

## **MISSION STATEMENT**



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

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## FUND'S INFORMATION

### Management Company

**NBP Fullerton Asset Management Limited – Management Company**  
(Formerly National Fullerton Asset Management Limited)

### Board of Directors of the Management Company

Mr. Qamar Hussain	Chairman
Mr. Shahid Anwar Khan	Director
Mr. Choy Peng Wah	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer
Dr. Asif A. Brohi	Director

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

Mr. Choy Peng Wah	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Faruque	Member

### Trustee

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

### Bankers to the Fund

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

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## **Auditors**

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

## **Legal Advisor**

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

## **Head Office:**

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

## **Lahore Office:**

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

## **Islamabad Office:**

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

## **Peshawar Office:**

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

## **Multan Office:**

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

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# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## DIRECTORS' REPORT

The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the unaudited (reviewed) financial statements of NAFA Income Opportunity Fund (Formerly; NAFA Cash Fund) for the half year ended December 31, 2010.

### Fund's Performance

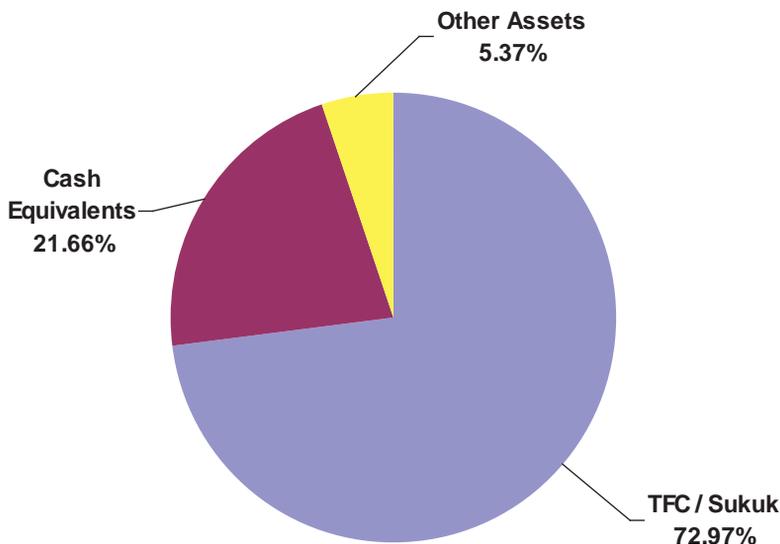
The size of NAFA Income Opportunity fund (Formerly; NAFA Cash Fund) has reduced from Rs. 3,915 million to Rs. 3,486 million during the period, i.e. a decline of 10.96%. During the said period, the unit price of the Fund has increased from Rs. 9.8692 on June 30, 2010 to Rs. 10.1872 on December 31, 2010, thus showing an annualized return of 6.49% as compared to its Benchmark (6-Month KIBOR) annualized return of 12.80% for the same period.

The prices of TFCs have not recovered yet and these are still trading at significant discount to the par values. However, many non-performing TFCs have been restructured now. It is expected that gradually these TFCs will attract investors and start trading at par values again. In addition the floating rate nature of these debt securities make them attractive in the present rising interest rate environment.

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

The Fund has earned total income of Rs.256.63 million during the period. After deducting expenses of Rs.31.95 million, the net income is Rs.224.68 million, translating into earning per unit of Rs.0.318.

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



# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 1.974%.

## Acknowledgement

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

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

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

Chief Executive

Director

Date: February 18, 2011  
Place: Karachi.

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## TRUSTEE REPORT TO THE UNIT HOLDERS

### NAFA INCOME OPPORTUNITY FUND

[Formerly NAFA Cash Fund]

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

NAFA Income Opportunity Fund [Formerly NAFA Cash Fund] (the Fund), an open-end scheme was established under a trust deed dated February 11, 2006, executed between NBP Fullerton Asset Management Limited [Formerly National Fullerton Asset Management Limited], as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2010 to December 31, 2010 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.

For the purpose of information, the attention of the unit holders of the Fund is drawn towards the fact that the directives of the Securities and Exchange Commission of Pakistan issued vide Circular 1 of 2009 and Circular 3 of 2010, require that the debt securities shall only be reclassified as performing on receipt of all arrears i.e. principal as well as interest for the next two installments and the debt securities shall be classified as 'non performing' if interest and/or principal amount is past or overdue by 15 calendar days from the due date. The Sukuk Certificates of Kohat Cement Company Limited were classified as performing in June, 2010 based on restructured plan approved in February, 2010; whereas the additional Sukuk Certificates by Maple Leaf Cement Factory Limited as part of the partial markup payment was not classified as 'non performing' by MUFAP till December 31, 2010.

