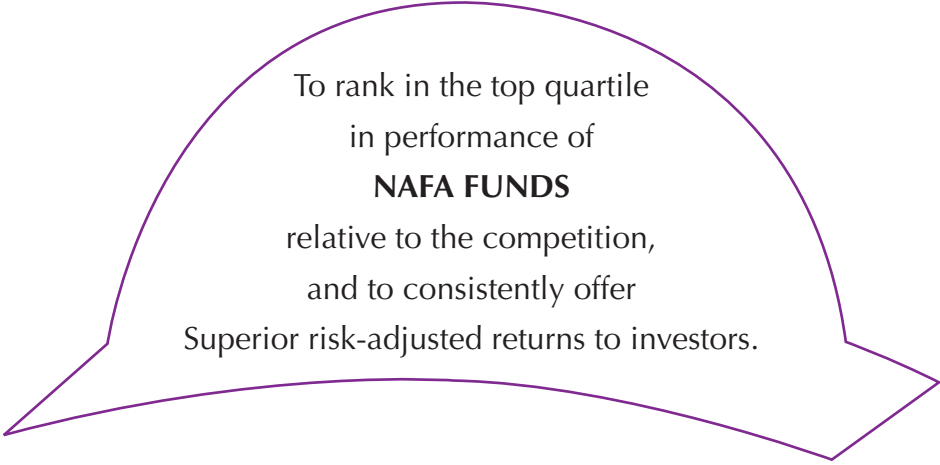


## MISSION STATEMENT



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 ISLAMIC AGGRESSIVE INCOME FUND

## 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 Bank)  
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:**

7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4,  
Scheme No. 5, Clifton Karachi.  
UAN: 111-111-NFA (111-111-632)  
Helpline (Toll Free): 0800-20001  
Fax: (021) 35825329

**Lahore Office:**

7-Noon Avenue, Canal Bank,  
Muslim Town Lahore.  
Contact: 042-35914272

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

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# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## DIRECTORS' REPORT

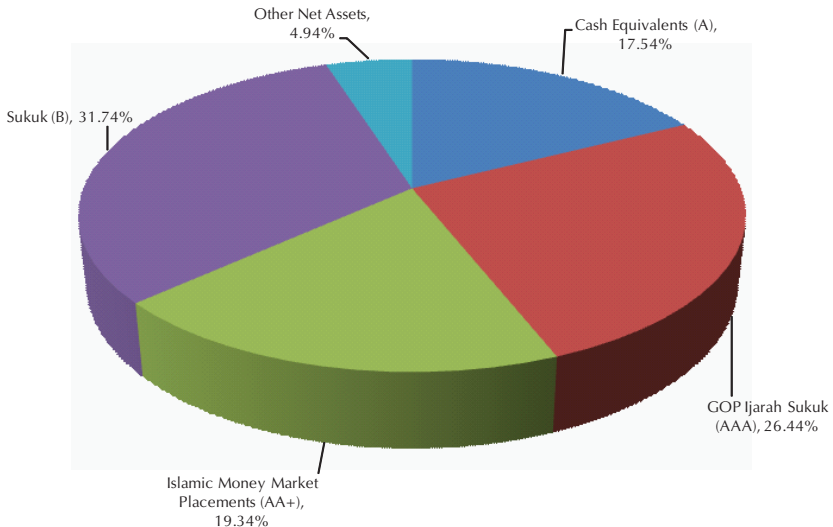
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of NAFA Islamic Aggressive Income Fund for the half year ended December 31, 2012.

### Fund's Performance

The Fund size of NAFA Islamic Aggressive Income Fund increased from Rs. 179 million to Rs. 181 million during the period, i.e. an increase of 1.14%. During the said period, the unit price of the Fund increased from Rs. 8.5954 on June 30, 2012 to Rs. 8.7444 on December 31, 2012, thus showing an annualized return of 3.44% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 7.24%. Subdued performance of the Fund during the period under review was due to provisioning in consumer electronics sector Sukuks.

