

# **NAFA CASH FUND**

## **NAFA CASH FUND**

**QUARTERLY REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2010  
(UN-AUDITED)**

# NAFA CASH FUND

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# NAFA CASH FUND

## DIRECTORS' REPORT

The Board of Directors of National Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Cash Fund for the period ended March 31, 2010.

### Fund's Performance

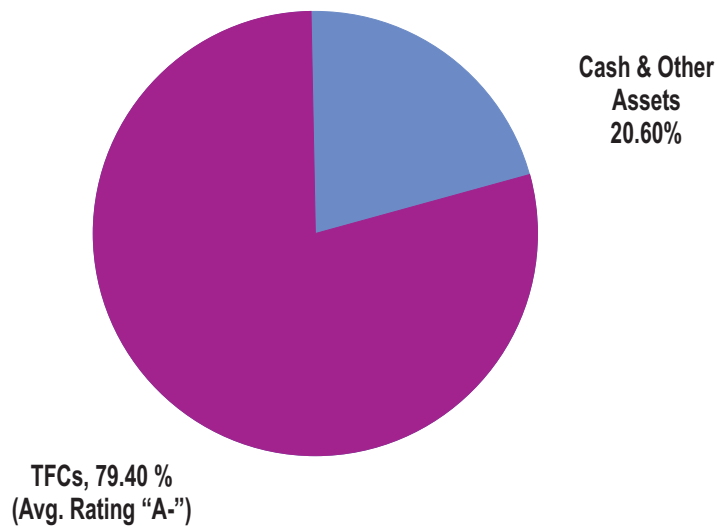
During the said period, the unit price of NAFA Cash Fund has increased from Rs.9.5148 (Ex-Div) on June 30, 2009 to Rs.9.9730 on March 31, 2010, thus showing an annualized return of 6.47% (net of management fee and all other expenses). The size of NAFA Cash Fund has reduced from Rs.7,865 million to Rs.4,464 million during the period, i.e. a decline of 41.76%.

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

NAFA Cash Fund has earned total income of Rs.526.51 million during the period. After deducting expenses of Rs.309.28 million, the net income is Rs.217.23 million, translating into earning per unit of Rs.0.4582.

The asset allocation of the Fund as on March 31, 2010 is as follows:

### **Asset Allocation as on March 31, 2010**



# NAFA CASH FUND

## **Income Distribution**

The Board of Directors of the Management Company has approved an interim distribution of 1.979%. After interim distribution, the net asset value per unit will be Rs. 9.7751 on March 31, 2010.

## **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

Chief Executive

Director

Date: April 29, 2010  
Place: Karachi.

# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2010

	Note	Unaudited March 31, 2010	Audited June 30, 2009
----- Rupees in '000 -----			
<b>Assets</b>			
Balances with banks		751,544	1,595,275
Investments	4	3,544,641	5,422,447
Loans and receivables		-	300,000
Deposits, prepayments and other receivables		5,795	5,603
Profit receivable	5	172,010	382,806
Preliminary expenses and floatation costs		528	903
<b>Total assets</b>		<b>4,474,518</b>	<b>7,707,034</b>
<b>Liabilities</b>			
Payable to National Fullerton Asset Management Limited - Management Company		5,189	11,702
Payable to Central Depository Company of Pakistan Limited - Trustee		467	744
Payable to Securities and Exchange Commission of Pakistan		3,435	12,096
Payable on redemption of units		31	14,884
Accrued expenses and other liabilities	6	1,085	2,504
<b>Total liabilities</b>		<b>10,207</b>	<b>41,930</b>
<b>Net Assets</b>		<b>4,464,311</b>	<b>7,665,104</b>
<b>Unit Holders' Funds (As per statement attached)</b>		<b>4,464,311</b>	<b>7,665,104</b>
<b>Contingencies and Commitments</b>	8		
<b>Number of units</b>			
<b>Number of units in issue</b>		<b>447,640,203</b>	<b>759,231,532</b>
<b>Rupees</b>			
<b>Net asset value per unit</b>		<b>9.9730</b>	<b>10.0959</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010

