


## 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.

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## FUND'S INFORMATION

### Management Company

NBP Fullerton Asset Management Limited – Management Company

### Board of Directors of the Management Company

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

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

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

### Trustee

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

### Bankers to the Fund

Al-Baraka Islamic Bank  
Bank Alfalah Limited  
Burj Bank Limited (Formerly; Dawood Islamic Bnak)  
National Bank of Pakistan  
NIB Bank Limited  
Dubai Islamic Bank Limited  
Meezan Bank Limited

**Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No.02  
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  
UAN: 021-111-111-NFA (632)  
Toll Free: 0800-20001  
Fax: 021-32467605

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UAN: (+92-42) 111-111-NFA (632)  
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**Islamabad Office:**

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Industrial Area, 1-9/3 Islamabad.  
UAN: 051-111-111-632  
Phone: 051-2514987  
Fax: 051-4859031

**Peshawar Office:**

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

**Multan Office:**

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

## DIRECTORS' REPORT

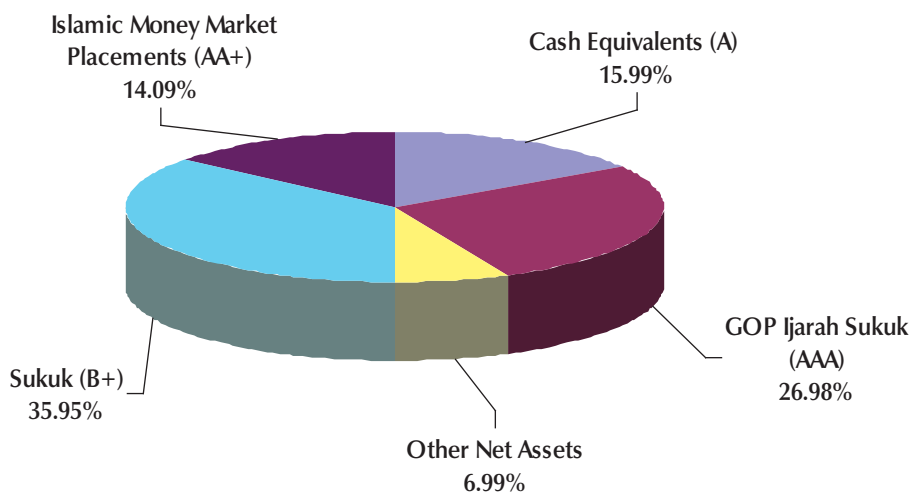
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Aggressive Income Fund for the quarter ended September 30, 2012.

### Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has declined from Rs. 179 million to Rs. 177 million during the quarter, i.e. a decline of 1.12%. During the said period, the unit price of the Fund has decreased from Rs. 8.5954 on June 30, 2012 to Rs. 8.5360 on September 30, 2012, thus showing annualized return of -2.71% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 7.75% for the same period. The return was low because of provisioning in cement and consumer electronics sector Sukuks.

All corporate Sukuks in the Fund are floating rate linked to KIBOR. GOP Ijarah Sukuks coupon rates are reset every six months. The Fund has been awarded stability rating of BBB+(f) by PACRA. The Fund is categorized as Islamic Aggressive Income Scheme.

The Fund has earned total income of Rs.5.80 million during the period. After accounting for expenses of Rs.7 million, the net loss is Rs.1.20 million. The below chart presents the asset allocation and the average credit rating of each of the sub-asset classes of NIAIF:



## Acknowledgement

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

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

On behalf of the Board of  
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: October 23, 2012  
Place: Karachi.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2012