The allocation of the Fund is fairly diversified among GOP Ijara sukuku, corporate sukuku, money market instruments and bank deposits. All corporate Sukuku in the Fund are floating rate linked to KIBOR. GOP Ijara Sukuku coupons 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.10.26 million during the period. After accounting for expenses of Rs.8.71 million, the net income is Rs.1.55 million. The below chart presents the asset allocation and the average credit rating of each of the sub-asset classes of NIAIF:



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 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: February 26, 2013

Place: Karachi.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### NAFA ISLAMIC AGGRESSIVE INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

NAFA Islamic Aggressive Income Fund, an open-end Scheme established under a Trust Deed dated August 20, 2007 executed between NBP Fullerton Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on September 03, 2007.

CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from November 22, 2011.

1. NBP Fullerton Asset Management Limited, the Management Company of NAFA Islamic Aggressive Income Fund has in all material respects managed NAFA Islamic Aggressive Income Fund during the year ended 31st December 2012 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: February 21, 2013

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

### *Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Aggressive Income Fund** ("the Fund") as at 31 December 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### *Other matter*

The figures for the three months period ended 31 December 2012 and 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 26, 2013

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Nadeem



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Condensed Interim Statement of Assets and Liabilities As at 31 December 2012

	Note	31 December 2012 (Unaudited)	30 June 2012 (Audited)
(Rupees in '000)			
<b>Assets</b>			
Bank balances	6	31,754	39,611
Investments	7	140,297	129,621
Profit receivable	8	11,269	11,484
Advances, deposits and prepayments		248	233
Preliminary expenses and floatation costs		-	160
<b>Total assets</b>		<b>183,568</b>	<b>181,109</b>
<b>Liabilities</b>			
Payable to NBP Fullerton Asset Management Limited - Management Company		359	341
Payable to the MCB Financial Services Limited		15	16
Payable to Securities and Exchange Commission of Pakistan		68	127
Accrued expenses and other liabilities	9	2,133	2,010
<b>Total liabilities</b>		<b>2,575</b>	<b>2,494</b>
<b>Net assets</b>		<b>180,993</b>	<b>178,615</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>180,993</b>	<b>178,615</b>
<b>Contingency and commitment</b>	10		
		(Number of units)	
<b>Number of units in issue</b>		<b>20,698,169</b>	<b>20,780,193</b>
		Rupees	
<b>Net assets value per unit</b>		<b>8.7444</b>	<b>8.5954</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Condensed Interim Income Statement (Unaudited) For the six months and three months period ended 31 December 2012

Note	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
----- (Rupees in '000) -----				
<b>Income</b>				
	9	30	(4)	20
Capital gain / (loss) on sale of investments - net				
	1,441	1,268	732	675
Profit on bank deposits				
	8,781	10,403	3,731	7,674
Income from sukuk bonds				
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	7.4	26	20	3
<b>Total Income</b>		<b>10,257</b>	<b>11,721</b>	<b>4,462</b>
				<b>8,382</b>
<b>Expenses</b>				
Remuneration of NBP Fullerton Asset Management Limited - Management Company		1,798	1,675	901
				806
Sindh sales tax on management fee		288	268	144
				129
Remuneration of the Trustee		90	288	45
				137
Annual fee to Securities and Exchange Commission of Pakistan		68	63	34
				30
Annual listing fee		15	15	5
				7
Settlement and bank charges		61	32	52
				27
Auditors' remuneration		222	243	112
				123
Provision against non-performing sukuk bonds classified as 'available for sale' - net	7.3.1	5,859	10,783	286
				893
Provision against accrued income from sukuk bonds		-	6,226	-
				6,226
Stability rating fee		100	101	50
				101
Securities transaction cost		2	-	-
				-
Amortisation of preliminary expenses and floatation costs		160	251	34
				125
Other expenses		9	-	9
				(51)
<b>Total Expenses</b>		<b>8,672</b>	<b>19,945</b>	<b>1,672</b>
				<b>8,553</b>
<b>Net income / (loss) from operating activities</b>		<b>1,585</b>	<b>(8,224)</b>	<b>2,790</b>
				<b>(171)</b>
Provision for Workers' Welfare Fund	11	(32)	-	(32)
				-
<b>Net income / (loss) for the period before taxation</b>		<b>1,553</b>	<b>(8,224)</b>	<b>2,758</b>
				<b>(171)</b>
<b>Taxation</b>	12	-	-	-
				-
<b>Net income / (loss) for the period after taxation</b>		<b>1,553</b>	<b>(8,224)</b>	<b>2,758</b>
				<b>(171)</b>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Condensed Interim Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation	1,553	(8,224)	2,758	(171)
<b>Other comprehensive income for the period</b>				
Unrealised appreciation / (diminution) in the market value of investments classified as available for sale' - net	7.3	1,533	7,879	1,566
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing sukuku		-	9,890	-
<b>Total comprehensive income for the period</b>	<u>3,086</u>	<u>9,545</u>	<u>4,324</u>	<u>7,973</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Condensed Interim Distribution Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
<b>(Accumulated loss) / undistributed income brought forward</b>	(4,754)	23,356	(5,957)	(6,924)
Final distribution for the year ended 30 June 2012: Nil [(30 June 2011: 10.268%) (Date of distribution: 04 July 2011)]				
- Bonus units	-	(14,495)	-	-
- Cash distribution	-	(7,724)	-	-
Net income / (loss) for the period after taxation	1,553	(8,224)	2,758	(171)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	(3)	(99)	(5)	(91)
<b>(Accumulated loss) carried forward</b>	<u>(3,204)</u>	<u>(7,186)</u>	<u>(3,204)</u>	<u>(7,186)</u>

