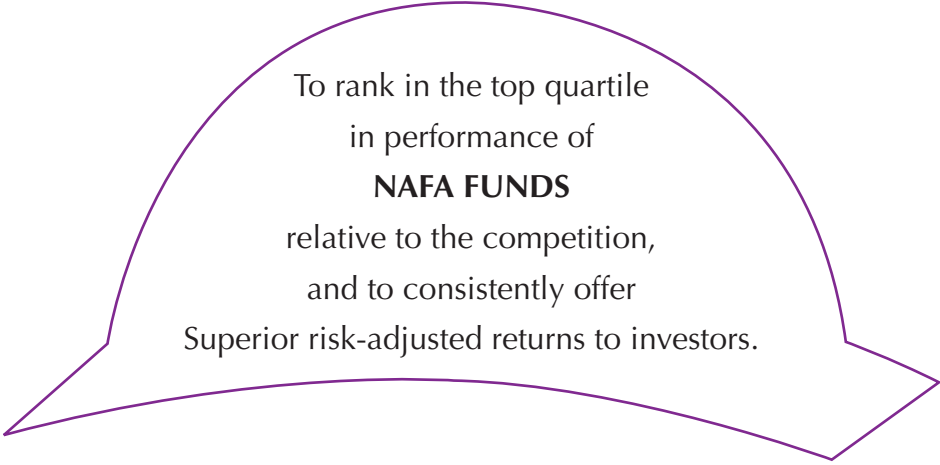


MISSION STATEMENT



To rank in the top quartile
in performance of
NAFA FUNDS
relative to the competition,
and to consistently offer
Superior risk-adjusted returns to investors.

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

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NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

(Formerly National Fullerton Asset Management Limited)

Board of Directors of the Management Company

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

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

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

Trustee

Central Depository Company of Pakistan Limited (CDC)

CDC House, 99-B, Block "B" S.M.C.H.S.,

Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

Allied Bank Limited
Arif Habib Bank Limited
Askari Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
My Bank Limited
National Bank of Pakistan
NIB Bank Limited
SILK Bank Limited
Soneri Bank Limited
Standard Chartered Bank (PAK) Limited
The Bank of Khyber
The Bank of Punjab
Royal Bank of Scotland Limited
United Bank Limited
Samba Bank Limited

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants
Sheikh Sultan Trust Building No. 2,
Beaumont Road,
Karachi, 75530 Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

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

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

DIRECTORS' REPORT

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

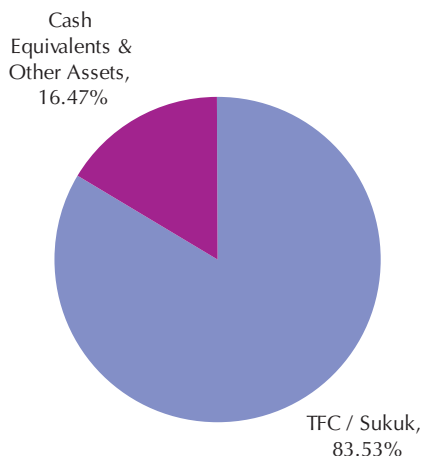
Fund's Performance

The size of NAFA Income Opportunity fund (Formerly; NAFA Cash Fund) has reduced from Rs. 3,915 million to Rs. 2,869 million i.e. a decline of 26.72%, during the first nine months period in this Fiscal Year. During the said period, the unit price of the Fund has increased from Rs. 9.6743 (Ex – Div) on June 30, 2010 to Rs. 10.1459 on March, 2011, thus showing an annualized return of 6.55% as compared to its Benchmark (6-Month KIBOR) annualized return of 13.11% for the same period. During the third quarter, the unit price of the Fund has increased from Rs. 9.9860 (Ex – Div) on December 31, 2010 to Rs. 10.1459 on March, 2011, thus showing an annualized return of 6.65% as compared to its Benchmark (6-Month KIBOR) annualized return of 13.74% for the same period. Benchmark changed w.e.f. 15-12-2010. Previous Benchmark was 1-Month KIBOR.