	Note		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
----- Rupees in '000 -----				
<b>INCOME</b>				
Loss on sale of investments - net	(13,602)	(200,758)	(2,307)	(127,435)
Income from continuous funding system (CFS) transactions	-	103,934	-	133
Income from spread transactions	-	5,387	-	-
Profit on bank deposits and term deposit receipts	88,295	516,835	15,826	(42,035)
Income from term finance certificates, sukuk bonds and commercial papers	471,727	838,651	123,974	227,289
Income on certificates of deposit and clean placements	-	15,269	-	182
Income from treasury bills	7,847	-	-	-
Other income	-	91,189	-	91,189
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	66,177	(173,488)	(13,716)	253,293
<b>Total income</b>	<b>620,444</b>	<b>1,197,019</b>	<b>123,777</b>	<b>402,616</b>
<b>EXPENSES</b>				
Remuneration of National Fullerton Asset Management Limited - Management Company	68,703	170,601	17,031	31,691
Remuneration of Central Depository Company of Pakistan Limited - Trustee	5,331	12,124	1,382	2,359
Annual fee - Securities and Exchange Commission of Pakistan	3,435	10,546	852	1,585
Annual listing fee	22	25	7	10
Brokerage and other transaction costs	45	2,853	-	13
Settlement charges and bank charges	445	8,634	190	2,189
Financial charges	-	61,364	-	27,376
Auditors' remuneration	345	351	72	93
Impairment loss on investments classified as 'available for sale'	229,485	314,631	32,491	164,931
Provision against impairment in loans and receivables	-	4,877	-	(7,352)
Fund rating fee	144	110	63	39
Legal and professional charges	164	270	118	254
Amortisation of preliminary expenses and floatation costs	374	375	124	125
Other expenses	793	2,686	272	237
<b>Total expenses</b>	<b>309,286</b>	<b>589,447</b>	<b>52,602</b>	<b>223,550</b>
<b>Net income from operating activities</b>	<b>311,158</b>	<b>607,572</b>	<b>71,175</b>	<b>179,066</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(93,924)	(522,860)	(6,177)	(160,803)
<b>Net income / (loss) for the period before taxation</b>	<b>217,234</b>	<b>84,712</b>	<b>64,998</b>	<b>18,263</b>
<b>Taxation</b>	7	-	-	-
<b>Net income / (loss) for the period after taxation</b>	<b>217,234</b>	<b>84,712</b>	<b>64,998</b>	<b>18,263</b>
<b>Earnings / (loss) per unit</b>	9	-	-	-

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010

	Nine months ended March 31, 2010	March 31, 2009	Quarter ended March 31, 2010	March 31, 2009
	----- Rupees in '000 -----			
Net income / (loss) for the period after taxation	217,234	84,712	64,998	18,263
Other comprehensive income				
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	46,367	529,742	5,206	248,157
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(30,203)	(253,788)	(71,525)	161,730
Total comprehensive income / (loss) for the period	<u>233,398</u>	<u>360,666</u>	<u>(1,321)</u>	<u>428,150</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010

	Nine months ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- Rupees in '000 -----			
<b>Undistributed income brought forward</b>	290,606	1,684,637	213,581	(84,653)
Final distribution for the year ended June 30, 2009: 2.00% (2008:7.34%)				
- Bonus units	(78,184)	(1,252,063)	-	-
- Cash distribution	(73,660)	(389,760)	-	-
Interim distribution for the quarter ended September 30, 2009: 1.979% (2008:2.85%)				
- Bonus units	(53,704)	(268,945)	-	-
- Cash distribution	(64,874)	(206,556)	-	-
Interim distribution for the half year ended December 31, 2009: 1.979% (2008:Nil)				
- Bonus units	(37,437)	-	(37,437)	-
- Cash distribution	(52,215)	-	(52,215)	-
<b>Other comprehensive income</b>				
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	46,367	529,742	5,206	248,157
Net income / (loss) for the period after taxation	217,234	84,712	64,998	18,263
<b>Undistributed income / (loss) carried forward</b>	<u>194,133</u>	<u>181,767</u>	<u>194,133</u>	<u>181,767</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

