of Rs 6.250 million and profit redemption of Rs 2.774 million were not received by the Fund. The management has recognised an impairment loss of Rs 12.573 million in accordance with the requirement of SECP Circular no. 01/2009. Further as a matter of prudence an additional impairment of Rs 4.722 million has also been recognised in line with the provisioning policy approved by the Board of Directors. The income accrued on these term finance certificates amounting to Rs 7.290 million has also been reversed.

5.5.3.3 This represents investment in privately placed sukuk bonds issue with a term of five years. On December 20, 2008, that is, the scheduled redemption date, principal redemption of Rs 17.0 million and profit redemption of Rs 18.126 million were not received by the Fund. The management has recognised an impairment loss of Rs 73.873 million in accordance with the requirement of SECP Circular no. 01/2009. The income accrued on these bonds amounting to Rs 7.087 million has also been reversed.

5.5.3.4 This represents investment in privately placed sukuk bonds. On December 3, 2008, that is, the scheduled redemption date, profit redemption of Rs 3.415 million was not received by the Fund. The management has recognised an impairment loss of Rs 14.625 million in accordance with the requirement of SECP Circular no. 01/2009. Further as a matter of prudence an additional impairment of Rs 6.150 million has also been recognised in line with the provisioning policy approved by the Board of Directors. The income accrued on these bonds amounting to Rs 5.410 million has also been reversed.

NAFA CASH FUND

5.6 Commercial Paper - Available for sale

Name of the investee company	Number of certificates				Market Value as at June 30, 2009	Investment as a percentage of		
	As at July 1, 2008	Purchases during the year	Sales during the year	As at June 30, 2009		Net Assets	Market Value of Total Investment	Issue Size
Azgard Nine Limited	15,000	-	15,000	-	-	-	-	-
IGI Insurance Limited	10,000	-	10,000	-	-	-	-	-
Pak Elektron Limited	3,000	3,000	6,000	-	-	-	-	-
							(Rupees in '000)	%
Cost of investments as at June 30, 2009								

6 LOANS AND RECEIVABLES

	June 30, 2009	June 30, 2008
	----- Rupees in '000 -----	
Clean placements	-	40,000
Certificates of Investment	-	200,000
Term Deposit Receipts	300,000	6,200,000
Less: Impairment loss in loans and receivables	-	(10,198)
	<u>300,000</u>	<u>6,429,802</u>

7 RECEIVABLE AGAINST CFS TRANSACTIONS

The rates of return on CFS transactions outstanding at June 30, 2008 range between 11.06% and 38.80% per annum. No transactions are outstanding as at June 30, 2009.

8 DIVIDEND AND PROFIT RECEIVABLE

Note	2009	2008
	----- Rupees in '000 -----	
Dividend receivable on shares held under spread transactions	-	2,804
Income accrued on Continuous Funding System (CFS) transactions	-	25,204
Profit on savings and term deposits	154,104	239,415
Income accrued on term finance certificates and sukuk bonds	228,702	234,196
Income accrued on clean placements	-	149
Income accrued on Certificates of Investment	-	4,298
	<u>382,806</u>	<u>506,066</u>

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2009	2008
Security deposits with:		
- National Clearing Company of Pakistan Limited	3,500	3,500
- Central Depository Company of Pakistan Limited	100	100
Unrealised gain on revaluation of future contracts	-	1,446
Prepaid listing fee	-	16
Advance tax	1,265	-
Cash margin with National Clearing Company of Pakistan Limited	-	7,938
Prepaid annual fee - CFS MK II	-	855
Receivable from NAFA Multi Asset Fund on transfer-in of units	-	17,766
Receivable from NAFA Income Fund on transfer-in of units	508	2,682
Receivable from NAFA Stock Fund on transfer-in of units	-	16,477
Receivable from NAFA Government Securities Liquid Fund on transfer-in of units	5	-
Others	225	268
	<u>5,603</u>	<u>51,048</u>

NAFA CASH FUND

10	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	June 30, 2009	June 30, 2008
	Opening Balance	10.1	1,403	1,904
	Less: amortisation during the period		500	501
	Balance as at June 30		903	1,403

10.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from April 22, 2006 as per the requirements set out in the Trust Deed of the Fund.

