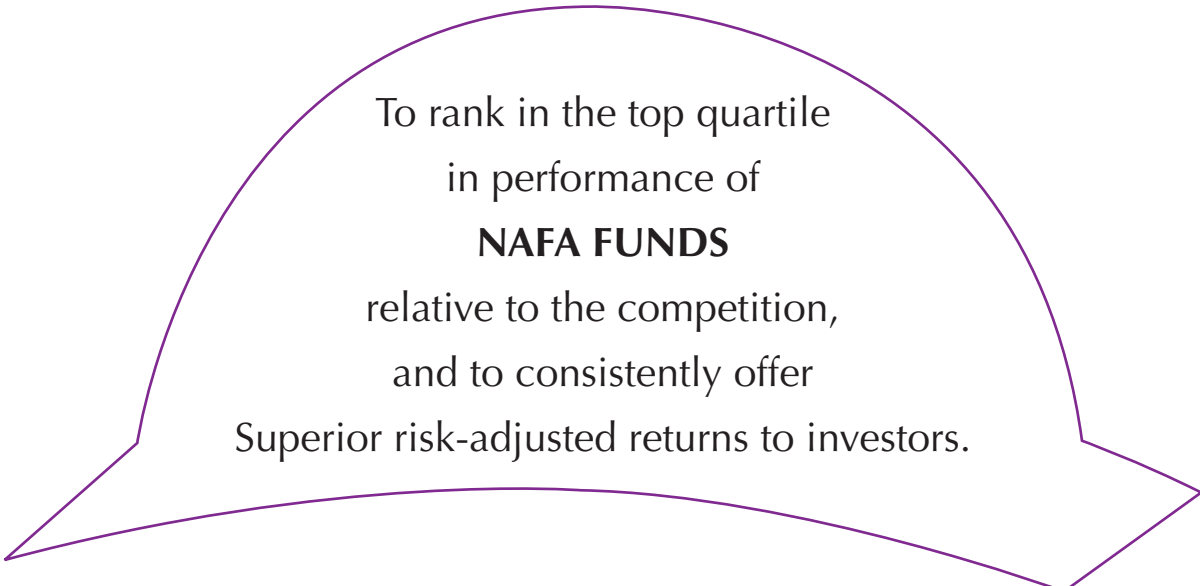


MISSION STATEMENT



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 MONEY MARKET 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

Central Depository Company of Pakistan Limited (CDC)
CDC House, 99-B, Block "B" S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Bankers to the Fund

Askari Bank Limited
Bank Alfalah Limited
National Bank of Pakistan
Faysal Bank Limited
NIB Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Habib Bank Limited

NAFA MONEY MARKET FUND

Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road,
P.O.Box 4716
Karachi.

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

Lahore Office:

House # 10 - A, Block -S, Gulberg - II, Lahore.
UAN: (+92-42) 111-111-NFA (632)
Fax No: (+92-42) 35760373

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

NAFA MONEY MARKET FUND

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NAFA MONEY MARKET FUND

DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the First Annual Report of **NAFA Money Market Fund** for the period from February 17, 2012 to June 30, 2012.

Fund's Performance

The Fund was launched on February 24, 2012. The size of NAFA Money Market Fund is Rs. 21,222 million as at June 30, 2012. The Fund has earned an annualized return of 10.63% since its inception (February 24, 2012) as compared to its Benchmark (3-Month deposit rates of 'AA' & above rated banks) annualized return of 7.36% for the same period.

NMMF is a Money Market Scheme; the Fund's Authorized Investments include T-Bills, Bank Deposits and Money Market instruments. Minimum rating to invest is AA, while the Fund is not allowed to invest in any security exceeding six month maturity. The weighted average time to maturity of the Fund can not exceed 90 days. The Fund has been awarded stability rating of AA+(f) by PACRA. With some letup in inflationary pressures and improved external accounts, SBP slashed the Policy Rate during FY12 by 2% to 12%.

The Fund has earned a total income of Rs.416.30 million during the year. After deducting total expenses of Rs.58.80 million, the net income is Rs.357.50 million.

The below table presents the asset allocation and the average credit rating of each of the sub-asset classes of NMMF.

Asset Class	Allocation	Avarage Rating of Asset Class
T-Bills	98.82%	AAA
Placements with DFIs	1.04%	AA+
Money Market Placements	0.68%	AA
Cash Equivalents	0.40%	AA
Others including receivables	-0.94%	N/R
Total	100.00%	

NAFA MONEY MARKET FUND

Income Distribution

The Board of Directors of the Management Company has approved interim distribution of 3.41% of the par value during the period.

Taxation

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

Auditors

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

Directors' Statement in Compliance with Code of Corporate Governance

1. The financial statements, prepared by the management company, present fairly the state of affairs of the Fund, the result of its operations, cash flows and statement of movement in unit holders' funds.
2. Proper books of account of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table/ key financial data is given in this annual report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges, if any, have been fully disclosed in the financial statements.
10. The Board of Directors of the Management Company held two meetings during the period. The attendance of all directors is disclosed in the note 23 to these financial statements.
11. The detailed pattern of unit holding is disclosed in the note 22 to these financial statements.
12. All trades in the units of the Fund, carried out by directors, CEO, CFO, Company Secretary and their spouses and minor children are disclosed in note 19 to these financial statements.