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

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 (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
----- (Rupees in '000) -----				
<b>Net assets at beginning of the period</b>	178,615	178,436	177,413	171,799
Issue of 60,026 units (2011 : 33,578 units)	514	249	2	247
Redemption of 142,050 units (2011 : 2,418,348 units)	(1,222)	(17,563)	(746)	(17,076)
Issue of bonus units: Nil (2011: 2,007,977 bonus units)	-	14,495	-	-
	(708)	(2,819)	(744)	(16,829)
Element of loss and capital losses included in prices of units issued less those in units redeemed - amount representing loss that form part of the unit holders' fund - net	3	99	5	91
<b>Total comprehensive income for the period</b>				
- Net income / (loss) for the period	1,553	(8,224)	2,758	(171)
- Unrealised appreciation / (diminution) in the market value of securities 'classified as available for sale' -net	1,533	7,879	1,566	(1,746)
- Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	-	9,890	-	9,890
	3,086	9,545	4,324	7,973
Final distribution for the period ended 30 June 2012: Nil [(2011: 10.268%) (Date of distribution: 04 July 2011)]				
- Bonus units	-	(14,495)	-	-
- Cash distribution	-	(7,724)	-	-
	-	(22,219)	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed - amount transferred to distribution statement	(3)	(99)	(5)	(91)
<b>Net assets as at end of the period</b>	<u>180,993</u>	<u>162,943</u>	<u>180,993</u>	<u>162,943</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Condensed Interim Cash Flow Statement (Unaudited) For the six months and three months period ended 31 December 2012

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	1,553	(8,224)	2,758	(171)
<b>Adjustments:</b>				
Amortisation of preliminary expenses and floatation costs	160	251	34	125
Capital (gain) / loss on sale of investments - net	(9)	(30)	4	(20)
Provision against non-performing sukuk bonds classified as 'available for sale'	5,859	10,783	286	893
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(26)	-	(3)	-
	7,537	2,780	3,079	827
<b>(Increase) / decrease in assets</b>				
Investments - net	(14,967)	35,019	(2,372)	28,009
Deposits, prepayments and other receivables	(15)	2,385	2,945	2,407
Profit receivable	215	1,606	462	1,185
	(14,767)	39,010	1,035	31,601
<b>Increase / (decrease) in liabilities</b>				
Payable to NBP Fullerton Asset Management Limited - Management Company	18	(63)	16	(59)
Payable to Trustee	(1)	(33)	(15)	(36)
Payable to Securities and Exchange Commission of Pakistan	(59)	(77)	34	30
Accrued expenses and other liabilities	123	107	(14)	(59)
	81	(66)	21	(124)
<b>Net cash (outflows) / inflows from operating activities</b>	(7,149)	41,724	4,135	32,304
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts from issue of units	514	249	2	247
Net payments on redemption of units	(1,222)	(17,563)	(746)	(17,076)
Distributions paid during the period	-	(7,724)	-	-
<b>Net cash (outflows) on financing activities</b>	(708)	(25,038)	(744)	(16,829)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(7,857)	16,686	3,391	15,475
Cash and cash equivalents at beginning of the period	39,611	26,141	28,363	27,352
<b>Cash and cash equivalents at end of the period</b>	<u>31,754</u>	<u>42,827</u>	<u>31,754</u>	<u>42,827</u>

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

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## Notes to and forming part of the Condensed Interim Financial information (Unaudited) For the six months period ended 31 December 2012

### 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. Subsequently, the Trust Deed of the Fund was revised, after obtaining approval of SECP, through a supplemental Trust Deed executed between the Management Company, CDC and MCBFSL effective from 22 November 2011.