11	PAYABLE TO NATIONAL FULLERTON ASSET MANAGEMENT LIMITED – MANAGEMENT COMPANY	Note	2009	2008
			----- Rupees in '000 -----	
	Management fee	11.1	9,930	27,694
	Legal charges		1,772	-
			11,702	27,694

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of one and a half percent per annum for the current year. The remuneration is paid on a monthly basis in arrears.

12	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2009	2008
			----- Rupees in '000 -----	
	Trustee fee	12.1	744	1,928

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

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2009 is as follows:

Amount of Funds Under Management (Average NAV)	Tariff per annum
Upto Rs. 1,000 million	Rs 0.7 million or 0.20% p.a. of NAV, whichever is higher
On an amount exceeding Rs. 1,000 million	Rs 2.0 million plus 0.10% p.a. of NAV exceeding Rs 1,000 million

13	PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE	Note	2009	2008
			----- Rupees in '000 -----	
	Annual Fee	13.1	12,096	22,381

13.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund with effect from November 21, 2008. Previously, annual fee of an amount equal to one tenth of one percent of the average annual net assets was accrued under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2007.

NAFA CASH FUND

14 PAYABLE ON REDEMPTION OF UNITS

Payable as at June 30, 2009 include amount of Rs 1,823 million payable to Mybank Limited and Rs 6.013 million payable to other unit holders of the Fund against pending request for redemption of units as detailed in 27.3 to these financial statements.

15 ACCRUED EXPENSES AND OTHER LIABILITIES	June 30, 2009	June 30, 2008
	----- Rupees in '000 -----	
Auditors' remuneration	290	264
Settlement charges payable	474	1,405
Payable to brokers	529	3,514
Dividend payable to brokers	-	4,026
Printing charges	552	-
Others	659	16,440
	2,504	25,649

16 CONTINGENCIES AND COMMITMENTS

16.1 Commitments

Continuous Funding System (CFS) transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase and sale transactions have not been settled as at year end

- 1,106,535

Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transactions have not been settled as at year end

- 95,494

16.2 There are no contingencies outstanding as at June 30, 2009 and June 30, 2008.

17 NET ASSET VALUE PER UNIT

The Net Asset Value 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 year end.

18 PROFIT ON BANK DEPOSITS

2009	2008
----- Rupees in '000 -----	
Income on savings deposits	127,106
Income on term deposits	114,793
526,345	660,595
653,451	775,388

19 AUDITORS' REMUNERATION

	2009	2008
Audit fee	275	250
Half yearly review	110	100
Out of pocket expenses	37	12
	422	362

20 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 year as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders.

NAFA CASH FUND

21 EARNINGS PER UNIT

Earnings per unit (EPU) for the year ended June 30, 2009 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

22 TRANSACTIONS WITH CONNECTED PERSONS

22.1 Connected persons include National Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being Trustee, National Bank of Pakistan, NIB Bank Limited 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.

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

22.3 Remuneration and front-end load payable to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

22.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

22.5 Details of the transactions with connected persons are as follows:

	For the period ended June 30, 2009	For the period ended June 30, 2008
	----- Rupees in '000 -----	
National Fullerton Asset Management Limited - Management Company		
Management fee expense for the year	202,209	335,722
Investment made by the Management Company in the Fund (Nil units; 2008: 1,925,948 units)	-	20,000
Units redeemed / transferred out (Nil units; 2008: 7,488,252 units)	-	80,011
Bonus units issued (Nil units; 2008: 527,242 units)	-	5,287
NAFA Provident Fund Trust		
Units issued (Nil units; 2008: 325,277 units)	-	3,450
Units redeemed / transferred out (208,249 units; 2008: Nil units)	2,000	-
Bonus units issued (48,920 units; 2008: 12,602 units)	491	128
National Bank of Pakistan - Sponsor		
Units issued / transferred in (48,214,148 units; 2008: Nil units)	500,000	-
Units redeemed (48,214,148 units; 2008: 4,683,665 units)	486,910	50,000
Bonus units issued (Nil units; 2008: 785,356 units)	-	7,875
Cash dividend	18,138	-
Borrowing charges	47,750	-
NIB Bank Limited - Sponsor		
Units redeemed / transferred out (20,000,000 units; 2008: 2,514,074 units)	197,366	25,782
Income on bank deposits	37,322	13,710
Term deposits availed during the year	-	1,800,000
Income on term deposits	-	32,078
Bonus units issued (Nil units; 2008: 2,134,074 units)	-	21,399
Cash dividend	24,418	-
Borrowing charges	13,679	-
Alexandra Fund Management Pte. Limited - Sponsor		
Bonus units issued (1,450,449 units; 2008: 1,318,236 units)	14,529	13,352
Units redeemed / transferred out (4,047,313 units; 2008: Nil units)	40,000	-
Chief Executive Officer		
Units issued / transferred in (Nil units; 2008: 18,205,087 units)	-	190,664
Units redeemed / transferred out (3,403,635 units; 2008: 15,222,867 units)	34,524	159,211
Bonus units issued (232,417 units; 2008: 80,586 units)	2,334	845