NAFA MONEY MARKET 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: September 11, 2012
Place: Karachi.

NAFA MONEY MARKET FUND

TRUSTEE REPORT TO THE UNIT HOLDERS NAFA MONEY MARKET FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Money Market Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from February 17, 2012 to June 30, 2012 in accordance with the provisions of the following:

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

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 26, 2012

NAFA MONEY MARKET FUND

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE NAFA MONEY MARKET FUND FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented by the Board of Directors of NBP Fullerton Asset Management Limited (Company), the Management Company of **NAFA Money Market Fund** (the Fund) to comply with the Best Practices of Code of Corporate Governance (CCG) contained in Regulation No. 35, Chapter XI of Listing Regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

NBP Fullerton Asset Management Limited, though an un-listed Public Limited Company complies with the CCG as the Fund under its management is listed on Lahore Stock Exchange.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. The Company, being an un-listed company, does not have any minority interest. At present the Board includes:

Category	Names
Independent Directors	1. Mr. Kamal Amir Chinoy 2. Mr. Shehryar Faruque
Executive Directors	Dr. Amjad Waheed (Chief Executive Officer)
Non- Executive Directors	1. Shahid Anwar Khan (Chairman) 2. Dr. Asif.A Brohi 3. Mr. Amir Shahzad 4. Mr. Wah Geok Sum 5. Mr. Koh Boon San

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable). However, the requirement of serving as a director of seven listed companies is applicable from the date of next elections of directors.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred on the board on August 27, 2011 and March 31, 2012 during the year. First casual vacancy was filled up by the director within 24 days and the second casual vacancy was filled up by the director on the same day.
5. Subsequent to year end, the Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

NAFA MONEY MARKET FUND

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive-director of the Company besides CEO.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In order to apprise the directors on their duties and responsibilities and requirements of CCG, the code requires company to conduct formal orientation for directors. The board did not arrange director training /education program required under the code as all the directors meet the exemption criteria of minimum fourteen years of education and fifteen years of experience. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the Units of the Fund other than that disclosed in note 19 to the financial statements " Transactions with Connected Persons".
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is a non-independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The revised terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR Committee. It comprises of four members, of who are non-executive directors and the chairman of the committee is a non-independent director.
18. The board has set up an effective internal audit function.

NAFA MONEY MARKET FUND

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. There was no 'closed period' prior to the announcement of interim/final results.
22. Material / price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied with.

Karachi
September 11, 2012

For and behalf of the board

Dr. Amjad Waheed
Chief Executive Officer

NAFA MONEY MARKET FUND

FUND MANAGER REPORT

NAFA Money Market Fund

NAFA Money Market Fund is an open-end Money Market Scheme.

Investment Objective of the Fund

The objective of NAFA Money Market Fund is to provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

Benchmark

3-Month deposit rates of AA and above rated banks.

Fund Performance Review

This is the first Annual report since the launch of the Fund on February 24, 2012. The Fund size as on June 30, 2012 is Rs. 21.22 billion. The Fund's annualized return since its inception is 10.63% as against the benchmark return of 7.36%. Thus the Fund has achieved its stated objectives.

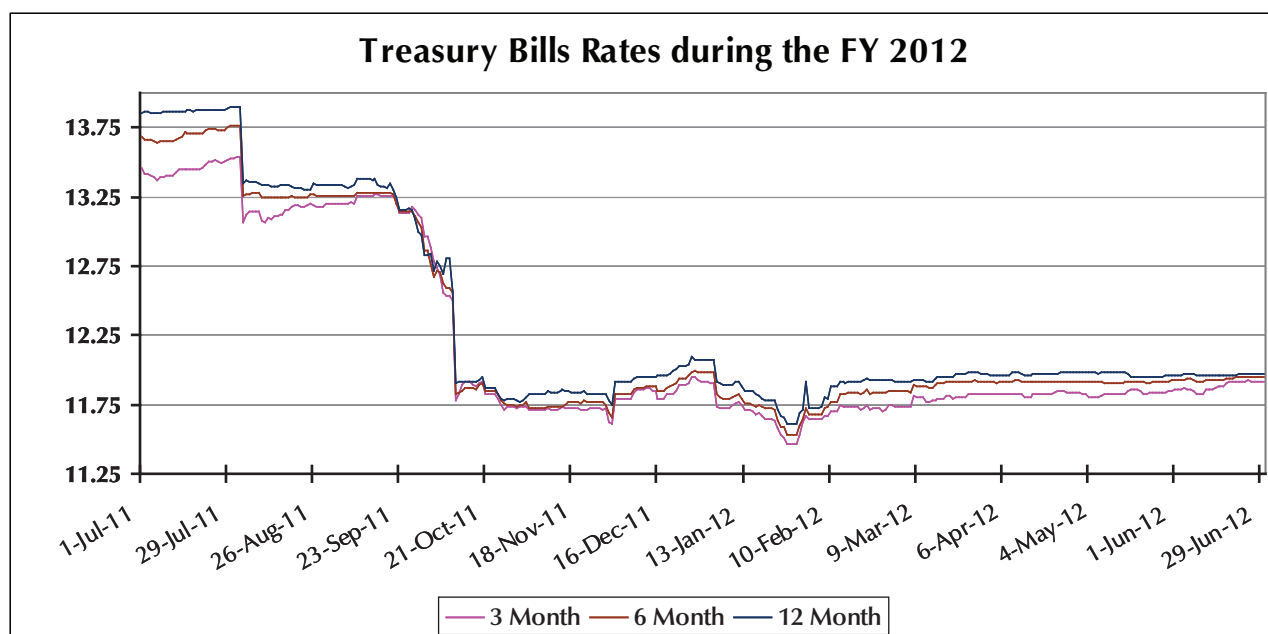
NMMF's stability rating is 'AA+(f)' awarded by PACRA, which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks. Being a money market scheme, the investment guidelines of the Fund are very strict. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum rating requirement is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days.