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 was situated at 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi. From 4 February 2013, the principal office of the Management Company is shifted to 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

The Board of Directors have approved that the Fund be categorized as "Shariah Compliant (Islamic) Scheme" and "Aggressive Fixed Income Scheme" as per the categories defined by the Securities and Exchange Commission of Pakistan.

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 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2012.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

#### 2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund except where changes affected presentation and disclosures in this condensed interim financial information.

## 4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

## 5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2012.

	Note	(Un-Audited) December 31 2012	(Audited) June 30, 2012
(Rupees in '000)			
<b>6 BANK BALANCES</b>			
Current accounts		959	296
Savings accounts	6.1	<u>30,795</u>	<u>39,315</u>
		<u>31,754</u>	<u>39,611</u>

These accounts carry profit at rates ranging from 5% to 12% (30 June 2012: 5% to 12%) per annum.

## 7 INVESTMENTS

Available for sale			
Sukuk and Ijara bonds	7.1	67,256	80,713
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Sukuk and Ijara bonds	7.2	<u>73,041</u>	<u>48,908</u>
		<u>140,297</u>	<u>129,621</u>



# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 7.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of Certificates				Market value as at December 31, 2012	Investment as a percentage of	
	As at July 1, 2012	Purchases during the period	Sale during the period	As at December 31, 2012		Market value of Net assets	Market value of total investments
	----- (Number of certificates)-----				(Rupees in '000)		
Engro Fertilizer Limited	4,600	-	-	4,600	22,723	12.55%	16.20%
Kohat Cement Company Limited	20,000	-	-	20,000	17,213	9.51%	12.27%
Maple Leaf Cement Factory Limited (note 7.1.3.1)	5,312	-	-	5,312	10,070	5.56%	7.18%
Maple Leaf Cement Factory Limited - Sukuk II (note 7.1.3.1)	199	-	-	199	-	0.00%	0.00%
New Allied Electronics Industries (Private) Limited -1st issue (note 7.1.3.2)	352,000	-	-	352,000	-	0.00%	0.00%
New Allied Electronics Industries (Private) Limited -2nd issue (note 7.1.3.2)	1,000	-	-	1,000	-	0.00%	0.00%
Pak Electron Limited (note 7.1.3.3)	7,000	-	-	7,000	7,433	4.11%	5.30%
GOP Ijara Sukuk - issue date 15.11.2010	1,960	-	-	1,960	9,817	5.42%	7.00%
	<u>392,071</u>	<u>-</u>	<u>-</u>	<u>392,071</u>	<u>67,256</u>		
Carrying value of investments as at 31 December 2012					<u>203,742</u>		
Provision for impairment losses as at 31 December 2012					<u>138,019</u>		

### 7.1.1 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2012 are as follows:

Name of Security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Sukuk bonds</b>				
Engro Fertilizer Limited	5,000	1.5% + 6 Month KIBOR	06 September 2007	06 September 2015
Kohat Cement Company Limited	1148	2.5% + 6 Month KIBOR	20 December 2007	20 December 2015
Maple Leaf Cement Factory Limited	4739	1% + 3 Month KIBOR	03 December 2007	03 December 2018
Maple Leaf Cement Factory Limited -Sukuk II	2222	1% + 3 Month KIBOR	31 March 2010	31 March 2012
New Allied Electronics Industries (Private) Limited - 1st issue	313	2.6% + 6 Month KIBOR	25 July 2007	25 July 2012
New Allied Electronics Industries (Private) Limited - 2nd issue	4,905	2.2% + 6 Month KIBOR	03 December 2007	03 December 2012
Pak Elektron Limited	2,143	1.75% + 3 Month KIBOR	28 September 2007	28 September 2012

7.1.2 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 which have a face value of Rs 312.5 and Rs 100,000 each respectively.