There continues to be a marginal improvement in market's demand for debt securities of high rated issuers'. Many of the non-performing securities have been restructured within this fiscal year. The coupon rates of all TFCs in your Fund are floating and linked to KIBOR, which depicted a rising trend during the period.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a stability rating of A(f) to the Fund.

The Fund has earned total income of Rs.301.47 million during the period. After deducting expenses of Rs.72.98 million, the net income is Rs.228.49 million, translating into earning per unit of Rs.0.4716. The asset allocation of the Fund as on March 31, 2011 is as follows:



NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Income Distribution

The Board of Directors of the Management Company, in addition to interim distribution of 1.974% has also approved a further interim distribution of 1.974%.

Acknowledgement

The Board takes this opportunity to thank its valued unit-holders for their confidence and trust in the Management Company, and providing the opportunity to serve them. It also offers its sincere gratitude to the Securities & Exchange Commission of Pakistan and State Bank of Pakistan for their patronage and guidance.

The Board also wishes to place on record its appreciation for the hard work, dedication and commitment shown by the staff and the Trustee.

On behalf of the Board of
NBP Fullerton Asset Management Limited
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: April 19, 2011
Place: Karachi.

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Statement of Assets and Liabilities (Un-audited) As at 31 March 2011

	Note	31 March 2011 (Un-audited)	30 June 2010 (Audited)
(Rupees in '000)			
ASSETS			
Balances with banks	4	739,680	707,537
Investments	5	2,396,818	3,082,011
Deposits, prepayments and other receivables		4,301	5,241
Profit receivable	6	211,859	138,780
Preliminary expenses and floatation costs		29	403
Total assets		3,352,687	3,933,972
LIABILITIES			
Payable to Management Company		3,627	4,352
Payable to Central Depository Company of Pakistan Limited - Trustee		278	406
Payable to Securities and Exchange Commission of Pakistan		1,959	4,196
Payable against redemption of units		440,064	678
Accrued expenses and other liabilities	7	37,413	9,434
Total liabilities		483,341	19,066
Net assets		2,869,346	3,914,906
Unit holders' funds (as per statement attached)		2,869,346	3,914,906
Contingencies and commitments			
	8	Number of Units	
Number of units in issue		282,807,387	396,678,456
Rupees			
Net asset value per unit		10.1459	9.8692

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Income Statement (Un-audited) For the nine months and quarter ended 31 March 2011

	Note	Nine months ended		Quarter Ended	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in '000)-----					
INCOME					
Gain / (loss) on sale of investments - net		12,815	(13,602)	10,016	(2,307)
Profit on bank deposits and term deposit receipts		39,628	88,295	8,871	15,826
Income from term finance certificates, sukuk bonds and commercial papers		312,531	471,727	83,410	123,974
Income from treasury bills		-	7,847	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'		2,866	66,177	(10,162)	(13,716)
Total income		367,840	620,444	92,135	123,777
EXPENSES					
Remuneration of Management Company		39,179	68,703	11,466	17,031
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,211	5,331	859	1,382
Annual fee - Securities and Exchange Commission of Pakistan		1,959	3,435	573	852
Annual listing fee		30	22	10	7
Brokerage and other transaction costs		-	45	-	-
Settlement charges and bank charges		572	445	252	190
Auditors' remuneration		372	345	86	72
Impairment loss on investments classified as 'available for sale & held for trading'		22,398	229,485	27,255	32,491
Stability rating fee		150	144	50	63
Legal and professional charges		65	164	40	118
Amortisation of preliminary expenses and floatation costs		374	374	124	124
Other expenses		8	793	240	272
Total expenses		68,318	309,286	40,955	52,602
Net income / (loss) from operating activities		299,522	311,158	51,180	71,175
Element of loss and capital losses included in prices of units issued less those in units redeemed- net		(66,369)	(93,924)	(47,289)	(6,177)
Provision for Workers' Welfare Fund	10	(4,663)	-	(78)	-
Net income / (loss) for the period before taxation		228,490	217,234	3,813	64,998
Taxation	9	-	-	-	-
Net income / (loss) for the period after taxation		228,490	217,234	3,813	64,998