Asset Allocation of Fund (% of NAV)

Particulars	30-Jun-12
T-Bills	98.82%
Placement with DFIs	1.04%
Money Market Placements	0.68%
Cash Equivalents	0.40%
Other Liabilities	-0.94%
Total	100.00%

Inflation as measured by CPI stood at 11% for FY12 as against 13.66% during the preceding year. With this letup in inflation and to spur private sector investment, SBP reduced the Discount Rate from 14% to 12%. Correspondingly the benchmark 6-Months T-Bill declined to 11.95% from 13.68% during the year. Going forward, the Fund is expected to continue to offer competitive returns. T-Bills yields during the year are shown in below graph:

NAFA MONEY MARKET FUND



Distribution for the Financial Year 2012

Interim Period / Quarter	Dividend as a % of Par Value (Rs.10)	Cummlative Div. Price / Unit	Ex- Div. Price
Feb-12	N/A		
Mar-12	0.87%	10.0976	10.0106
Apr-12	0.87%	10.0930	10.0060
May-12	0.84%	10.0977	10.0137
Jun-12	0.83%	10.0870	10.0040

NAFA MONEY MARKET FUND

Unit Holding Pattern of NAFA Money Market Fund as on 30th June 2012

Size of Unit Holding (Units)	# of Unit Holders
1 - 1000	3
1001 - 5000	7
5001 - 10000	6
10001 - 50000	31
50001 - 100000	12
100001 - 500000	21
500001 - 1000000	-
1000001 - 5000000	3
5000001 - 10000000	-
10000001 - 100000000	1
100000001 - 1000000000	-
	84

During the period under question:

There has been no significant change in the state of affairs of the Fund. NAFA Money Market Fund does not have any soft commission arrangement with any broker in the industry.

Workers' Welfare Fund (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 7,296,282/-. If the same were not made the NAV per unit/ FY 2012 return of scheme would be higher by Rs. 0.0034/ 0.11%. For details investors are advised to read note 15 of the Financial Statement of the Scheme for the period ended June 30, 2012.

NAFA MONEY MARKET FUND

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

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

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2012.

A.F.Ferguson & Co.
Chartered Accountants
Karachi
Dated: September 26, 2012

NAFA MONEY MARKET FUND

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **NAFA Money Market Fund** (here in after referred to as “the Fund”), which comprise the statement of assets and liabilities as at June 30, 2012, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the period from February 17, 2012 to June 30, 2012 and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2012, and of its financial performance, cash flows and transactions for the period from February 17, 2012 to June 30, 2012 in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: September 26, 2012
Karachi

NAFA MONEY MARKET FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2012

	Note	2012 (Rupees in '000)
ASSETS		
Bank balances	4	87,260
Investments	5	21,337,164
Profit receivable	6	9,053
Preliminary expenses and floatation costs	7	1,063
Security deposit		100
Prepayments and other receivables		336
Total assets		21,434,976
LIABILITIES		
Payable to the Management Company	8	26,674
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,352
Payable to the Securities and Exchange Commission of Pakistan	10	2,734
Distribution payable		174,044
Accrued expenses and other liabilities	11	7,715
Total liabilities		212,519
NET ASSETS		21,222,457
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		21,222,457
CONTINGENCIES AND COMMITMENTS	12	-
NUMBER OF UNITS IN ISSUE		(Number of units) 2,119,089,389
NET ASSET VALUE PER UNIT	3.11	(Rupees) 10.0149