For National Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010

	Nine months ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rupees in '000			
<b>Net assets at the beginning of the period</b>	7,665,104	24,043,799	4,825,139	10,373,531
Issue of 195,298,479 units including 17,025,347 bonus units (2009: 1,252,830,550 units including 151,357,438 units)	1,785,984	10,976,631	26,366	2,149,750
Redemption of 506,889,808 units (2009: 2,651,889,038 units)	(5,119,707)	(26,473,909)	(334,629)	(4,560,088)
Issue of 7,900,178 bonus units in respect of final distribution for the year ended June 30, 2009: 2.00% (2008: 7.34%)	(3,333,723)	(15,497,278)	(308,263)	(2,410,338)
Issue of 5,354,917 bonus units in respect of interim distribution for the quarter ended September 30, 2009: 1.979% (2008: 2.85%)	78,184	1,252,063	-	-
Issue of 3,770,252 bonus units in respect of interim distribution for the half year ended December 31, 2009: 1.979% (2008: Nil)	53,704	268,945	-	-
Issue of 3,770,252 bonus units in respect of interim distribution for the half year ended December 31, 2009: 1.979% (2008: Nil)	37,437	-	37,437	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing accrued (income) / loss and capital (gains) / losses -transferred to income statement	93,924	522,860	6,177	160,803
- amount representing accrued (income) / loss - transferred to statement of comprehensive income	(46,367)	(529,742)	(5,206)	(248,157)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	47,557	(6,882)	971	(87,354)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	(30,203)	(253,788)	(71,525)	161,730
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	42,724	-	-	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	66,177	(173,488)	(13,716)	253,293
Other operating income / (loss)	151,057	258,200	78,714	(235,030)
<b>Net income / (loss) for the period</b>	217,234	84,712	64,998	18,263
Final distribution for the year ended June 30, 2009: 2.00% (2008: 7.34%)				
- Bonus distribution	(78,184)	(1,252,063)	-	-
- Cash distribution	(73,660)	(389,760)	-	-
Interim distribution for the quarter ended September 30, 2009: 1.979% (2008: 2.85%)				
- Bonus distribution	(53,704)	(268,945)	-	-
- Cash distribution	(64,874)	(206,556)	-	-
Interim distribution for the half year ended December 31, 2009: 1.979% (2008: Nil)				
- Bonus distribution	(37,437)	-	(37,437)	-
- Cash distribution	(52,215)	-	(52,215)	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	46,367	529,742	5,206	248,157
<b>Net assets as at the end of the period</b>	<u>4,464,311</u>	<u>8,303,989</u>	<u>4,464,311</u>	<u>8,303,989</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