The Management Company while complying with the same has reclassified these Sukuk Certificates as performing, however, has accrued the markup for Sukuk Certificates of Kohat Cement Company Limited for the period from June 20, 2009 to June 19, 2010 on receipt basis and has made full provision of the additional Sukuk Certificates received against markup receivable for Sukuk Certificates of Maple Leaf Cement Company Limited. The Management Company has informed us that the same has been done on prudence basis, considering the risk of realisability of the deferred markup or principal which will be received in future periods.

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

Karachi, February 26, 2011

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Independent Auditors' Report on review of Condensed Interim Financial Information to the Unit holders of NAFA Income Opportunity Fund

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of NAFA Income Opportunity Fund ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and notes to the condensed interim information for the six months period ended 31 December 2010 (here-in-after referred to as the "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed 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 the 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 as at and for the six months period ended 31 December 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31 December 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion thereon.

The interim financial information for the six months period ended 31 December 2009 and financial information for the year ended 30 June 2010 were reviewed and audited by another firm of auditors whose reports dated 24 February 2010 and 15 September 2010, expressed an unqualified conclusion and opinion thereon respectively.

Date: February 18, 2011

Karachi

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KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Nadeem

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Statement of Assets and Liabilities ( Un-audited) As at 31 December 2010

	Note	31 December 2010 (Un-audited)	30 June 2010 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Balances with banks	5	758,413	707,537
Investments	6	2,543,860	3,082,011
Deposits, prepayments and other receivables		4,261	5,241
Profit receivable	7	199,170	138,780
Preliminary expenses and floatation costs		153	403
<b>Total assets</b>		<b>3,505,857</b>	<b>3,933,972</b>
<b>LIABILITIES</b>			
Payable to Management Company		3,918	4,352
Payable to Central Depository Company of Pakistan Limited - Trustee		379	406
Payable to Securities and Exchange Commission of Pakistan		1,386	4,196
Payable against redemption of units		-	678
Accrued expenses and other liabilities	8	13,887	9,434
<b>Total liabilities</b>		<b>19,570</b>	<b>19,066</b>
<b>Net assets</b>		<b>3,486,287</b>	<b>3,914,906</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>3,486,287</b>	<b>3,914,906</b>
<b>Contingencies and commitments</b>	9	Number of units	
<b>Number of units in issue</b>		<b>342,221,343</b>	<b>396,678,456</b>
		Rupees	
<b>Net asset value per unit</b>		<b>10.1872</b>	<b>9.8692</b>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Income Statement (Un-audited)

For the six months period ended 31 December 2010

	Note	Six months period ended		Quarter ended	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
----- (Rupees in '000) -----					
<b>INCOME</b>					
Gain / (loss) on sale of investments - net		2,799	(11,295)	2,877	(10,011)
Profit on bank deposits and term deposit receipts		30,757	72,469	16,076	22,712
Income from term finance certificates, sukuk bonds and commercial papers		229,121	347,753	104,417	138,403
Income from treasury bills		-	7,847	-	1,213
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at 'fair value through profit or loss'		13,028	79,893	53,372	46,173
<b>Total income</b>		<b>275,705</b>	<b>496,667</b>	<b>176,742</b>	<b>198,490</b>
<b>EXPENSES</b>					
Remuneration of Management Company		27,713	51,672	13,211	22,405
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,352	3,949	1,133	1,746
Annual fee - Securities and Exchange Commission of Pakistan		1,386	2,583	661	1,120
Annual listing fee		20	15	11	7
Brokerage and other transaction costs		-	45	-	12
Settlement charges and bank charges		320	255	182	255
Auditors' remuneration		286	273	157	130
Impairment loss on investments classified as 'available for sale & held for trading'		108,183	196,994	120,805	219,884
Reversal of impairment loss on investments classified as available for sale	6.2.10 & 6.2.12	(113,040)	-	(113,040)	-
Stability rating fee		100	81	49	41
Legal and professional charges		25	46	10	46
Amortisation of preliminary expenses and floatation costs		250	250	125	121
Other expenses		(232)	521	(301)	521
<b>Total expenses</b>		<b>27,363</b>	<b>256,684</b>	<b>23,003</b>	<b>246,288</b>
<b>Net income / (loss) from operating activities</b>		<b>248,342</b>	<b>239,983</b>	<b>153,739</b>	<b>(47,798)</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed- net		(19,080)	(87,747)	(15,655)	(45,394)
Provision for Workers' Welfare Fund	12	(4,585)	-	(2,761)	-
<b>Net income / (loss) for the period before taxation</b>		<b>224,677</b>	<b>152,236</b>	<b>135,323</b>	<b>(93,192)</b>
<b>Taxation</b>	10	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income / (loss) for the period after taxation</b>		<b>224,677</b>	<b>152,236</b>	<b>135,323</b>	<b>(93,192)</b>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Statement of Comprehensive Income (Un-audited) For the six months period ended 31 December 2010