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

INCOME STATEMENT FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

	Note	For the period from February 17, 2012 to June 30, 2012 ----- (Rupees in '000) -----
INCOME		
Net loss on sale of investments		(372)
Income from government securities		398,114
Income from term deposit receipts		6,838
Income from letters of placements		4,319
Income from certificates of investments		12,420
Income from sukuk certificates		5,249
Profit on bank deposits	13	1,857
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.3	(12,127)
Total income		416,298
EXPENSES		
Remuneration of the Management Company		38,759
Sindh Sales Tax on Management Company's remuneration		6,201
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,002
Annual fee - Securities and Exchange Commission of Pakistan		2,734
Securities transaction cost		166
Bank charges		67
Listing fee		40
Rating fee		82
Auditors' remuneration	14	275
Amortisation of preliminary expenses and floatation costs	7	80
Printing charges		100
Total expenses		51,506
Net income from operating activities		364,792
Provision for Workers' Welfare Fund	15	(7,296)
Net income for the period before taxation		357,496
Taxation	16	-
Net income for the period after taxation		357,496
Earnings per unit	3.12	-

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

For the period
from February 17,
2012 to June 30,
2012
(Rupees in '000)

Net income for the period after taxation	357,496
Other comprehensive income for the period	-
Total comprehensive income for the period	<u>357,496</u>

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

DISTRIBUTION STATEMENT FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

	For the period from February 17, 2012 to June 30, 2012
	(Rupees in '000)
Undistributed income brought forward	-
Net income for the period	357,496
Element of income and capital gains included in the prices of units issued less those in units redeemed	47,766
Interim distributions during the period	
- Re 0.087 per unit declared on March 29, 2012	
- Cash distribution	(87)
- Issue of bonus units	(9,489)
- Re 0.087 per unit declared on April 27, 2012	
- Cash distribution	(9,642)
- Issue of bonus units	(907)
- Re 0.084 per unit declared on May 30, 2012	
- Cash distribution	(176,917)
- Issue of bonus units	(752)
- Re 0.083 per unit declared on June 27, 2012	
- Cash distribution	(174,044)
- Issue of bonus units	(1,861)
Undistributed income carried forward	<u>31,563</u>
Undistributed income comprising:	
- Realised income	43,690
- Unrealised loss	(12,127)
	<u>31,563</u>

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

	For the period from February 17, 2012 to June 30, 2012 (Rupees in '000)
Net assets at the beginning of the period	-
Issue of 2,136,043,818 units including 1,299,654 bonus units	21,396,207
Redemption of 16,954,429 units	(170,556)
	21,225,651
Element of income and capital gains included in the prices of units issued less those in units redeemed - amount transferred to distribution statement	(47,766)
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(12,127)
Net loss on sale of investments	(372)
Other income (net of expenses) for the period	369,995
	357,496
Distributions of bonus units during the period	
Interim distributions	13,009
Interim distributions made during the period	
- Re 0.087 per unit declared on March 29, 2012	
- Cash distribution	(87)
- Issue of bonus units	(9,489)
- Re 0.087 per unit declared on April 27, 2012	
- Cash distribution	(9,642)
- Issue of bonus units	(907)
- Re 0.084 per unit declared on May 30, 2012	
- Cash distribution	(176,917)
- Issue of bonus units	(752)
- Re 0.083 per unit declared on June 27, 2012	
- Cash distribution	(174,044)
- Issue of bonus units	(1,861)
	(373,699)
Net element of income and capital gains included in the prices of units issued less those in units redeemed - amount transferred to distribution statement	47,766
Net assets at the end of the period	<u>21,222,457</u>

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

CASH FLOW STATEMENT FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

	Note	For the period from February 17, 2012 to June 30, 2012 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		357,496
Adjustments for:		
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'		12,127
Amortisation of preliminary expenses and floatation costs		80
		<u>369,703</u>
Increase in assets		
Investments - net		(21,349,291)
Profit receivable		(9,053)
Security deposit		(100)
Prepayments and other receivables		(336)
		<u>(21,358,780)</u>
Increase in liabilities		
Payable to the Management Company		25,531
Payable to Central Depository Company of Pakistan Limited - Trustee		1,352
Payable to the Securities and Exchange Commission of Pakistan		2,734
Distribution payable		174,044
Accrued expenses and other liabilities		7,715
		<u>211,376</u>
Net cash used in operating activities		<u>(20,777,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issue of units		21,396,207
Payments on redemption of units		(170,556)
Distributions paid		(360,690)
Net cash generated from financing activities		<u>20,864,961</u>
Net increase in cash and cash equivalents during the period		<u>87,260</u>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4	<u><u>87,260</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM FEBRUARY 17, 2012 TO JUNE 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Money Market Fund (the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 4, 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2011 under 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. Chundrigarh Road, Karachi. The Management Company is a member of Mutual Funds Association of Pakistan (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 transferrable and can be redeemed by surrendering these to the Fund. The Fund is categorized as an Open-End "Money Market Scheme" as per the criteria laid down by SECP for categorization of Collective Investment Schemes (CIS).

As per the Trust Deed, the first accounting period shall commence from the date on which the Fund property is first paid or transferred to the Trustee. The Fund opened its bank account on Feb 17, 2012 for receipt of subscription towards seed capital of the Fund. Accordingly, these financial statements have been prepared for the period from Feb 17, 2012 to June 30, 2012.

The objective of the Fund is to generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term government securities.