	Note	Un-Audited September 30, 2012	Audited June 30, 2012
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks		28,363	39,611
Investments	4	136,645	129,621
Profit receivable	5	11,731	11,484
Advances, deposits, prepayments and other receivables		3,193	233
Preliminary expenses and floatation costs		35	160
<b>Total assets</b>		<b>179,967</b>	<b>181,109</b>
<b>LIABILITIES</b>			
Payable to Management Company		343	341
Payable to Trustee		30	16
Payable to Securities and Exchange Commission of Pakistan		34	127
Accrued expenses and other liabilities	6	2,147	2,010
<b>Total liabilities</b>		<b>2,554</b>	<b>2,494</b>
<b>Net Assets</b>		<b>177,413</b>	<b>178,615</b>
<b>Unit Holders' Funds (as per statement attached)</b>		<b>177,413</b>	<b>178,615</b>
<b>Commitments</b>	12	-	-
(Number of units)			
<b>Number of units in issue</b>		<b>20,784,103</b>	<b>20,780,193</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Net asset value per unit</b>		<b>8.5360</b>	<b>8.5954</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
(Rupees in '000)			
<b>INCOME</b>			
Gain on sale of investments - net		13	10
Income from sukuk bonds		5,050	2,729
Profit on bank deposits		709	593
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'		23	7
<b>Total Income</b>		5,795	3,339
<b>EXPENSES</b>			
Remuneration of the Management Company		897	869
Sindh Sales Tax on Management Fee		144	-
Remuneration of the Trustee		45	151
Annual fee - Securities and Exchange Commission of Pakistan		34	33
Securities transaction cost		2	1
Settlement and bank charges		9	5
Annual listing fee		10	8
Auditors' remuneration		110	120
Amortisation of preliminary expenses and floatation costs		126	126
Printing and related cost		-	-
Others expenses		50	50
Impairment loss on sukuk bonds classified as investments 'available for sale'		5,573	9,890
<b>Total Expenses</b>		7,000	11,392
		(1,205)	(8,053)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		-	-
Provision for workers' welfare fund	10	-	-
<b>Net (loss) / income for the period before taxation</b>		(1,205)	(8,053)
Taxation	11	-	-
<b>Net (loss) / income for the period after taxation</b>		(1,205)	(8,053)
<b>Earnings per unit</b>	9		

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Net (loss) / income for the period after taxation	(1,205)	(8,053)
<b>Other comprehensive income / (loss)</b>		
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	(33)	9,625
<b>Total comprehensive income / (loss) for the period</b>	<u>(1,238)</u>	<u>1,572</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Undistributed income brought forward	(4,754)	23,356
Distribution:		
Final distribution for the period ended June 30, 2012: NIL (June 30, 2011: 10.268%) (June 30, 2011: declared on July 04, 2011)		
- Bonus units	-	(14,495)
- Cash Distribution	-	(7,724)
Net (loss) / income for the period	(1,205)	(8,053)
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing losses that form part of the unit holders' fund	2	(8)
Undistributed (loss) / income carried forward	<u>(5,957)</u>	<u>(6,924)</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
Net assets at the beginning of the period	178,615	178,436
Issue of 59,792 units including Nil bonus units (September 30, 2011:2,008,311 units)	512	2
Redemption of 55,882 units (September 30, 2011: 66,436 units)	(476) 36	(487) (485)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing loss and capital losses that form part of unit holders' fund - transferred to Distribution Statement	(2) (2)	8 8
Net unrealised appreciation / (diminution) during the year / period in the market value of investments classified as 'available for sale'	(33)	9,625
Gain / (loss) on sale of investments	13	10
Other income (net of expenses)	(1,218) (1,238)	(8,063) 1,572
<b>Less: Distribution</b>		
Final distribution for the period ended June 30, 2012: NIL (June 30, 2011: 10.268%) (June 30, 2011:declared on July 04, 2011)		
- Bonus units	-	(14,495)
- Cash Distribution	-	(7,724)
	-	(22,219)
Add: bonus distribution	-	14,495
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders' fund	2	(8)
<b>Net assets as at the end of the period</b>	<u>177,413</u>	<u>171,799</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the period	(1,205)	(8,053)
<b>Adjustments</b>		
Amortisation of preliminary expenses and floatation costs	126	126
Gain on sale of investments	(13)	(10)
Impairment loss on sukuk bonds classified as investments 'available for sale'	5,573	9,890
Net unrealised appreciation in the value of investments carried 'at fair value through profit or loss'	(23)	(7)
Element of loss and capital losses included in prices of units issued less those in units redeemed	-	-
	<u>4,458</u>	<u>1,946</u>
<b>(Increase) / decrease in assets</b>		
Investments	(12,595)	7,010
Profit receivable	(247)	421
Deposits, prepayments and other receivables	(2,960)	(22)
	<u>(15,802)</u>	<u>7,409</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	2	(4)
Payable to Trustee	14	3
Payable to Securities and Exchange Commission of Pakistan	(93)	(107)
Accrued expenses and other liabilities	137	166
	<u>60</u>	<u>58</u>
<b>Net cash inflow / (outflow) from operating activities</b>	<u>(11,284)</u>	<u>9,413</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units	512	2
Payments on redemption of units	(476)	(487)
Distributions paid	-	(7,724)
<b>Net cash (outflow) / inflow from financing activities</b>	<u>36</u>	<u>(8,209)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<u>(11,248)</u>	<u>1,204</u>
Cash and cash equivalents at the beginning of the period	39,611	26,141
<b>Cash and cash equivalents at the end of the period</b>	<u><u>28,363</u></u>	<u><u>27,345</u></u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income Fund ("the Fund") was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from 22 November 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated 15 November 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL.