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Statement of Comprehensive Income (Un-audited) For the nine months and quarter ended 31 March 2011

	Note	Nine months ended		Quarter Ended	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in '000)-----					
Net income / (loss) for the period after taxation		228,490	217,234	3,813	64,998
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'		(158,699)	(30,203)	(15,308)	(71,525)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets		7,051	-	(2,964)	-
Total comprehensive income for the period		<u>76,842</u>	<u>187,031</u>	<u>(14,459)</u>	<u>(6,527)</u>

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Distribution Statement (Un-audited) For the nine months and quarter ended 31 March 2011

	Nine months ended		Quarter Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	----- (Rupees in '000)-----			
Undistributed income brought forward	198,814	290,606	448,142	213,581
Final distribution for the year ended June 30, 2010: Nil (2009:2.00%)				
- Bonus units	-	(78,184)	-	-
- Cash distribution	-	(73,660)	-	-
Interim distribution for the quarter ended September 30, 2010: Nil (2009:1.979%)				
- Bonus units	-	(53,704)	-	-
- Cash distribution	-	(64,874)	-	-
Interim distribution for the half year ended December 31, 2010: 1.974% (2009:1.979%)				
- Bonus units	(22,272)	(37,437)	(22,272)	(37,437)
- Cash distribution	(34,071)	(52,215)	(34,071)	(52,215)
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	73,109	46,367	48,458	5,206
Net income / (loss) for the period after taxation	228,490	217,234	3,813	64,998
Undistributed income carried forward	<u>444,070</u>	<u>194,133</u>	<u>444,070</u>	<u>194,133</u>

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Statement of Movement in Unit Holder's Fund (Un-audited) For the nine months and quarter ended 31 March 2011

	Nine months ended		Quarter Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in '000)-----				
Net assets at beginning of the period	3,914,906	7,665,104	3,486,287	4,825,139
Issue of 2,923,148 units including 2,272,866 bonus units (2010: 195,298,479 units including 17,205,347 bonus units)	6,480	1,785,984	3,088	26,366
Redemption of 116,794,217 units (2010: 506,889,808 units)	(1,161,180)	(5,119,707)	(618,788)	(334,629)
	(1,154,700)	(3,333,723)	(615,700)	(308,263)
Issue of bonus units in respect of final distribution for the year ended 30 June 2010: Nil (2009: 2.00%)	-	78,184	-	-
Issue of bonus units in respect of interim distribution for the quarter ended 30 September 2010: Nil (2009: 1.979%)	-	53,704	-	-
Issue of bonus units in respect of interim distribution for the half year ended December 31 2010: 1.974% (2009: 1.979%)	22,272	37,437	22,272	37,437
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	66,369	93,924	47,289	6,177
- amount representing (income) / loss - that form part of the unit holders' funds	(73,109)	(46,367)	(48,458)	(5,206)
	(6,740)	47,557	(1,169)	971
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(158,699)	(30,203)	(15,308)	(71,525)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	7,051	42,724	(2,964)	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	2,866	66,177	(10,162)	(13,716)
Gain / (loss) on sale of investments - net	12,815	(13,602)	10,016	(2,307)
Other operating income / (loss)	212,809	164,659	3,959	81,021
Net income / (loss) for the period after taxation	228,490	217,234	3,813	64,998
Distributions:				
Final distribution for the year ended 30 June 2010: Nil (2009: 2.00%)				
- Bonus distribution	-	(78,184)	-	-
- Cash distribution	-	(73,660)	-	-
Interim distribution for the quarter ended 30 September 2010: Nil (2009: 1.979%)				
- Bonus distribution	-	(53,704)	-	-
- Cash distribution	-	(64,874)	-	-
Interim distribution for the half year ended 31 December 2010: 1.974%(2009:1.979%)				
- Bonus distribution	(22,272)	(37,437)	(22,272)	(37,437)
- Cash distribution	(34,071)	(52,215)	(34,071)	(52,215)
	(56,343)	(360,074)	(56,343)	(89,652)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed	73,109	46,367	48,458	5,206
Net assets as at end of the period	2,869,346	4,464,311	2,869,346	4,464,311