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

Title of the assets of the Fund is held in the name of CDC as trustee of the Fund.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

The following standards and amendments to standards have been published and are mandatory for accounting periods beginning on or after July 1, 2012:

a) IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any significant effect on the Fund's financial statements.

b) IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

NAFA MONEY MARKET FUND

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and note 5).

2.4 Accounting Convention

These financial statements have been prepared under the historical cost convention except that certain financial assets have been carried at fair value in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments Recognition and Measurement.'

2.5 Functional and Presentation Currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances in savings accounts and other deposits with banks having original maturities of three months or less. Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- available for sale

The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Financial assets at fair value through profit or loss

These are financial assets acquired principally for the purpose of generating profit from short-term fluctuations in market prices, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

b) Loans and receivables

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

c) Available for sale

These are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

NAFA MONEY MARKET FUND

3.2.3 Initial recognition and measurement

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

3.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

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

Basis of valuation of government securities

The investment of the Fund in government securities is subsequently stated at fair value which is determined on the basis of rates announced by the Financial Market Association of Pakistan in accordance with the requirements of the NBFC Regulations, 2008.

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

Net gains and losses arising from changes in fair value of 'available for sale' financial assets are recognised as 'other comprehensive income' in the statement of comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as other comprehensive income is transferred to income statement as capital gain / (loss).

b) Loans and receivables

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the Income Statement when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The carrying amounts of the Fund's assets are revalued at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. If any impairment evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income is reclassified from other comprehensive income and recognised in the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by SECP.

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and liabilities

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

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include payable to management company, payable to trustee and other liabilities.

3.4 Derivatives

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

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.6 Provisions

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

NAFA MONEY MARKET FUND

3.7 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 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 is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

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

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company of the Fund for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

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

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

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

Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned and on unrealised appreciation / (diminution) arising on available for sale securities. The amount so determined is taken directly to the distribution statement.

3.10 Proposed distributions

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

3.11 Net asset value per unit

The Net Asset Value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

3.12 Earnings per unit

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

3.13 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised capital gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Income on sukuk certificates / letters of placement and commercial papers is recognised on an accrual basis.
- Profit on bank deposits is recognised on accrual basis.
- Discount on purchase of Market Treasury Bills is amortised to income statement using the straight line method.

	Note	June 30, 2012 (Rupees in '000)
4 BANK BALANCES		
in savings accounts	4.1	86,144
in current accounts		1,116
		<u>87,260</u>
4.1	These accounts carry return at rates ranging between 6% and 11% per annum.	

NAFA MONEY MARKET FUND

Note
June 30, 2012
(Rupees in '000)

5 INVESTMENTS

At fair value through profit or loss - held for trading
Government securities - Market Treasury Bills

5.1 20,972,954

Loans and receivables

5.2 364,210
21,337,164

5.1 Investment in government securities - 'at fair value through profit or loss'

Issue date	Tenor	Face value				Market Value	Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2011	Purchased during the year	Disposed / matured during the year	As at June 30, 2012			

-----Rupees in '000-----								
Market Treasury Bills								
9-Feb-12	3 Months	-	45,000	45,000	-	-	-	-
8-Mar-12	3 Months	-	100,000	100,000	-	-	-	-
22-Mar-12	3 Months	-	100,000	100,000	-	-	-	-
22-Mar-12	3 Months	-	40,000	40,000	-	-	-	-
05-Apr-12	3 Months	-	1,520,000	1,520,000	-	-	-	-
22-Sep-11	6 Months	-	7,500	7,500	-	-	-	-
03-Nov-11	6 Months	-	44,250	44,250	-	-	-	-
24-Mar-11	12 Months	-	22,750	22,750	-	-	-	-
21-Apr-11	12 Months	-	800,000	800,000	-	-	-	-
19-May-11	12 Months	-	15,000	15,000	-	-	-	-
30-Jun-11	12 Months	-	2,035,000	2,035,000	-	-	-	-
19-Apr-12	3 Months	-	8,305,000	385,000	7,920,000	7,889,080	37.17%	37.00%
17-May-12	3 Months	-	275,000	-	275,000	263,122	1.24%	1.00%
31-May-12	3 Months	-	485,000	-	485,000	476,595	2.25%	2.00%
14-Jun-12	3 Months	-	100,000	-	100,000	97,828	0.46%	0.46%
28-Jun-12	3 Months	-	2,400,000	-	2,400,000	2,337,406	11.01%	11.00%
12-Jan-12	6 Months	-	18,000	-	18,000	17,930	0.08%	0.08%
26-Jan-12	6 Months	-	4,108,000	-	4,108,000	4,073,386	19.19%	19.00%
03-May-12	6 Months	-	450,000	205,000	245,000	242,936	1.14%	1.00%
17-May-12	6 Months	-	275,000	-	275,000	271,451	1.28%	1.00%
28-Jul-11	12 Months	-	3,246,000	-	3,246,000	3,218,650	15.17%	15.00%
25-Aug-11	12 Months	-	250,000	200,000	50,000	49,134	0.23%	0.00%
03-Nov-11	12 Months	-	2,118,000	-	2,118,000	2,035,436	9.59%	10.00%
Total as at June 30, 2012					21,240,000	20,972,954	99%	98%
Carrying Value as at June 30, 2012					20,985,081			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'					<u>(12,127)</u>			