7.1.3 Fair value of all performing listed term finance certificates classified as available for sale is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at 31 December 2012 and GOP Ijara Sukuks are revalued at PKISRV quoted by Financial Market Association of Pakistan (FMAP) till 8 August 2012.

7.1.3.1 The sukuk of Maple Leaf Cement Factory Limited were restructured on 30 March 2010. In accordance with the terms of restructuring, the amount of mark-up due on 3 December 2009 was partially off-set through issuance of new sukuk, "Maple Leaf Cement Factory Limited Sukuk II". The Sukuk II have been recognised at NIL value on a prudent basis and in accordance with the guidance specified by the SECP which require overdue mark-up to be recognised on cash basis.

The Issuer defaulted again in the payment of principal and mark-up due on 03 September 2011. In accordance with the requirements of circular 33 of 2012 issued by the SECP, the exposure has been classified as non-performing and no further mark-up is being accrued after classification as non performing exposure. The amount of provision required as per SECP circular no. 33 of 2012 has been maintained by valuing the investment in terms of the said circular while considering date of default as 03 September 2011. The income suspended on Maple Leaf Cement Factory Limited -Sukuk and Maple Leaf Cement Factory Limited - Sukuk II up to 31 December 2012 amounted to Rs. 1.838 million and Rs. 0.013 million respectively.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 7.1.3.2 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. These investments have been fully provided.
- 7.1.3.3 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. 33 of 2012 has been maintained by valuing the investment in terms of the said circular. The income suspended on these sukuk bonds up to 31 December 2012 amounted to Rs. 0.985 million.
- 7.1.3.4 The sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.

## 7.2 Sukuk and Ijara bonds -held for trading

Name of the investee company	Number of certificates / bonds				Market value as at December 31, 2012	Investment as a percentage of	
	As at July 1, 2012	Purchases during the period	Sales during the period	As at December 31, 2012		Market value of net assets	Market value of total investments
	----- (Number of certificates)-----				(Rupees in '000)		
GOP Ijara Sukuk - issue 07.03.2011	400	-	-	400	2,000	1.11	1.43
GOP Ijara Sukuk - issue 26.12.2011	7,000	-	4,000	3,000	15,027	8.30	10.71
GOP Ijara Sukuk - issue 02.03.2012	400	2,400	-	2,800	14,006	7.74	9.98
GOP Ijara Sukuk - issue 30.04.2012	800	-	-	800	4,008	2.21	2.86
Sui Southern Gas Company Limited	5,880	-	5,880	-	-	-	-
HUBCO Short Term Islamic Sukuk Issue date 03.08.2012 (note 7.2.3)	-	4,000	-	4,000	20,000	11.05	14.26
HUBCO Short Term Islamic Sukuk Issue date 16.08.2012 (note 7.2.3)	-	1,000	-	1,000	5,000	2.76	3.56
GOP Ijara Sukuk - issue 18.09.2012	-	600	-	600	3,000	1.66	2.14
KAPCO Short Term Islamic Sukuk (note 7.2.3)	-	2,000	-	2,000	10,000	5.53	7.13
	<u>14,480</u>	<u>10,000</u>	<u>9,880</u>	<u>14,600</u>	<u>73,041</u>		
Carrying value of investments as at 31 December 2012					<u>73,015</u>		

### 7.2.1 Significant terms and conditions of sukuk bonds outstanding as at 31 December 2012 are as follows:

Name of Security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
<b>Sukuk bonds</b>				
Kot Addu Power	5,000	10.60%	11 December 2012	11 June 2013
HUBCO Short term Islamic Sukuk	5,000	13.08%	03 August 2012	03 February 2013
HUBCO Short term Islamic Sukuk	5,000	11.83%	16 August 2012	16 February 2012

7.2.2 All sukuk bonds have a face value of Rs 5,000 each except Government of Pakistan Ijara bonds which have a face value of Rs 100,000 each respectively.

7.2.3 As per clause 2B(i)(a) of circular no. 33 of 2012, investment in thinly and non-traded debt securities with maturity of up to six months are valued at their amortized cost.