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Condensed Interim Cash Flow Statement (Un-audited) For the nine months and quarter ended 31 March 2011

	Nine months ended		Quarter Ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	228,490	217,234	3,813	64,998
Adjustments:				
Net unrealised (appreciation) / diminution in the fair value of investments classified as financial assets at 'fair value through profit or loss' - net	(2,866)	(66,177)	10,162	13,716
Amortisation of preliminary expenses and floatation costs	374	374	124	124
(Gain) / loss on sale of investments	(12,815)	13,602	(10,016)	2,307
Impairment loss on investments classified as 'available for sale'	-	229,485	4,857	32,491
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	66,369	93,924	47,289	6,177
	<u>279,552</u>	<u>488,442</u>	<u>56,229</u>	<u>119,813</u>
(Increase) / decrease in assets				
Investments - net	549,226	1,713,417	123,767	243,953
Loans and receivables	-	300,000	-	-
Deposits, prepayments and other receivables	940	(192)	(40)	3,397
Profit receivable	(73,079)	210,796	(12,689)	(6,885)
	<u>477,087</u>	<u>2,224,021</u>	<u>111,038</u>	<u>240,465</u>
Increase / (decrease) in liabilities				
Payable to Management Company	(725)	(6,513)	(291)	(739)
Payable to Central Depository Company of Pakistan Limited Trustee	(128)	(277)	(101)	(50)
Payable to Securities and Exchange Commission of Pakistan	(2,237)	(8,661)	573	852
Accrued expenses and other liabilities	27,979	(1,419)	23,526	(1,254)
	<u>24,889</u>	<u>(16,870)</u>	<u>23,707</u>	<u>(1,191)</u>
Net cash inflow from operating activities	<u>781,528</u>	<u>2,695,593</u>	<u>190,974</u>	<u>359,087</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts against issue of units	6,480	1,785,984	3,088	26,366
Net payments against redemption of units	(721,794)	(5,134,560)	(178,724)	(372,528)
Distributions paid during the period	(34,071)	(190,748)	(34,071)	(52,214)
Net cash outflow from financing activities	<u>(749,385)</u>	<u>(3,539,324)</u>	<u>(209,707)</u>	<u>(398,376)</u>
Net decrease in cash and cash equivalents during the period	<u>32,143</u>	<u>(843,731)</u>	<u>(18,733)</u>	<u>(39,289)</u>
Cash and cash equivalents at beginning of the period	<u>707,537</u>	<u>1,595,275</u>	<u>758,413</u>	<u>790,833</u>
Cash and cash equivalents at end of the period	<u><u>739,680</u></u>	<u><u>751,544</u></u>	<u><u>739,680</u></u>	<u><u>751,544</u></u>

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

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Notes to and forming part of the Condensed Interim Financial information (Un-audited) For the nine months and quarter ended 31 March 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Income Opportunity Fund (Formerly;NAFA Cash Fund) was established under a Trust Deed executed between National Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 11 February 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 January 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). During the nine months period ended, the Trust Deed amended through first supplemental trust deed executed between between NBP Fullerton Asset Management Limited (NAFA) as Management Company and CDC as a Trustee for the change of name and categorisation of the Fund as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by SECP and other allied matters.

The management company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi.

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

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

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

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the trustee of the Fund. Further w.e.f December 21, 2010 the name of the fund has changed from NAFA Cash Fund to NAFA Income Opportunity Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The directors of the asset management company declare that these condensed interim financial statements give a true and fair view of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the preceding year ended 30 June 2010.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective from January 1, 2010

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

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

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

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

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

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

4. BALANCES WITH BANKS - local currency

This represents balance in deposit accounts with banks and carry profit rates ranging from 5% to 12% per annum (June 2010: 5% to 12% per annum).