Note
June 30, 2012
(Rupees in '000)

5.2 Loans and receivables

Sukuk certificates
Certificates of investments

5.2.1 144,210
5.2.2 220,000
364,210

5.2.1 Sukuk certificates

Name of issuer	Maturity date	Rate	As at June 30, 2012
HUBCO Sukuk	3-Aug-12	13.09%	34,500
Engro Fertilizer Limited	22-Sep-12	13.55%	109,710
			<u>144,210</u>

NAFA MONEY MARKET FUND

5.2.2 Certificates of investment

Name of issuer	Maturity date	Rate	As at June 30, 2012
Pak Brunei Investement Company Ltd	28-Aug-12	12.25%	220,000
			<u>220,000</u>

5.3 Net unrealised (diminution) / appreciation in value of investments at fair value through profit or loss

2012
(Rupees in '000)

Market value of investments	20,972,954
Less: Carrying value of investments	(20,985,081)
	<u>(12,127)</u>

6 PROFIT RECEIVABLE

Note

June 30, 2012
(Rupees in '000)

Profit receivable on bank deposits	588
Profit receivable on certificates of investments	2,510
Profit receivable on sukuk certificates	5,955
	<u>9,053</u>

7 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	7.1	1,143
Less: Amortisation during the period		(80)
Balance as at June 30, 2012		<u>1,063</u>

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from February 24, 2012 as per the requirements set out in the Trust Deed.

8 PAYABLE TO MANAGEMENT COMPANY

Note

June 30, 2012
(Rupees in '000)

Management remuneration	8.1	21,808
Sindh Sales Tax on Management Company's remuneration	8.2	3,488
Payable against formation cost		1,143
Expenses paid by the Management Company on behalf of the Fund		235
		<u>26,674</u>

8.1 Under the provisions of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non Banking Finance Companies and Notified Entities Regulation, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent per annum of the average annual net assets of the Fund and hereafter of an amount equal to two percent per annum of such assets of the Fund. Management remuneration has been charged at rates ranging between 0.75% and 1.25% per annum for the period ended June 30, 2012.

8.2 During the current period, the Provincial Government of Sindh levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011 effective from July 1, 2011.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note

June 30, 2012
(Rupees in '000)

Trustee fee	9.1	1,352
		<u>1,352</u>

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

NAFA MONEY MARKET FUND

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2012 is as follows:

Amount of Funds Under Management (Average NAV)

Tariff per annum

Up to Rs. 1,000 million

Rs 0.6 million or 0.17% per annum of NAV whichever is higher

On amount exceeding Rs. 1,000 million to Rs. 5,000 million

Rs 1.7 million plus 0.085% per annum of NAV exceeding Rs 1,000 million

On amount exceeding Rs. 5,000 million

Rs 5.1 million plus 0.07% per annum of NAV exceeding Rs 5,000 million

	June 30, 2012 (Rupees in '000)
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	
Annual fee	2,734
	<u>2,734</u>

- 10.1** Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as Money Market Scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the scheme. The Fund has been classified as Money Market Scheme by the Management Company.

	June 30, 2012 (Rupees in '000)
11 ACCRUED EXPENSES AND OTHER LIABILITIES	
Provision for Workers' Welfare Fund	7,296
Brokerage	3
Bank charges	15
Auditors' remuneration payable	275
Printing charges	100
Listing fee	20
Withholding tax payable	6
	<u>7,715</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2012.

13 PROFIT ON BANK DEPOSITS

Profit on savings deposits	1,857
	<u>1,857</u>

14 AUDITORS' REMUNERATION

Annual audit fee	254,000
Out of pocket expenses	21,000
	<u>275,000</u>

15 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, challenging the applicability of WWF to the CISs, which is pending adjudication.

NAFA MONEY MARKET FUND

During the year ended June 30, 2011, 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. However, on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

During the year ended June 30, 2012, 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 and struck them down. 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. 7.296 million in these financial statements. Had the same not been made the net asset value per unit / return of the Fund would have been higher by Rs 0.0034 / 0.11% per unit respectively.

16 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 provision for taxation in respect of income relating to the current period as the Management Company has distributed the required minimum percentage of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders.