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

The Fund 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 provide preservation of capital and earn a reasonable rate of return. The principal activity of the Fund is to make investments in Shariah compliant securities, having a good credit rating and liquidity subject to the guidelines prescribed by SECP.

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

Title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) issued by 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by 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.

- 2.1 The directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

### 3 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2012 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2012.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

	Note	(Un-Audited) September 30 2012	(Audited) June 30, 2012
(Rupees in '000)			
<b>4 INVESTMENTS</b>			
<b>Available for sale</b>			
Sukuk and Ijara bonds	4.1	70,663	80,713
<b>At fair value through profit or loss - held for trading</b>			
Sukuk and Ijara bonds	4.2	65,982	48,908
		136,645	129,621

## 4.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds				Market value as at September 30, 2012	Investment as a percentage of		
	As at July 1, 2012	Purchases during the Period	Sale / Matured during the Period	As at September 30, 2012		Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Engro Fertilizer Limited	4,600	-	-	4,600	22,080	12.45	16.16	0.83
Kohat Cement Company Limited	20,000	-	-	20,000	19,981	11.26	14.62	4.00
Maple Leaf Cement Factory Limited (note 4.1.2.1)	5,312	-	-	5,312	10,336	5.83	7.56	0.33
Maple Leaf Cement Factory Limited - Sukuk II (note 4.1.2.2)	199	-	-	199	-	-	-	-
New Allied Electronics Industries (Private) Limited-1st issue (note 4.1.2.3)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue (note 4.1.2.4)	1,000	-	-	1,000	-	-	-	0.67
Pak Electron Limited (note 4.1.2.5)	7,000	-	-	7,000	8,449	4.76	6.18	2.92
GOP Ijara Sukuk - issue date 15.11.2010	1,960	-	-	1,960	9,817	5.53	7.18	0.02
	392,071	-	-	392,071	70,663	39.83	51.71	27.10

Cost of investments as at September 30, 2012

208,429

Impairment losses / (gains)

137,733

4.1.1 All sukuk bonds have a face value of Rs 5,000 each except sukuk bonds of New Allied Electronics (Private) Limited - 1st issue and Government of Pakistan Ijara bond (issue date 26.09.2008) which have a face value of Rs 312.5 and Rs 100,000 each respectively.

4.1.2 As at September 30, 2012, the Fund had not received redemption of principal and / or profit amounts on some of his investments, the details of which are as follows:

4.1.2.1 This represent investment in privately placed Sukuk Certificates issued with a term of six years. During the year ended ,the status of these Sukuk Certificates again has been changed from performing to non-performing (performing as at 30 June 2011). The coupon payment amounting to Rs. 5,644 thousand on Maple Leaf Sukuk I was due on 03 September 2011 which was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.1.2.2 This represent investment in Maple Leaf privately placed sukuk bonds II. The coupon payment on Maple Leaf Sukuk II was due on 29 June 2010 amounting to Rs. 35,82 thousands was not received by the Fund. Therefore as a matter of prudence, the management has classified as non-performing. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.1.2.3 This represents investment in privately placed sukuk bonds. On scheduled redemption dates [i.e 25 October 2008 (only principal), 25 January 2009, 25 April 2009, 25 July 2009 and 25 October 2009], the principal and profit payments were not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.1.2.4 This represents investment in privately placed sukuk bonds. On 03 December 2008, the scheduled redemption date, profit redemption of Rs. Rs.1.855 million was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

4.1.2.5 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.563 million was not received by the Fund. The amount of provision required as per SECP circular no. 01 of 2009 has been maintained by valuing the investment in terms of the said circular.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 4.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds				Market value as at September 30, 2012	Investment as a percentage of		
	As at July 1, 2012	Purchases during the period	Sale / Matured during the period	As at September 30, 2012		Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
GOP Ijara Sukuk - issue date 07.03.2011	400	-	-	400	2,000	1.13	1.46	0.00%
GOP Ijara Sukuk - issue date 26.12.2011	7,000	-	4,000	3,000	15,027	8.47	11.00	0.00%
GOP Ijara Sukuk - issue date 02.03.2012	400	2,400	-	2,800	14,006	7.89	10.25	0.00%
GOP Ijara Sukuk - issue date 30.04.2012	800	-	-	800	4,008	2.26	2.93	0.00%
Sui Southern Gas Company Limited	5,880	-	-	5,880	2,941	1.66	2.15	0.12%
HUBCO Short Term Islamic Sukuk - Issue date 03.08.2012	-	4,000	-	4,000	20,000	11.27	14.64	1.00%
HUBCO Short Term Islamic Sukuk - Issue date 16.08.2012	-	1,000	-	1,000	5,000	2.82	3.66	0.22%
GOP Ijara Sukuk - issue date 18.09.2012	-	600	-	600	3,000	1.69	2.20	0.00%
<b>Total - September 30, 2012</b>	<b>14,480</b>	<b>8,000</b>	<b>4,000</b>	<b>18,480</b>	<b>65,982</b>	<b>37.19</b>	<b>48.29</b>	
Carrying value of investments as at September 30, 2012					<u><u>65,959</u></u>			