5. INVESTMENTS

	31 March 2011 (Un-audited)	30 June 2010 (Audited)
--	----------------------------------	------------------------------

(Rupees in '000)

At fair value through profit or loss Available for sale	5.1	253,507	383,585
	5.2	<u>2,143,311</u>	<u>2,698,426</u>
		<u>2,396,818</u>	<u>3,082,011</u>

5.1 Investments at fair value through profit or loss

Term finance certificates - listed	5.1.2	<u>253,507</u>	<u>383,585</u>
		<u>253,507</u>	<u>383,585</u>

5.1.1 Investments at fair value through profit or loss

Name of the investee company	Number of shares				Market value / Carrying value as at 31 March 2011	Investment as a %age of		
	As at 1 July 2010	Purchases during the period	Sales during the period	As at 31 March 2011		Market value of net assets	Market value of total investment	Paid up capital of investee company
Fully paid ordinary shares of Rs 10 each					(Rupees in '000)			
Textile composite								
Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-	-
Cost of investment before fair value adjustment as at 31 March 2011					13			
Impairment loss					<u>13</u>			

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

5.1.2 Term finance certificates - At fair value through profit or loss - held for trading

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 March 2011	Investment as a %age of		
	As at 1 July 2010	Purchases during the period	Sales during the period	As at 31 March 2011		Market value of net assets	Market value of total investment	Issue size
(Rupees in '000)								
Bank Alfalah Limited - II	128	-	-	128	633	0.02	0.03	0.05
Escort Investment Bank Limited	10,000	-	-	10,000	14,655	0.51	0.61	10.00
Gharibwal Cement Limited (note 5.2.5)	5,000	-	-	5,000	-	-	-	6.25
Jahangir Siddiqui & Company Limited	18,000	-	-	18,000	90,594	3.16	3.78	9.00
Orix Leasing Pakistan Limited	23,000	-	13,000	10,000	25,079	0.87	1.05	4.60
Pace (Pakistan) Limited (note 5.2.6)	30,000	-	-	30,000	86,930	3.03	3.63	10.00
Saudi Pak Leasing Company Limited	15,000	-	-	15,000	35,616	1.24	1.49	10.00
				<u>88,128</u>	<u>253,507</u>			
Cost of investment before fair value adjustment as at 31 March 2011					<u>337,947</u>			
Provision for impairment losses as at 31 March 2011					<u>87,306</u>			

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

5.2 Available for sale investments

		31 March 2011 (Un-audited)	30 June 2010 (Audited)
(Rupees in '000)			
Term finance certificates - listed	5.2.1	577,263	612,021
Term finance certificates - unlisted	5.2.2	877,450	1,310,450
Sukuk bonds	5.2.3	688,598	775,955
		<u>2,143,311</u>	<u>2,698,426</u>