17 NUMBER OF UNITS IN ISSUE

	2012 Number of units
Total units in issue at the beginning of the period	-
Add: units issued during the period	2,134,744,164
Add: bonus units issued during the period	1,299,654
Less: units redeemed during the period	16,954,429
Total units in issue at the end of the period	2,119,089,389

18 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As on June 30, 2012-----		
	Loans and receivables	Assets at fair value through profit or loss	Total
	(Rupees in '000)		
Assets			
Bank balances	87,260	-	87,260
Investments	364,210	20,972,954	21,337,164
Profit receivable	9,053	-	9,053
Security deposit	100	-	100
	<u>460,623</u>	<u>20,972,954</u>	<u>21,433,577</u>
	-----As on June 30, 2012-----		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	(Rupees in '000)		
Liabilities			
Payable to the Management Company	-	26,674	26,674
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,352	1,352
Distribution payable	-	174,044	174,044
Accrued expenses and other liabilities	-	419	419
	<u>-</u>	<u>202,489</u>	<u>202,489</u>

NAFA MONEY MARKET FUND

19 TRANSACTIONS WITH CONNECTED PERSONS

- 19.1** Connected persons include NBP Fullerton Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.
- 19.2** The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

**For the period
from Feb 17,
2012 to June 30,
2012
(Rupees in '000)**

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

NBP Fullerton Asset Management Limited - Management Company

Remuneration	38,759
Sindh Sales Tax on Management Company's remuneration	6,201
Expenses paid by the Management Company on behalf of the Fund	
-Preliminary expenses and floatation costs	1,143
-Listing fee	200
-Rating fee	20
-Others	15

National Bank of Pakistan - Sponsor

Issue of 2,096,042,879 units	21,007,540
Bonus of 869,143 units	-
Distributions paid	184,861
Pre-IPO profit	75
Purchase of Market Treasury Bills	24,741,109

Central Depository Company of Pakistan Limited - Trustee

Remuneration for the period	3,002
Security deposit	100

Employees of the Management Company

Issue of 148,113 units	1,489
Bonus of 834 units	
Redemption of 90,327 units	907

Chief Executive Officer

Issue of 367,212 units	3,700
Bonus of 3,392 units	-
Redemption of 358,518 units	3,600

International Industries Limited- Employees' Gratuity Fund

Sukuks purchased during the period	7,288
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International Industries Limited - Employees' Provident Fund

Sukuks purchased during the period	12,290
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International Steel Limited - Employees Provident Fund

Sukuks purchased during the period	3,224
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NAFA MONEY MARKET FUND

June, 2012
(Rupees in '000)

19.5 Balances outstanding as at period end

NBP Fullerton Asset Management Limited - Management Company

Preliminary expenses and floatation costs paid by Management Company on behalf of the Fund 1,378

Remuneration payable 21,808

Sindh sales tax payable on remuneration of the Management Company 3,488

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable 1,352

National Bank of Pakistan - Sponsor

Units held: 2,096,912,022 units 21,000,364

Distribution payable 174,044

Bank balances

- in savings accounts 63,005

- in current accounts 1,116

Employees of the Management Company

Units held: 58,620 units 587

Chief Executive Officer

Units held: 12,086 units 121

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

----- As on June 30, 2012 -----

S. No.	Name	Qualification	Experience in years
1	Dr. Amjad Waheed	MBA / Doctorate in Business Administration / CFA	24
2	Sajjad Anwar	CFA / MBA Finance	12
3	Tanvir Abid	CFA / MBA / FRM	13
4	Ahmed Nouman	CFA / EMBA	16
5	Salman Ahmed	MBA	6.5

Mr. Salman Ahmed is the Fund Manager of NAFA Money Market Fund

21 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID / PAYABLE

2012

1	Invest One Markets Limited	18.04%
2	Summit Capital Private Limited (Formerly Atlas Capital Markets (Pvt) Limited)	14.87%
3	Invest Capital Markets Limited	13.30%
4	Elixir Securities Pakistan Private Limited	12.94%
5	Optimus Capital Management Limited	11.97%
6	Alfalah Securities Private Limited	7.49%
7	J.S. Global Capital Limited	5.35%
8	Vector Capital Private Limited	5.24%
9	Global Securities Pakistan Limited	4.88%
10	First Capital Securities Corporation Limited	4.02%

NAFA MONEY MARKET FUND

22 DETAILS OF PATTERN OF UNIT HOLDING

----- As on June 30, 2011 -----

Category	Number of unit holders	Number of unit held	"Investment amount	Percentage of investment
(Rupees in '000)				
Individuals	79	7,022,033	70,314	0.33%
Associated companies / directors	2	2,096,924,108	21,000,485	98.96%
Retirement funds	3	1,542,648	15,449	0.07%
Banks and DFIs	1	10,012,678	100,276	0.47%
Public limited companies	1	3,587,922	35,933	0.17%
	84	2,119,089,389	21,222,457	100%

23 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 32nd, 33rd, 34th, 35th and 36th Board meetings were held on July 04, 2011, September 29, 2011, October 27, 2011, February 17, 2012 and April 17, 2012 respectively. Information in respect of attendance by directors in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Shahid Anwar Khan	5	3	2	34th, 35th meeting
Dr. Asif A. Brohi	5	2	3	33rd, 34th, 35th meeting
Mr. Wah Geok Sum	5	2	3	33rd, 34th, 36th meeting
Mr. Patrick Pang Chin Hwang***	4	4	-	
Mr. Shehryar Faruque	5	3	2	32nd, 36th meeting
Mr. Kamal Amir Chinoy	5	3	2	34th, 35th meeting
Syed Iqbal Ashraf*	1	-	-	32nd meeting
Dr Amjad Waheed	5	5	-	
Mr. Amir Shehzad	3	3	-	
Mr. Koh Boon San****	1	1	-	

* Syed Iqbal Ashraf retired from Board with effect from August 27, 2011

** Mr. Amir Shehzad was co-opted on the Board with effect from September 20, 2011

*** Mr. Patrick Pang Chin Hwang retired from Board with effect from March 31, 2012

**** Mr. Kow Boon San was co-opted on the Board with effect from February 17, 2012

24 FINANCIAL RISK MANAGEMENT

The Fund is a money market fund which primarily invests in government securities. The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

24.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the investment committee and regulations laid down by SECP.