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Quarterly Report

# NAFA CASH FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010

	Nine months ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- Rupees in '000 -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	217,234	84,712	64,998	18,263
<b>Adjustments</b>				
Net unrealised (appreciation) / diminution in the fair value of investments classified as financial assets at 'fair value through profit or loss' - net	(66,177)	173,488	13,716	(253,293)
Amortisation of preliminary expenses and floatation costs	374	375	124	125
Loss on sale of investments	13,602	200,758	2,307	127,435
Impairment loss on investments classified as 'available for sale'	229,485	314,631	32,491	164,931
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed	93,924	522,860	6,177	160,803
	488,442	1,296,824	119,813	218,264
<b>(Increase) / decrease in assets</b>				
Receivable against Continuous Funding System (CFS) transactions	-	3,993,216	-	104,055
Investments - net	1,713,417	1,757,763	243,953	930,750
Loans and receivables	300,000	5,079,802	-	2,050,000
Receivable against sale of investments	-	254,258	-	287,463
Deposits, prepayments and other receivables	(192)	(1,678,937)	3,397	(1,721,118)
Profit receivable	210,796	102,858	(6,885)	295,738
	2,224,021	9,508,960	240,465	1,946,888
<b>Increase / (decrease) in liabilities</b>				
Payable to National Fullerton Asset Management Limited - Management Company	(6,513)	(17,834)	(739)	(20,115)
Payable to Central Depository Company of Pakistan Limited - Trustee	(277)	(1,152)	(50)	(298)
Payable to Securities and Exchange Commission of Pakistan	(8,661)	(11,835)	852	1,585
Payable on redemption of units	(14,853)	1,720,683	(37,899)	1,758,486
Accrued expenses and other liabilities	(1,419)	(12,177)	(1,254)	(6,004)
	(31,723)	1,677,685	(39,090)	1,733,654
<b>Net cash inflow from operating activities</b>	2,680,740	12,483,469	321,188	3,898,806
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Borrowings from financial institutions	-	-	-	(1,300,000)
Net receipts against issue of units	1,785,984	10,976,631	26,366	2,149,750
Net payments against redemption of units	(5,119,707)	(26,473,909)	(334,629)	(4,560,088)
Distribution paid during the period	(190,748)	(596,316)	(52,214)	-
<b>Net cash outflow on financing activities</b>	(3,524,471)	(16,093,594)	(360,477)	(3,710,338)
<b>Net decrease in cash and cash equivalents during the period</b>	(843,731)	(3,610,125)	(39,289)	188,468
Cash and cash equivalents at the beginning of the period	1,595,275	4,551,072	790,833	752,479
<b>Cash and cash equivalents as at the end of the period</b>	751,544	940,947	751,544	940,947

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

# NAFA CASH FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The NAFA Cash Fund (NCF) was established under a Trust Deed executed between National Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on February 11, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 30, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

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.

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

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with 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 directive issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directive issued by the SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended June 30, 2009 except for the changes mentioned below:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position (referred to as the statement of assets and liabilities in these condensed interim financial statements) as at the beginning of the comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present two separate performance statements. As a result, non-owner changes in equity which were previously credited directly in the statement of movement in unit holders' fund and the distribution statement are now shown as other comprehensive income in the performance statement (referred to as the statement of comprehensive income in these condensed interim financial statements). The change in presentation has not affected the values of the net assets of the Fund for either the current or any of the prior periods and hence restated statement of assets and liabilities has not been presented.

# NAFA CASH FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2010 (UN-AUDITED)

- 3.2 The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS 39 (amendment) 'Financial Instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The adoption of the amendment did not have a significant impact on the Fund's financial statements.

IFRS 7 (amendment) 'Financial Instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Fund's financial position or performance.

IAS 32 (amendment) 'Financial Instruments: Presentation', and IAS 1 (amendment) 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial 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. One of the particular features is that apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity. In this connection, Regulation 63 of the Non-Banking therefore the amendment has not changed the classification of funds.

- 3.3 There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2009 but were considered not to be relevant or did not have any significant effect on the Fund's operations.

	Note	Unaudited March 31, 2010	Audited June 30, 2009
<b>4 INVESTMENTS</b>		----- Rupees in '000 -----	
At fair value through profit or loss	4.1	476,408	1,481,667
Available for sale	4.2	<u>3,068,233</u>	<u>3,940,780</u>
		<u>3,544,641</u>	<u>5,422,447</u>
<b>4.1 Investments at fair value through profit or loss</b>			
Term finance certificates - listed	4.1.2	<u>476,408</u>	<u>1,481,667</u>
<b>4.1.1 Equity securities - listed</b>		<u>476,408</u>	<u>1,481,667</u>

Name of the investee company	Number of shares				Market value as at March 31, 2010	Investment as a %age of		
	As at July 1, 2009	Purchases during the period	Sales during the period	As at March 31, 2010		Market value of net assets	Market value of total investment	Paid up capital of investee company