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Name of the investee company	Number of certificates			Market value / Carrying value as at 31 March 2011	Investment as a %age of			
	As at 1 July 2010	Purchases during the period	Sales during the period		As at 31 March 2011	Market value of net assets	Market value of total investment	Issue size
(Rupees in '000)								
5.2.1 Term finance certificate - listed								
Pakistan Mobile Communications (Private) Limited	78,000	-	-	78,000	339,348	11.83	14.16	9.18
World Telecom Limited	45,000	-	-	45,000	176,262	6.14	7.35	5.63
Allied Bank Limited	13,400	-	-	13,400	61,653	2.15	2.57	4.00
				136,400	577,263			
5.2.2 Term finance certificate - unlisted								
Avari Hotels International	35,040	-	-	35,040	124,850	4.35	5.21	5.57
Azgard Nine Limited (note 5.2.7)	50,000	-	-	50,000	127,398	4.44	5.32	10.00
Dewan Cement Limited (note 5.2.8)	30,000	-	-	30,000	-	-	-	3.00
Engro Chemical Pakistan Limited	62,000	-	-	62,000	288,286	10.05	12.03	7.75
First Dawood Investment Bank Limited	6,900	-	6,900	-	-	-	-	-
New Allied Electronics Industries (Private) Limited (note 5.2.9)	15,000	-	-	15,000	-	-	-	8.33
Orix Leasing Pakistan Limited	4,400	-	500	3,900	260,477	9.08	10.87	0.44
Agritech Ltd. (Pak American Fertilizer) (note 5.2.10)	30,000	-	-	30,000	76,439	2.66	3.19	10.00
Pakistan Mobile Communication (Private) Limited	66,600	-	66,600	-	-	-	-	-
				225,940	877,450			
5.2.3 Sukuk bonds								
BRR Guardian Modaraba (note 5.2.11)	10,000	-	-	10,000	37,500	1.31	1.56	6.25
Century Paper and Board Mills Limited	28,200	-	-	28,200	94,999	3.31	3.96	4.03
Eden Builders Limited	7,956	-	-	7,956	25,689	0.90	1.07	1.59
Eden Housing Limited	-	9,200	-	9,200	23,366	0.81	0.97	0.63
Kohat Cement Company Limited	50,000	-	-	50,000	161,328	5.62	6.73	10.00
Maple Leaf Cement Factory Limited	80,000	-	-	80,000	250,591	8.73	10.46	5.00
Maple Leaf Cement Factory Limited-II	3,000	-	-	3,000	10,561	0.37	0.44	5.00
New Allied Electronics Industries (Private) Limited (note 5.2.12)	9,000	-	-	9,000	-	-	-	6.00
Orix Leasing Pakistan Limited	10,000	-	-	10,000	24,992	0.87	1.04	9.52
Pak Elektron Limited	24,000	-	-	24,000	59,572	2.08	2.49	10.00
				231,356	688,598			
					2,143,311			
Cost of investment before fair value adjustment as at 31 March 2011					2,729,325			
Provision for impairment losses as at 31 March 2011					434,366			

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

- 5.2.4 All term finance certificates (TFC's) and sukuk certificates have a face value of Rs 5,000 each except unlisted Term Finance Certificates issued by Orix Leasing Pakistan Limited on 15 January 2008 which has a face value of Rs.100,000.
- 5.2.5 This represents investment in privately placed term finance certificates. On 18 July 2009, the scheduled redemption date, principal redemption of Rs. 5 thousand and profit redemption of Rs. 2.291 million were not received by the Fund. The management has recognized an impairment loss of Rs.24.355 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 24.355 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.8.111 million. Therefore, these are stated at cost less provision.
- 5.2.6 This represents investment in listed term finance certificates with a term of five years. On 15 February 2011, the scheduled profit payment date, principal redemption of Rs.0.06 million and profit redemption of Rs.11.099 million were not received by the Fund. The management has recognized an impairment loss of Rs.62.950 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.9.715 million. The income suspended on these term finance certificates till 31 March, 2011 amounted to Rs.14.035 million. Therefore, these are stated at cost less provision.
- 5.2.7 This represents investment in privately placed term finance certificates. On 04 June 2010, the scheduled redemption date, principal redemption of Rs 24.980 million and profit redemption of Rs. 18.260 million were not received by the Fund. The management has recognized an impairment loss of Rs.122.402 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 119.126 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.46.721 million. Therefore, these are stated at cost less provision.
- 5.2.8 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan days of the date of agreement (which was 9 January 2008). 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 amounting to Rs.150 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 150 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.71.223 million. Therefore, these are stated at cost less provision.
- 5.2.9 This represents investment in privately placed term finance certificates. On 15 November 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.31.707 million as adjusted by Rs. 3.710 million received during the nine months period ended . The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs.31.707 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.15.784 million. Therefore, these are stated at cost less provision.
- 5.2.10 This represents investment in privately placed term finance certificates. On 30 May 2010, the scheduled redemption date, principal redemption of Rs.14.988 million and profit redemption of Rs.10.524 million were not received by the Fund. The management has recognised an impairment loss of Rs.73.441 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.72.426 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.28.664 million. Therefore, these are stated at cost less provision.
- 5.2.11 This represents investment in privately placed sukuk bonds on 07 January 2011 i.e. the scheduled redemption date, principal redemption of Rs.5 million and profit redemption of Rs.3.441 million were not received by the Fund. The management has recognized an impairment loss amounting to Rs.12.5 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.12 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.5.011 million. Therefore, these are stated at cost less provision.
- 5.2.12 This represents investment in privately placed sukuk bonds on 03 December 2008 i.e. the scheduled redemption date, profit redemption of Rs. 3.415 million was not received by the Fund the management has recognized an impairment loss amounting to Rs.44.317 million till 31 March 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs.44.317 million. The income suspended on these term finance certificates till 31 March 2011 amounted to Rs.17.205 million. Therefore, these are stated at cost less provision.