NAFA CASH FUND

	For the period ended June 30, 2009	For the period ended June 30, 2008
	----- Rupees in '000 -----	
Spouse of Chief Executive		
Units redeemed / transferred out (1,010 units; 2008: 1,812 units)	10	19
Bonus units issued (2,337 units; 2008: 2,328 units)	23	24
Employees of Management Company		
Units issued / transferred in (4,050,018 units; 2008: 4,981,529 units)	40,535	52,515
Units redeemed / transferred out (4,240,684 units; 2008: 4,534,150 units)	42,477	47,878
Bonus units issued (64,512 units; 2008: 19,754 units)	646	265
Chief Financial Officer		
Units issued / transferred in (75,984 units; 2008: 177,755 units)	765	1,848
Units redeemed / transferred out (75,984 units; 2008: 179,129 units)	771	1,863
Bonus units issued (Nil units; 2008: 1,373 units)	-	15
NAFA Multi Asset Fund		
Units issued / transferred in (20,752,095 units; 2008: 80,255,050 units)	215,000	840,000
Units redeemed / transferred out (41,483,558 units ; 2008: 61,824,900 units)	409,170	647,757
Bonus units issued (1,962,029 units; 2008: 339,284 units)	19,727	3,582
NAFA Stock Fund		
Units issued / transferred in (7,239,103 units; 2008: 21,067,490 units)	75,000	225,000
Units redeemed / transferred out (9,953,120 units; 2008: 18,729,398 units)	96,587	200,000
Bonus units issued (375,925 units; 2008: Nil units)	3,784	-
NAFA Income Fund		
Investment held by the Fund:		
Units issued / transferred in (Nil units; 2008: 7,391,566 units)	-	75,000
Units redeemed / transferred out (7,546,476 units; 2008: Nil units)	75,613	-
Bonus units issued (154,910 units; 2008: Nil units)	1,549	-
Investment held in the Fund:		
Units issued / transferred in (13,615,161 units; 2008: Nil units)	140,000	-
Units redeemed / transferred out (13,860,405 units; 2008: Nil units)	133,954	-
Bonus units issued (245,244 units; 2008: Nil units)	2,473	-
Central Depository Company of Pakistan Ltd. - Trustee		
Remuneration	14,480	23,381
Units issued / transferred in (Nil units; 2008: 17,868,868 units)	-	186,847
Units redeemed / transferred out (8,998,612 units; 2008: 12,395,789 units)	91,572	131,327
Bonus units issued (795,494 units; 2008: 401,512 units)	7,996	4,110
CDS charges	369	4,837
NAFA Islamic Income Fund		
Payment for purchase of sukuk bonds	25,881	-
NAFA Islamic Multi Asset Fund		
Payment for purchase of sukuk bonds	25,892	-