Fully paid ordinary shares of Rs 10 each

**Textile composite**

Azgard Nine Limited - Non-voting 308 - - 308 - - -

**Cost of investment before fair value adjustment as at March 31, 2010** 13

**Impairment loss** 13

# NAFA CASH FUND

## 4.1.2 Term finance certificates - listed

Name of the investee company	Number of Certificates				Market value as at March 31, 2010	Investment as a %age of		
	As at July 1, 2009	Purchases during the period	Sales during the period	As at March 31, 2010		Market value of net assets	Market value of total investment	Issue size
(Rupees in '000)								
Azzgard Nine Limited	30,000	-	30,000	-	-	-	-	-
Bank Alfalah Limited - II	128	-	-	128	629	0.01	0.02	0.05
Engro Chemical Pakistan Limited	25,000	-	25,000	-	-	-	-	-
Escort Investment Bank Limited	10,000	-	-	10,000	33,254	0.74	0.94	10.00
Gharibwal Cement Limited (note 4.2.7)	5,000	-	-	5,000	-	-	-	6.25
Jahangir Siddiqui & Company Limited	18,000	-	-	18,000	91,603	2.05	2.58	9.00
NIB Bank Limited	37,000	-	37,000	-	-	-	-	-
Orix Leasing Pakistan Limited	50,000	-	10,000	40,000	162,537	3.64	4.59	8.00
Pace (Pakistan) Limited	30,000	-	-	30,000	147,461	3.30	4.16	10.00
Pak Arab Fertilizers Limited	45,000	-	45,000	-	-	-	-	-
Saudi Pak Leasing Company Limited	15,000	-	-	15,000	40,924	0.92	1.15	10.00
United Bank Limited - IV	70,000	-	70,000	-	-	-	-	-
				<b>118,128</b>	<b>476,408</b>	<b>10.67</b>	<b>13.00</b>	

Cost of investment before fair value adjustment as at March 31, 2010

435,216

Impairment losses

24,985

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

Note Unaudited March 31, 2010 Audited June 30, 2009

## 4.2 Available for sale investments

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

Term finance certificates - listed	4.2.1	691,981	622,193
Term finance certificates - unlisted	4.2.2	1,624,694	2,064,754
Sukuk bonds	4.2.3	<u>751,558</u>	<u>1,253,833</u>
		<u>3,068,233</u>	<u>3,940,780</u>

Name of the investee company	Number of Certificates				Market value as at March 31, 2010	Investment as a %age of		
	As at July 1, 2009	Purchases during the period	Sales during the period	As at March 31, 2010		Market value of net assets	Market value of total investment	Issue size
(Rupees in '000)								

## 4.2.1 Term finance certificate - listed

Pakistan Mobile Communications (Pvt.) Ltd.	85,000	-	-	85,000	413,900	9.27	11.68	10.00
Worldcall Telecom Limited	45,000	-	-	45,000	215,672	4.83	6.08	5.63
Allied Bank Limited	53,400	-	40,000	13,400	62,409	1.40	1.76	5.57
				<b>143,400</b>	<b>691,981</b>	<b>15.50</b>	<b>19.94</b>	

# NAFA CASH FUND

Name of the investee company	Number of Certificates				Market value as at March 31, 2010	Investment as a %age of		
	As at July 1, 2009	Purchases during the period	Sales during the period	As at March 31, 2010		Market value of net assets	Market value of total investment	Issue size
(Rupees in '000)								
<b>4.2.2 Term finance certificate - unlisted</b>								
Avari Hotels International	35,040	-	-	35,040	166,514	3.73	4.70	5.57
Azgard Nine Limited	50,000	-	-	50,000	233,548	5.23	6.59	10.00
Dewan Cement Limited (note 4.2.8)	30,000	-	-	30,000	-	-	-	3.00
Engro Chemical Pakistan Limited	80,000	-	-	80,000	341,964	7.66	9.65	10.00
First Dawood Investment Bank Limited	6,900	-	-	6,900	24,484	0.55	0.69	10.00
Jahangir Siddiqui & Company Limited - V	21,000	-	21,000	-	-	-	-	-
New Allied Electronics Industries (Private) Limited (note 4.2.9)	15,000	-	-	15,000	-	-	-	10.00
Orix Leasing Pakistan Limited	5,000	-	600	4,400	393,498	8.81	11.10	8.80
Pak American Fertilizers Limited	30,000	-	-	30,000	143,341	3.21	4.04	10.00
Pakistan Mobile Communication (Pvt.) Ltd.	66,600	-	-	66,600	321,345	7.20	9.07	9.51
				<b>317,940</b>	<b>1,624,694</b>	<b>37.04</b>	<b>45.73</b>	