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

6. PROFIT RECEIVABLE

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

Profit receivable on savings and term deposits	51,540	43,407
Income accrued on term finance certificates and sukuk bonds	367,073	245,201
Less: Suspended income	(206,754)	(149,828)
	160,319	95,373
	211,859	138,780

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	239	315
Settlement charges payable	50	30
Brokerage expense payable	5	53
Printing charges payable	239	375
Provision for Workers' Welfare Fund	13,299	8,636
Others	23,581	25
	37,413	9,434

8. CONTINGENCIES AND COMMITMENTS

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

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The management company intends to distribute not less than 90% of the annual accounting income to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in this condensed interim financial information for the nine months period ended 31 March 2011.

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

10. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. The Central Depository Company of Pakistan on behalf of funds under its trusteeship along with a few Collective Investment Schemes (CISs) filed a petition before the Honourable High Court of Sindh on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled *ab-initio* clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry before Honourable High Court of Sindh.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF.

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

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

In accordance with clause (iii) of the investment criteria laid down for 'Income Schemes', the Fund is required to invest at least 25% of the net assets in cash and near cash instruments which include cash in bank accounts(excluding TDRs), treasury bills not exceeding 90 days maturity. Clause (v) of the categorization criteria requires that the ratings of any security in the portfolio of the Fund shall not be lower than investment grade. However, as at 31 March 2011, the Fund is in non-compliance with the above-mentioned requirement in respect of the following:

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

Type of Investment	Name of Non-Compliant Investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
		----- (Rupees in '000) -----				
Investment in Debt securities and Sukuks**	Azgard Nine Limited	249,800	122,402	127,398	4.44%	3.80%
	Agritech Limited	149,880	73,441	76,439	2.66%	2.28%
	Saudi Pak Leasing Company Limited ***	53,943	-	35,616	1.24%	1.06%
	Maple Leaf Cement Factory Limited Sukuk ***	399,575	-	250,591	8.73%	7.47%
	New Allied Electronics Industries (Private) Limited - TFC	31,707	31,707	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk	44,317	44,317	-	-	-
	Dewan Cement Limited - TFC	150,000	150,000	-	-	-
	Gharibwal Cement Limited - TFC	24,355	24,355	-	-	-
	Maple Leaf Cement Factory Limited - Sukuk II***	15,000	-	10,561	0.37%	0.32%
	Kohat Cement Company Limited - Sukuk***	241,500	-	161,328	5.62%	4.81%
	Eden Housing - Sukuk II ***	33,638	-	23,366	0.81%	0.70%
	Pace Pakistan Limited	149,880	62,950	86,930	3.03%	2.59%
BRR Guardian Modaraba - Sukuk	50,000	12,500	37,500	1.31%	1.12%	

** At the time of purchase, the TFCs and Sukuks were in compliance with the aforementioned circular. However, they subsequently defaulted or were downgraded to non investment grade.

*** Book value, performing but below investment grade.

12. TRANSACTIONS WITH CONNECTED PERSONS

12.1 Connected persons include NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan 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.