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

		(Un-Audited) December 31, 2012	(Audited) June 30, 2012
		(Rupees in '000)	
<b>7.3</b>	<b>Unrealised appreciation on remeasurement of investments classified as available for sale - net</b>		
	Market value of investments	7.1 67,256	109,876
	Carrying value of investments	(203,742)	(228,680)
		<u>(136,486)</u>	<u>(118,804)</u>
	<b>Provision against non-performing sukuks</b>		
	Balance as at 1 July	132,160	115,900
	Provision made during the period	6,412	10,783
	Reversal of provision due to redemption of principal	(553)	-
	Balance as at 31 December	7.3.1 <u>138,019</u>	<u>126,683</u>
		<u>1,533</u>	<u>7,879</u>
<b>7.3.1</b>	<b>Movement in provision against non-performing sukuks</b>		
	Balance as at 1 July	132,160	115,900
	Provision made during the period	6,412	10,783
	Reversal of provision due to redemption of principal	(553)	-
		<u>5,859</u>	<u>10,783</u>
	Balance as at 31 December	<u>138,019</u>	<u>126,683</u>
<b>7.4</b>	<b>Unrealised appreciation on remeasurement of classified as fair value through profit or loss - net</b>		
	Market value of investments	7.2 73,041	2,025
	Carrying value of investments	(73,015)	(2,005)
		<u>26</u>	<u>20</u>
<b>8</b>	<b>PROFIT RECEIVABLE</b>		
	Profit on savings deposits	13	1
	Income accrued on sukuk bonds	11,256	11,483
		<u>11,269</u>	<u>11,484</u>
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	249	281
	Withholding tax payable	3	3
	Bank charges payable	36	24
	Payable to brokers	22	22
	Charity payable	1	1
	Provision for Workers' Welfare Fund	11 1,253	1,221
	Printing charges payable	146	146
	CDC settlement charges	16	-
	Others	407	312
		<u>2,133</u>	<u>2,010</u>

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

## 10 CONTINGENCY AND COMMITMENT

There were no contingencies and commitments outstanding as at 31 December 2012.

## 11 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 Honourable High Court of Sindh (SHC), 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 30 June 2010.

During 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 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.

Furthermore, in 2011, the Honourable 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. 1.253 million (including Rs. 0.032 million for the current period). If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0605/0.79%.

## 12 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to 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 Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2013 as reduced by capital gains (whether realised or unrealised) to its unit holders.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee as at 2 November 2011 and MCB Financial Services Limited (MCBFSL) being the new Trustee from 22 November 2011, 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.

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

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

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

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

13.5 Details of the transactions with connected persons during the period are as follows:

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
<b>Management Company</b>				
Management fee expense for the period	1,798	1,675	901	806
Front end load for the period	4	2	-	2
Sindh Sales Tax on Management Fee	288	-	144	-
<b>National Bank of Pakistan - Sponsor</b>				
Cash Dividend	-	-	-	(7,701)
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued Nil units (31 December 2011: 1,805,633 units)	-	13,035	-	13,035
Units redeemed Nil units (31 December 2011: 220,409 units)	-	16,000	-	-
<b>MCB Financial Services Limited - Trustee</b>				
Trustee fee for the period	90	-	45	-
<b>Central Depository Company of Pakistan Limited - Ex Trustee</b>				
Trustee fee for the period	-	288	-	137
CDS charges	2	4	(7)	-
<b>Key management personnel of the Management Company</b>				
Units issued Nil units (31 December 2011: 9,738 units)	-	74	-	-
Units redeemed 9,738 units (31 December 2011: 11,262 units)	83	81	-	81
Bonus units issued Nil units (31 December 2011: 1,403 units)	-	101	-	101

# NAFA ISLAMIC AGGRESSIVE INCOME FUND

13.6 Amounts outstanding as at period end	As at 31 December 2012 (Unaudited)	As at 30 June 2012 (Audited)
	(Rupees in '000)	
<b>Management Company</b>		
Management fee payable	306	291
Sindh sales tax payable	49	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>		
CDS Charges	16	-
Security deposits	100	100
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund 7,500,000 units (30 June 2012: 7,500,000 units)	65,583	64,465
Balance in current account	14	15
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund 12,293,700 units (30 June 2012: 12,293,700 units)	107,501	105,669
<b>Employees of Management Company</b>		
Investment held by the executives in the Fund Nil units (2012: 9,738 units)	-	84

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on February 26, 2013.

For NBP Fullerton Asset Management Limited  
(Management Company)

Chief Executive

Director