#### 4.2.3 Sukuk bonds

BRR Guardian Modaraba	10,000	-	-	10,000	47,234	1.06	1.33	6.25
Century Paper and Board Mills Ltd.	33,000	-	-	33,000	145,128	3.25	4.09	4.71
Eden Builders Ltd.	7,956	-	-	7,956	38,595	0.86	1.09	1.99
Engro Chemical Pakistan Ltd.	60,000	-	60,000	-	-	-	-	0.63
Kohat Cement Company Ltd. (note 4.2.10)	50,000	-	-	50,000	85,478	1.91	2.41	10.00
Maple Leaf Cement Factory Ltd. (note 4.2.11)	80,000	-	-	80,000	320,000	7.17	9.03	5.00
New Allied Electronics Industries (Private) Ltd. (note 4.2.12)	9,000	-	-	9,000	-	-	-	6.00
Orix Leasing Pakistan Ltd.	10,000	-	-	10,000	41,706	0.93	1.18	9.52
Pak Elektron Ltd.	24,000	-	-	24,000	73,417	1.64	2.07	10.00
				<b>223,956</b>	<b>751,558</b>	<b>16.83</b>	<b>21.33</b>	
					<b>3,068,233</b>	<b>69.38</b>	<b>87.00</b>	
<b>Cost of investment before fair value adjustment as at March 31, 2010</b>					<b>3,564,875</b>			
<b>Impairment losses</b>					<b>466,439</b>			

4.2.4 All term finance certificates have a face value of Rs5,000 each.

4.2.5 Term finance certificates are valued as per the requirements of SECP Circular No. 01 of 2009 dated January 06, 2009.

4.2.6 During the period from July 01, 2008 to March 31, 2010, the Fund did not receive redemption of principal and / or profit amounts on some of its investments, the details of which are explained in notes 4.2.7 to 4.2.12 of these condensed interim financial statements.

4.2.7 This represents investment in privately placed term finance certificates. On July 18, 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.24.985 million during the period ended March 31, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 10.119 million. However as a matter of prudence, the management has recognised an additional amount of provision of Rs. 14.866 million based on the provisioning policy approved by the Board of Directors. The income suspended on these term finance certificates amounted to Rs.4.935 million.

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- 4.2.8** 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). 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 March 31, 2010. 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 amounted to Rs.49,251 million.
- 4.2.9** 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.35.416 million till March 31, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs.35.416 million. The income suspended on these term finance certificates amounted to Rs.11.360 million.
- 4.2.10** This represents investment in privately placed sukuk bonds issue with a term of five years. On December 20, 2008, the scheduled redemption date, principal redemption of Rs.17 million and profit redemption of Rs. 18.126 million were not received by the Fund. The management has recognised an impairment loss amounting to Rs. 156.022 million till March 31, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 156.022 million. The income suspended on these term finance certificates amounted to Rs.24,891 million.
- 4.2.11** This represents investment in privately placed sukuk bonds issue with a term of six years. On December 03, 2009, the scheduled redemption date, principal redemption of Rs.30.965 million were not received by the Fund. The management has recognised an impairment loss amounting to Rs. 80.00 million till March 31, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 80 million. The income suspended on these term finance certificates amounted to Rs. 48,335 million.
- 4.2.12** This represents investment in privately placed sukuk bonds on December 03, 2008 i.e. the scheduled redemption date, profit redemption of Rs. 3.415 million was not received by the Fund. The management has recognised an impairment loss amounting to Rs. 45 million till March 31, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 45 million. The income suspended on these term finance certificates amounted to Rs. 10,579 million.