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

12.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

12.5 Transactions during the period

	(Un-audited)			
	Six months period ended		Quarter ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in '000) -----				
NBP Fullerton Asset Management Ltd. (Formerly; National Fullerton Asset Management Limited - Management Company)				
Remuneration expense for the period	39,179	68,703	11,466	17,031
National Bank of Pakistan - Sponsor				
Cash dividend	711	2,146	711	713
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued 15,077 units (2010: 387,357 units) Units redeemed / transferred out (4,741,247 units; 2010: 3,917,459 units)	47,000	40,000	-	-
NAFA Multi Asset Fund				
Sale of term finance certificates	-	56,595	-	-
NAFA Employees Provident Fund Trust				
Bonus units issued 149 units (2009: 16,025 units) Units redeemed / transferred out (7,536 units; 2010: 271,158 units)	74	2,700	74	2,700
Spouse of Chief Executive Officer				
Bonus units issued (Nil units; 2010: 406 units) Units redeemed / transferred out (Nil units; 2010: 20,486 units)	-	206	-	-
Executives of the Management Company				
Bonus units issued (Nil units; 2010: 17,661 units) Units issued / transferred in (Nil units; 2010: 2,199,455 units) Units redeemed / transferred out (2,057 units; 2010: 2,603,293 units)	20	26,230	-	6,857
Mr. Shahid Anwar Khan - Chairman				
Bonus units issued (1,984 units; 2010: 5,905 units) Units redeemed / transferred out (4,007 units; 2010: 4,525 units)	40	46	-	-
Mr. Sheryar Faruque - Director				
Units redeemed / transferred out (32,173 units; 2010: 1,815 units)	317			
Central Depository Company of Pakistan Limited				
Remuneration expense for the period	3,211	5,331	859	1,382
CDS Charges	5	-	2	-
NBP Employees Pension Fund				
Bonus units issued (1,052,523 units; 2010: 2,948,097 units)	-	-	-	-
NBP Endowment Fund Student Loan Scheme				
Bonus units issued (598,565 units; 2010: 1,971,078 units) Units issued (Nil units; 2010: 3,931,214 units) Units redeemed / transferred out (2,512,866 units; 2010: 5,946,658 units)	25,000	60,000	25,000	-
NBP Employees Benevolent Fund Trust				
Bonus units issued (36 units; 2010: 43,839 units) Units redeemed / transferred out (Nil units; 2010: 1,085,013 units)	-	10,880	-	-

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

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

(Formerly; NAFA Cash Fund)

	31 March 2011 (Un-audited)	30 June 2010 (Audited)
12.6 Balances outstanding as at period / year end	(Rupees in '000)	
NBP Fullerton Asset Management Limited. (Formerly; National Fullerton Asset Management Limited - Management Company)		
Remuneration payable to management company	3,627	4,861
Other receivable from management company	-	(509)
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (3,601,691 units; June 30, 2010: 3,601,691 units)	36,542	35,546
Deposit held by the Fund	555	12,069
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund (763,508 units; June 30, 2010: 5,489,678 units)	7,746	54,179
NAFA Employees Provident Fund Trust		
Investment held in the Fund Trust (Nil units; June 30, 2010: 7,387 units)	-	73
Executives of the Management Company		
Investment held in the Fund (Nil units; June 30, 2010: 2,131 units)	-	21
Mr.Shahid Anwar Khan - Chairman		
Investment held in the Fund (98,983 units; June 30, 2010: 101,006 units)	1,004	997
Mr.Sheryar Faruauqe - Director		
Investment held in the Fund (Nil units; June 30, 2010: 32,174 units)	-	318
Central Depository Company of Pakistan Limited		
Remuneration payable	278	406
Security deposit	100	100
NBP Employees Pension Fund		
Investment held (53,301,160 units; June 30, 2010: 52,248,637 units)	540,788	515,652
NBP Endowment Fund Student Loan Scheme		
Investment held (30,312,132 units; June 30,2010: 32,226,433 units)	307,544	318,049
NBP Employees Benevolent Fund Trust		
Investment held (1,836 units; June 30, 2010: 1,800 units)standing as at period / year end	19	18

13 DATE OF AUTHORISATION FOR ISSUE

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

14 GENERAL

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

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

14.3 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. No significant reclassifications have been made to corresponding figures during the period.

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

Chief Executive

Director