4.2.1 All sukuk bonds have a face value of Rs 5,000 each.

(Un-Audited)  
September  
30 2012  
(Rupees in '000)

(Audited)  
June 30,  
2012

## 5 PROFIT RECEIVABLE

Profit on savings deposits	2	1
Income accrued on sukuk bonds - net	11,729	11,483
	<u>11,731</u>	<u>11,484</u>

## 6 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration	391	281
Withholding tax payable	3	3
Bank charges payable	13	24
Payable to brokers	22	22
Charity payable	1	1
Provision for Workers' Welfare Fund	1,221	1,221
Printing charges payable	146	146
Others	350	312
	<u>2,147</u>	<u>2,010</u>

## 7 COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Aggressive Income Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Aggressive Fixed Income Scheme' in accordance with the said circular. As at September 30, 2012, the Fund is compliant with all the requirements of the said circular except for clause 5(ii) which requires that rating of any security in the portfolio shall not be lower than investment grade.

Name of non-compliant investment	Type of 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 -----			-----%-----	
i) Investment in debt securities	a) New Allied Electronics - Sukuk - 1st issue *	110,000	110,000	-	-	-
	b) New Allied Electronics - Sukuk - 2nd issue *	4,905	4,905	-	-	-
	c) Maple Leaf Cement Factory Limited - Sukuk I *	25,836	15,500	10,336	5.83	5.74
	d) Maple Leaf Cement Factory Limited - Sukuk II *	774	774	-	-	-
	e) Pak Cement Limited *	15,000	6,551	8,449	-	-
	f) Kohat Cement Company Limited - Sukuk**	19,981	-	19,981	11.26	11.10

\* At the time of purchase, the said Sukuks were in compliance of the said circular (i.e. investment grade) and was subsequently downgraded due to default in payments of due principal and markup.

\*\* Performing but below investment grade

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 8 TRANSACTIONS WITH CONNECTED PERSONS

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

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

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.

Remuneration payable to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Quarter Ended September 30, 2012	Quarter Ended September 30, 2011
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(Rupees in '000)

### 8.1 Details of the transactions with connected persons are as follows:

#### NBP Fullerton Asset Management Limited - Management Company

Management fee expense for the period	897	869
Sindh Sales Tax on Management Fee	144	-
Front end load for the period	-	-

#### National Bank of Pakistan - Sponsor

Cash Dividend	-	7,701
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#### Alexandra Fund Management Pte. Limited - Sponsor

Bonus units issued (Nil units: September 30, 2011: 1,805,634 units)	-	-
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#### MCB Financial Services Limited - Trustee

Trustee fee for the period	45	-
CDS charges	-	-

#### Central Depository Company of Pakistan Limited - Ex Trustee

Trustee fee for the period	-	151
CDS charges	9	4

#### Employees of the Management Company

Units redeemed (9,738 units: September 30, 2011: Nil units)	83	-
Bonus units issued (1,403 units: September 30, 2011: 1,403 units)	-	-



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

	(Un-audited) Quarter Ended September 30, 2012	(Audited) June 30, 2012
	(Rupees in '000)	
<b>8.2 Amounts outstanding as at quarter end</b>		
<b>NBP Fullerton Asset Management Limited - Management Company</b>		
Management fee payable	292	291
Sindh Sales Tax on Management Fee	47	46
Others	4	4
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable	15	16
Security deposits	100	100
<b>Central Depository Company of Pakistan Limited - Ex Trustee</b>		
Remuneration payable	-	0
CDS Charges	15	0
Security deposits	100	100
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2012: 7,500,000 units)	64,020	64,465
Balance in current account	15	15
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (12,293,700 units; June 30, 2012: 12,293,700 units)	104,939	105,669
<b>Employees of Management Company</b>		
Investment held by the executives in the Fund (Nil units; June 30, 2012: 9,738 units)	-	84

## 9 EARNING PER UNIT

Earning per unit (EPU) for the quarter ended September 30, 2012 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 10 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2010.

A clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by the Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

The Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs 1.221 million in these financial statements. Had the same not been made the net asset value per unit would have been higher by Rs 0.0587 per unit respectively.

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

## 12 COMMITMENTS

There were no commitments as on September 30, 2012 and June 30, 2012.

## 13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 23, 2012.

## 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 year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director