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

24.2 Currency risk

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

NAFA MONEY MARKET FUND

24.1.1 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

As at June 30, 2012, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2012 the Fund holds Market Treasury Bills which are classified as "financial assets at fair value through profit or loss", exposing the Fund to fair value interest rate risk. In case of 100 basis point increase in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2012, with all other variables held constant, the net income for the period and net assets would be lower by Rs. 21.817 million. In case of 100 basis points decrease in rates announced by FMAP on June 30, 2012, with all other variables held constant, the net income for the period & net assets would be higher by Rs. 21.902 million.

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

-----As at June 30, 2012-----

Effective interest rate %	Total	Exposed to yield/interest rate risk			Not exposed to Yield/ Interest rate risk
		Upto three months	More than three months and upto one year	More than one year	

(Rupees in '000)

On-balance sheet financial instruments

Financial Assets

Bank balances	6.00 - 11.00	87,260	86,144	-	-	1,116
Investments	12.25 - 13.55	21,337,164	19,038,606	2,298,558	-	-
Profit receivable		9,053	-	-	-	9,053
Security deposit		100	-	-	-	100
		21,433,577	19,124,750	2,298,558	-	10,269

Financial liabilities

Payable to the Management Company		26,674		-	-	26,674
Payable to Central Depository Company of Pakistan Limited - Trustee		1,352		-	-	1,352
Distribution payable		174,044				174,044
Accrued expenses and other liabilities		419		-	-	419
		202,489	-	-	-	202,489

On-balance sheet gap

21,231,088	19,124,750	2,298,558	-	(192,220)
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap

-	-	-	-	-
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24.1.3 Price Risk

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

24.4 Credit risk

Credit risk arising from the inability of the counterparties to fulfill their obligations in respect of financial instrument contracts, is generally limited to the principal amount and accrued income thereon. The Fund's policy is to enter into financial instrument contracts by following internal guidelines such as approving counterparties, approving credit, obtaining adequate collateral and transacting through approved brokers.

NAFA MONEY MARKET FUND

Bank balances by rating category

As at June 30,
2012

A1+, A-1+

100,00%

24.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio is mainly concentrated in government securities and bank balances with commercial banks whereas the remaining transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk to counterparties other than government.

24.2.2 Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

24.2.3 Liquidity risk

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

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

For the purpose of making redemptions, the Fund has the ability to borrow in the short term. However, such need did not arise during the period. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the period.

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

Total	Upto three months	Over three months and upto one year	Over one year
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(Rupees in '000)

Financial Liabilities

Payable to the Management company	26,674	26,674	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,352	1,352	-	-
Distribution payable	174,044	174,044	-	-
Accrued expenses and other liabilities	419	419	-	-
	202,489	202,489	-	-

NAFA MONEY MARKET FUND

25 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

In accordance with the risk management policies stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, which would be augmented by short-term borrowings or disposal of investments where necessary.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

According to the amendments to International Financial Reporting Standard 7, Financial Instruments : Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) level 3).

	----- As on June 30, 2012 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
ASSETS				
	-	20,972,954	-	20,972,954
Financial assets classified as 'fair value through profit or loss'				
- Investments In Market Treasury Bills				

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on September 11, 2012.

GENERAL

28

Figures have been rounded off to the nearest thousand Rupees.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA MONEY MARKET FUND

PERFORMANCE TABLE

Particulars	For the year ended June 30, 2012 (Rs. In '000')
Net assets (Rs. '000')	21,222,457
Net Income (Rs. '000')	357,496
Net Asset Value per units (Rs.)	10.0149
Offer price per unit	10.0149
Redemption price per unit	10.0149
Highest offer price per unit (Rs.)	10.0149
Lowest offer price per unit (Rs.)	9.6664
Highest redemption price per unit (Rs.)	10.0149
Lowest redemption price per unit (Rs.)	9.6664
Total return of the fund	3.60%
Capital growth	0.19%
Income distribution	3.41%
Distribution	
Interim distribution per unit	
Final distribution per unit	
Distribution dates	
Interim	-
March 29, 2012	0.8700
April 27, 2012	0.8700
May 30, 2012	0.8400
June 27, 2012	0.8300
Average annual return (launch date 24-02-2012) (Since inception to June 30, 2012)	10.63%
Portfolio Composition (Please see Fund Manager Report)	
Weighted average portfolio duration	39.6 days
"Past performance is not necessarily indicative of future performance and that unit prices and investment return returns may go down, as well as up."	