NAFA CASH FUND

	As at June 30, 2009	As at June 30, 2008
	----- Rupees in '000 -----	
22.6		
Amounts outstanding as at year end		
National Fullerton Asset Management Limited - Management Company		
Management fee payable	9,930	27,694
Legal charges payable	2,281	-
Other receivable from the management company	(509)	(268)
NAFA Employees Provident Fund Trust		
Investment held by NAFA Provident Fund Trust (262,374 units; 2008: 421,703 units)	2,649	4,545
National Bank of Pakistan - Sponsor		
Investment held by the sponsor in the Fund (3,601,691 units; 2008: 3,601,691 units)	36,362	38,815
Balances in savings account	94	1,632
NIB Bank Limited - Sponsor		
Investment held by the sponsor in the Fund (Nil units; 2008: 20,000,000 units)	-	215,538
Balances in savings account	303,323	403,499
Profit receivable on bank deposits	98	1,052
Investment in term finance certificates	170,946	-
Profit receivable on term finance certificates	8,184	-
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund (8,911,372 units; 2008: 11,508,236 units)	89,968	124,023
Chief Executive Officer		
Investment held by the Chief Executive Officer (Nil units; 2008: 3,171,218 units)	-	34,176
Spouse of Chief Executive		
Investment held in the Fund (20,080 units; 2008: 18,753 units)	203	202
Employees of Management Company		
Investment held in the Fund (445,667 units; 2008: 533,915 units)	4,499	5,754
NAFA Multi Asset Fund		
Investment held in the Fund (Nil units; 2008: 18,769,434 units)	-	202,276
NAFA Stock Fund		
Investment held in the Fund (Nil units; 2008: 2,338,092 units)	-	25,197
NAFA Income Fund		
Investment held by the Fund (Nil units; 2008: 7,391,566 units)	-	75,473
Central Depository Company of Pakistan Ltd. - Trustee		
Remuneration payable	744	1,928
Investment held in the Fund (Nil units; 2008: 8,203,118 units)	-	88,404
CDS charges	-	1,405
Security deposit	100	100

NAFA CASH FUND

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follow:

	Qualification	Experience in years
1. Dr. Amjad Waheed	MBA, Doctorate in Business Administration, CFA	21
2. Sajjad Anwar	MBA, CFA	09
3. Rukhsana Narejo	MBA (Banking and Finance), CFA	09
4. Khurram Shehzad	MBA (Finance), CFA	11
5. Ahmed Nouman	EMBA	13
6. Abdul Rehman Warriach	B.A, LLB, CFA, FRM	14

23.1 Ms. Rukhsana Narejo is the fund manager of the Fund. She is also the fund manager of NAFA Income Fund and NAFA Government Securities Liquid Fund.

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

2009

1	Moosani Securities (Private) Limited	17.40%
2	Alfalsh Securities (Private) Limited	17.26%
3	Dawood Equities Limited	13.14%
4	BMA Capital Management Limited	9.81%
5	Js Global Capital Limited	9.75%
6	Live Securities (Private) Limited	5.83%
7	Global Securities Pakistan Limited	4.41%
8	FDM Capital Securities (Private) Limited	4.00%
9	Al-Habib Capital Markets (Private) Limited	3.42%
10	First Capital Equities Limited	2.67%

2008

1	Dawood Equities Limited	19.28%
2	Escorts Investment Bank Limited	11.58%
3	Noman Abid and Company Limited	6.87%
4	Live Securities (Private) Limited	6.59%
5	BMA Capital Management Limited	5.16%
6	Al-Hoqani Securities and Investment Corporation (Private) Limited	3.83%
7	Alfalsh Securities (Private) Limited	3.66%
8	Orix Investment Bank Pakistan Limited	3.17%
9	FDM Capital Securities (Private) Limited	3.12%
10	Atlas Capital Markets (Private) Limited	3.06%

NAFA CASH FUND

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 17th, 18th, 19th, 20th and 21st Board meetings were held on July 3, 2008, August 11, 2008, October 16, 2008, February 17, 2009 and April 17, 2009 respectively. Information in respect of attendance by Directors in the meetings is given below:

Name of director	Number of meetings			Meetings not attended
	Held	Attended	Leave Granted	
Mr. Masood Karim	5	3	2	18th 21st, meeting
Dr Amjad Waheed	5	5	-	
Mr. Gerard Lee	5	5	-	
Mr. Iqbal Hassan (Resigning Director)	3	2	1	19th meeting
Patrick Pang	5	5	-	
Shahid Anwar Khan	5	4	1	20th meeting
Masroor Qureshi (Resigning Director)	1	-	1	17th meeting
Habib Yousuf Habib (Resigning Director)	1	1	-	
Raymond H. Kotwal (New Director)	3	2	1	20th meeting
Syed Naseer ul Hasan (New Director)	3	3	-	