	<b>Unaudited March 31, 2010</b>	<b>Audited June 30, 2009</b>
<b>5 PROFIT RECEIVABLE</b>	----- Rupees in '000 -----	
Profit receivable on savings and term deposits	38,553	154,104
Income accrued on term finance certificates and sukuk bonds	282,809	228,702
Less: Suspended income	(149,352)	-
	133,457	-
	<u>172,010</u>	<u>382,806</u>
<b>6 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	205	290
Settlement charges payable	1	474
Brokerage expense payable	211	529
Printing charges payable	447	552
Others	221	659
	<u>1,085</u>	<u>2,504</u>
<b>7 TAXATION</b>		

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund intends to distribute such accounting income, if any, for the year ending June 30, 2010 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

# NAFA CASH FUND

## 8 CONTINGENCIES AND COMMITMENTS

**8.1** The Finance Act 2008 introduced an amendment to the Workers Welfare Fund Ordinance, 1971 (WWF Ordinance) whereby the definition of "Industrial Establishment" was amended to include therein any establishment to which the West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it can be construed that all Collective Investment Schemes (CIS) whose income exceeds Rs 0.5 million in a tax year are brought within the purview and scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is higher. In case of the Fund, such contribution works out to Rs 7.107 million approximately as at March 31, 2010 (including Rs 2.762 million for the year ended June 30, 2009). However, the final contribution amount for the current year will be based on the income earned by the Fund for the year ending June 30, 2010.

To avoid any claim in this regard by the relevant authorities, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the High Court of Sindh praying it to declare that CIS are not liable to pay contribution to the WWF on the ground that CIS do not have any workers or employees. The legal proceedings in respect of the aforementioned petition are currently in progress and the outcome cannot be reasonably ascertained.

The Management Company, based on the advice of the MUFAP's legal counsel is confident of a favorable decision and accordingly no provision for any liability that may arise in this respect has been made in these condensed interim financial statements.

**8.2** There are no other contingencies and commitments outstanding as at March 31, 2010 and June 30, 2009.

## 9 EARNINGS / (LOSS) PER UNIT

Earnings per unit (EPU) for the nine months ended March 31, 2010 has not been disclosed as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

## 10 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Fund include National Fullerton Asset Management Limited being the Management Company and National Bank of Pakistan, NIB Bank Limited and Alexandra Fund Management Pte. Limited being the sponsors, NAFA Employees Provident Fund Trust other collective investment schemes being managed by the Management Company, the Trustees and the directors and officers of the Management Company.

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

### 10.1 Transactions during the period

	-----Un-audited-----			
	Nine months ended		Quarter ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- Rupees in '000 -----			
<b>National Fullerton Asset Management Limited - Management Company</b>				
Remuneration expense for the period	68,703	170,601	17,031	31,691
<b>National Bank of Pakistan - Sponsor</b>				
Units issued / transferred in (Nil units; 2009: 48,214,148 units)	-	500,000	-	-
Units redeemed / transferred out (Nil units; 2009: 48,214,148 units)	-	486,910	-	-
Cash dividend	2,146	17,418	713	-
Borrowing charges	-	47,052	-	22,783
<b>NIB Bank Limited - Sponsor</b>				
Cash dividend	-	20,418	-	-
Income from bank deposits	19,836	21,579	2,797	4,249
Borrowing charges	-	13,679	-	4,623
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued (387,357 units; 2009: 1,192,475 units)	-	-	-	-
Units redeemed / transferred out (3,917,459 units; 2009: Nil units)	40,000	-	-	-