26 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at June 30, 2009-----

	Loans and receivables	Assets at fair value through profit or loss	Available for Sale	Total
-----Rupees in '000-----				
Assets				
Balances with banks	1,595,275	-	-	1,595,275
Investments	-	1,481,667	3,940,780	5,422,447
Loans and receivables	300,000	-	-	300,000
Dividend and profit receivable	382,806	-	-	382,806
Advances, deposits and other receivables	4,338	-	-	4,338
	<u>2,282,419</u>	<u>1,481,667</u>	<u>3,940,780</u>	<u>7,704,866</u>

-----As at June 30, 2009-----

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
-----Rupees in '000-----			
Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company	-	11,702	11,702
Payable to Central Depository Company of Pakistan Limited - Trustee	-	744	744
Payable on redemption of units	-	14,884	14,884
Accrued expenses and other liabilities	-	2,504	2,504
	<u>-</u>	<u>29,834</u>	<u>29,834</u>

NAFA CASH FUND

26

-----As at June 30, 2008-----

Loans and receivables	Assets at fair value through profit or loss	Available for Sale	Total
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-----Rupees in '000-----

Assets				
Balances with banks	4,551,072	-	-	4,551,072
Receivable against sale of investments	254,258	-	-	254,258
Investments	-	3,547,051	4,863,116	8,410,167
Loans and receivables	6,429,802	-	-	6,429,802
Receivable against Continuous Funding System (CFS) transactions	3,993,216	-	-	3,993,216
Dividend and profit receivable	506,066	-	-	506,066
Advances, deposits and other receivables	51,048	-	-	51,048
	<u>15,785,462</u>	<u>3,547,051</u>	<u>4,863,116</u>	<u>24,195,629</u>

-----As at June 30, 2008-----

Liabilities at fair value through profit or loss	Other financial liabilities	Total
--	-----------------------------	-------

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

Liabilities			
Payable to National Fullerton Asset Management Limited - Management Company	-	27,694	27,694
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,928	1,928
Payable on redemption of units	-	75,581	75,581
Accrued expenses and other liabilities	-	25,649	25,649
	<u>-</u>	<u>130,852</u>	<u>130,852</u>

27 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

27.1 Market risk

Market risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

27.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

NAFA CASH FUND

27.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is mainly exposed to mark-up / interest rate risk on its debt investment portfolio. Interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing term finance certificates and sukuk bonds exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2009, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 26.730 million (2008: Rs 49.971 million).

(b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds no fixed rate instruments.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Further, in case of variable instruments, the sensitivity analysis has been performed from the last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date and for off balance sheet instruments based on settlement date.

-----As at June 30, 2009-----

Effective interest rate (in percentage)	Total	-Exposed to yield / interest rate risk-			Not exposed to yield / interest rate risk
		Upto three months	Over three months and upto one year	Over one year	

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

On-balance sheet financial instruments

Financial assets

Balances with banks	1.50 - 15.50	1,595,275	1,595,248	-	-	27
Investments	10.55 - 18.52	5,422,447	2,932,025	2,280,434	-	209,988
Loans and receivables	10.5 - 18.00	300,000	-	300,000	-	-
Dividend and profit receivable		382,806	-	-	-	382,806
Advances and deposits		4,338	-	-	-	4,338
		<u>7,704,866</u>	<u>4,527,273</u>	<u>2,580,434</u>	<u>-</u>	<u>597,159</u>

Financial liabilities

Accrued expenses and other liabilities		2,504	-	-	-	2,504
Payable against redemption of units		14,884	-	-	-	14,884
Payable to National Fullerton Asset Management Limited - Management Company		11,702	-	-	-	11,702
Payable to Central Depository Company of Pakistan Limited - Trustee		744	-	-	-	744
		<u>29,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,834</u>
On-balance sheet gap		<u>7,675,032</u>	<u>4,527,273</u>	<u>2,580,434</u>	<u>-</u>	<u>567,325</u>

NAFA CASH FUND

-----As at June 30, 2008-----

Effective interest rate (in percentage)	Total	--Exposed to yield / interest rate risk--			Not exposed to yield / interest rate risk
		Upto three months	Over three months and upto one year	Over one year	

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

On-balance sheet financial instruments

Financial assets

Balances with banks	1.30 - 13.00	4,551,072	4,551,049	-	-	23
Receivable against sale of investments		254,258	-	-	-	254,258
Investments	10.24 - 16.32	8,410,167	87,614	8,154,907	-	167,646
Loans and receivables	10.5 - 18.00	6,429,802	2,100,000	1,800,000	2,529,802	-
Receivable against Continuous Funding System (CFS) transactions	11.06 - 38.80	3,993,216	3,993,216	-	-	-
Dividend and profit receivable		506,066	-	-	-	506,066
Advances and deposits		51,048	-	-	-	51,048
		<u>24,195,629</u>	<u>10,731,879</u>	<u>9,954,907</u>	<u>2,529,802</u>	<u>979,041</u>

Financial liabilities

Accrued expenses and other liabilities		25,649	-	-	-	25,649
Payable against redemption of units		75,581	-	-	-	75,581
Payable to National Fullerton Asset Management Limited - Management Company		27,694	-	-	-	27,694
Payable to Central Depository Company of Pakistan Limited - Trustee		1,928	-	-	-	1,928
		<u>130,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,852</u>
On-balance sheet gap		<u>24,064,777</u>	<u>10,731,879</u>	<u>9,954,907</u>	<u>2,529,802</u>	<u>848,189</u>

Off-balance sheet financial instruments

CFS transactions (including transactions to be rolled over) entered into by the Fund in respect of which the purchase and sale transactions has not been settled as at June 30, 2008	14.55 - 49.94	1,106,535	1,106,535	-	-	-
Spread transactions (including transactions to be rolled over) entered into by the Fund in respect of which the sale transactions have not been settled as at year end		95,494	95,494	-	-	-
Off-balance sheet gap		<u>1,202,029</u>	<u>1,202,029</u>	<u>-</u>	<u>-</u>	<u>-</u>

27.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Fund is not exposed to equity securities price risk as the Fund does not hold any equity securities as at June 30, 2009.

27.2 Credit Risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon.

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

The analysis below summarises the credit quality of the Fund's financial assets:

Balances with banks	2009	2008
	Rupees '000	
A	995,265	2,751,072
P-1	10	-
	<u>995,275</u>	<u>2,751,072</u>

NAFA CASH FUND

Investments - Term finance certificates and sukuk bonds	2009	2008
	Rupees '000	
AAA+, AAA, AAA-	-	31,655
AA+, AA, AA-	3,707,150	5,378,472
A+, A, A-	1,401,731	1,726,104
BBB+, BBB, BBB-	77,704	-
BB+, BB, BB-	25,875	-
D	42,347	-
Non-rated	167,627	1,106,289
	<u>5,422,434</u>	<u>8,242,520</u>

Receivable against investment represent receivable from clearing house where credit risk is minimal due to inherent systematic measures taken therein. Dividend receivable does not carry any credit risk due to statutory protections.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets.

27.3 Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	-----As at June 30, 2009-----			
	Total	Upto three months	Over three months and upto one year	Over one year
	-----Rupees in '000-----			
Liabilities				
Payable to National Fullerton Asset Management Limited – Management Company	11,702	11,702	-	-
Payable to Central Depository Company of Pakistan Limited – Trustee	744	744	-	-
Payable on redemption of units	14,884	14,884	-	-
Accrued expenses and other liabilities	2,504	2,504	-	-
	<u>29,834</u>	<u>29,834</u>	<u>-</u>	<u>-</u>

NAFA CASH FUND

As at June 30, 2008

Total	Upto three months	Over three months and upto one year	Over one year
Rupees in '000			
Liabilities			
Payable to National Fullerton Asset Management Limited – Management Company	27,694	27,694	-
Payable to Central Depository Company of Pakistan Limited – Trustee	1,928	1,928	-
Payable on redemption of units	75,581	75,581	-
Accrued expenses and other liabilities	25,649	25,649	-
	<u>130,852</u>	<u>130,852</u>	<u>-</u>

28 UNIT HOLDERS' FUND RISK MANAGEMENT

The Unit Holders' Fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

Currently, the Fund has no restrictions on the subscription and redemption of units and no specific capital requirement.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management.