# NAFA CASH FUND

	-----Un-audited-----			
	----- Nine months ended March 31, 2010	----- March 31, 2009	----- Quarter ended March 31, 2010	----- March 31, 2009
	----- Rupees in '000 -----			
<b>NAFA Multi Asset Fund</b>				
Bonus units issued (Nil units; 2009: 1,962,029 units)	-	-	-	-
Units issued / transferred in (Nil units; 2009: 20,752,095 units)	-	215,000	-	-
Units redeemed / transferred out (Nil units; 2009: 41,683,556 units)	-	409,170	-	106,690
Sale of term finance certificates	56,595	-	-	-
<b>NAFA Islamic Income Fund</b>				
Payment for purchase of sukuk bonds	-	25,881	-	-
<b>NAFA Employees Provident Fund Trust</b>				
Bonus units issued (16,025 units; 2009: 43,697 units)	-	-	-	-
Units redeemed / transferred out (271,158 units; 2009: 208,249 units)	2,700	2,000	2,700	2,000
<b>Chief Executive Officer</b>				
Bonus units issued (Nil units; 2009: 232,417 units)	-	-	-	-
Units redeemed / transferred out (Nil units; 2009: 3,403,635 units)	-	34,524	-	-
<b>Spouse of Chief Executive Officer</b>				
Bonus units issued (406 units; 2009: 1,928 units)	-	-	-	-
Units redeemed / transferred out (20,486 units; 2009: 546 units)	206	6	-	-
<b>Other Executives of the Management Company</b>				
Bonus units issued (17,661 units; 2009: 49,223 units)	-	-	-	-
Units issued / transferred in (2,199,455 units; 2009: 2,559,773 units)	22,150	25,684	5,474	-
Units redeemed / transferred out (2,603,293 units; 2009: 2,866,312 units)	26,230	28,823	6,857	-
<b>NAFA Stock Fund</b>				
Bonus units issued (Nil units; 2009: 375,925 units)	-	-	-	-
Units issued / transferred in (Nil units; 2009: 7,239,103 units)	-	75,000	-	-
Units redeemed / transferred out (Nil units; 2009: 9,953,121 Units)	-	96,587	-	1,364
<b>NAFA Income Fund</b>				
Bonus units issued (Nil units; 2009: 245,244 units)	-	-	-	-
Units issued / transferred in (Nil units; 2009: 13,615,161 units)	-	140,000	-	-
Units redeemed / transferred out (Nil units; 2009: 13,860,405 units)	-	133,954	-	53,954
<b>NAFA Islamic Multi Asset Fund</b>				
Payment for purchase of sukuk bonds	-	25,892	-	-
<b>Central Depository Company of Pakistan Limited</b>				
Bonus units issued (Nil units; 2009: 795,494 units)	-	-	-	-
Units redeemed / transferred out (Nil units; 2009: 8,998,612 units)	-	91,571	-	-
Remuneration expense for the period	5,331	12,124	1,382	2,359

# NAFA CASH FUND

	Unaudited March 31, 2010	Audited June 30, 2009
	----- Rupees in '000 -----	
<b>10.2 Balances outstanding as at period / year end</b>		
<b>National Fullerton Asset Management Limited - Management Company</b>		
Remuneration payable to management company	5,738	12,211
Other receivable from management company	549	509
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (3,601,691 units; June 30, 2009: 3,601,691 units)	35,920	36,362
Deposit held by the Fund	721	94
<b>NIB Bank Limited - Sponsor</b>		
Deposit held by the Fund	80,995	303,323
Profit receivable on bank deposits	176	98
Investment in term finance certificates	-	170,946
Profit receivable on term finance certificates	-	8,184
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (5,381,269 units; June 30, 2009: 8,911,372 units)	53,667	89,968
<b>NAFA Employees Provident Fund Trust</b>		
Investment held in the Fund Trust (7,241 units; June 30, 2009: 262,374 units)	72	2,649
<b>Spouse of Chief Executive Officer</b>		
Investment held in the Fund (Nil units; June 30, 2009: 20,080 units)	-	203
<b>Other Executives of the Management Company</b>		
Investment held in the Fund (1,488 units; June 30, 2009: 445,667 units)	15	4,499
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration payable	467	744
Security deposit	100	100

## 11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29, 2010 by the Board of directors of the Management Company.

## 12 GENERAL

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

12.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. There were no significant rearrangements or reclassifications except as required because of the change in accounting policy as more fully explained in note 3.1 to these condensed interim financial statements.

12.3 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.

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

Chief Executive

Director