In accordance with the risk management policies stated in note 29, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Pattern of unit holding is as follows:

As at June 30, 2009

Category	Number of units holder	Investment amount	Percentage investment
(Rupees in '000)			
Individuals	1,879	922,729	12.04%
Associated companies / Directors	2	126,331	1.65%
Insurance companies	8	310,647	4.05%
Bank / DFIs	8	3,680,036	48.01%
NBFCs	-	-	0.00%
Retirement funds	79	1,429,888	18.65%
Public limited companies	38	849,626	11.08%
Others	44	345,847	4.51%
	<u>2,058</u>	<u>7,665,104</u>	<u>100.00%</u>

As at June 30, 2008

Category	Number of units holder	Investment amount	Percentage investment
(Rupees in '000)			
Individuals	4,137	2,789,596	11.60%
Associated companies / Directors	4	412,552	1.72%
Insurance companies	17	445,060	1.85%
Bank / DFIs	28	7,476,060	31.09%
NBFCs	3	5,007	0.02%
Retirement funds	-	-	0.00%
Public limited companies	37	4,284,451	17.82%
Others	384	8,631,073	35.90%
	<u>4,610</u>	<u>24,043,799</u>	<u>100.00%</u>

NAFA CASH FUND

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically repriced.

30 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 3, 2009 approved a distribution at the rate of 2.00 percent (2008: 7.34 percent.). The financial statements of the Fund for the year ended June 30, 2009 do not include the effect of the distribution which will be accounted for in the financial statements of the Fund for the year ended June 30, 2010.

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 31, 2009.

32 GENERAL

Figures have been rounded off to the nearest thousand rupees.

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 National Fullerton Asset Management Limited
(Management Company)

Dr. Amjad Waheed, CFA
Chief Executive

Masood Karim Shaikh, FCA
Chairman

NAFA CASH FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2009	For the year ended June 30, 2008	For the year ended June 30, 2007	For the year ended June 30, 2006
Net assets (Rs. '000')	7,665,104	24,043,799	18,248,177	3,874,369
Net Income (Rs. '000')	138,143	2,184,127	1,773,340	72,844
Net Asset Value per units (Rs.)	9.8959	10.0410	10.0273	10.0016
Offer price per unit	9.8959	10.0410	10.0273	10.0016
Redemption price per unit	9.8959	10.0410	10.0273	10.0016
Highest offer price per unit (Rs.)	9.6888	9.8221	10.0273	10.0016
Lowest offer price per unit (Rs.)	9.0403	9.0583	8.9543	9.8163
Highest redemption price per unit (Rs.)	9.6888	9.8221	10.0273	10.0016
Lowest redemption price per unit (Rs.)	9.0403	9.0583	8.9543	9.8163
Total return of the fund	5.49%	9.83%	10.76%	1.92%
Capital growth	-1.36%	0.13%	0.26%	0.02%
Income distribution	6.85%	9.70%	10.50%	1.90%
Distribution				
Interim distribution per unit	0.4850	0.2356	-	-
Final distribution per unit	0.2000	0.7359	1.05	0.19
Distribution dates				
Interim	16-Oct-08 & 17-Apr-09	15-Apr-08	-	-
Final	3-Jul-09	3-Jul-08	5-Jul-07	4-Jul-06
Average annual return (launch date 22-04-2006)				
(Since inception to June 30, 2009)	8.78%			
(Since inception to June 30, 2008)		10.31%		
(Since inception to June 30, 2007)			10.80%	
(Since inception to June 30, 2006)				10.00%
Portfolio Composition (Please see Fund Manager Report)				
Weighted average portfolio duration	2 Years	2 Years	2 Years	2 Years

"Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up."