	<i>Note</i>	<u>Six months period ended</u>		<u>Quarter ended</u>	
		<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
		2010	2009	2010	2009
		----- (Rupees in '000) -----			
Net income / (loss) for the period after taxation		224,677	152,236	135,323	(93,192)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'		(143,391)	41,322	(30,769)	177,035
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	6.2.9	10,015	-	(22,355)	-
Total comprehensive income for the period		<u>91,301</u>	<u>193,558</u>	<u>82,199</u>	<u>83,843</u>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Distribution Statement (Un-audited) For the six months period ended 31 December 2010

	Six months period ended		Quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	----- (Rupees in '000) -----			
Undistributed income brought forward	198,814	290,606	293,372	409,731
Final distribution for the year ended June 30, 2010: Nil (2009:2.00%)				
- Bonus units	-	(78,184)	-	-
- Cash distribution	-	(73,660)	-	-
Interim distribution for the quarter ended September 30, 2010: Nil (2009:1.979%)				
- Bonus units	-	(53,704)	-	(53,704)
- Cash distribution	-	(64,874)	-	(64,874)
Element of income and capital gains included in prices of units issued less those in units redeemed- amount representing income that form part of the unit holders' funds	24,651	41,161	19,447	15,620
Net income / (loss) for the period after taxation	224,677	152,236	135,323	(93,192)
Undistributed income carried forward	<u>448,142</u>	<u>213,581</u>	<u>448,142</u>	<u>213,581</u>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Statement of Movement in Unit Holders' Fund (Un-audited) For the six months period ended 31 December 2010

	Six months period ended		Quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	----- (Rupees in '000) -----			
<b>Net assets at beginning of the period</b>	<b>3,914,906</b>	<b>7,665,104</b>	<b>3,692,419</b>	<b>6,798,451</b>
Issue of 343,487 units (2009: 188,909,508 units including 13,255,095 bonus units)	3,392	1,759,618	2,025	520,136
Redemption of 54,800,600 units (2009: 473,541,857 units)	(542,392) (539,000)	(4,785,078) (3,025,460)	(306,011) (303,986)	(2,560,575) (2,040,439)
Issue of bonus units in respect of final distribution for the year ended 30 June 2010: Nil (2009: 2.00%)	-	78,184	-	-
Issue of bonus units in respect of interim distribution for the quarter ended 30 September 2010: Nil (2009: 1.979%)	-	53,704	-	53,704
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed				
- amount representing (income) / loss and capital (gains) / losses -transferred to income statement	19,080	87,747	15,655	45,394
- amount representing (income) / loss - that form part of the unit holders' funds	(24,651) (5,571)	(41,161) 46,586	(19,447) (3,792)	(15,620) 29,774
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'	(143,391)	41,322	(30,769)	139,839
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	10,015	42,724	(22,355)	39,960
Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	13,028	79,893	53,372	46,173
Other operating income / (loss)	211,649	72,343	81,951	(139,365)
<b>Net income / (loss) for the period after taxation</b>	<b>224,677</b>	<b>152,236</b>	<b>135,323</b>	<b>(93,192)</b>
<b>Distributions:</b>				
Final distribution for the year ended 30 June 2010: Nil (2009: 2.00%)				
- Bonus distribution	-	(78,184)	-	-
- Cash distribution	-	(73,660)	-	-
Interim distribution for the quarter ended 30 September 2010: Nil (2009: 1.979%)				
- Bonus distribution	-	(53,704)	-	(53,704)
- Cash distribution	-	(64,874) (270,422)	-	(64,874) (118,578)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed	24,651	41,161	19,447	15,620
<b>Net assets as at end of the period</b>	<b>3,486,287</b>	<b>4,825,139</b>	<b>3,486,287</b>	<b>4,825,139</b>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 31 December 2010

	Six months period ended		Quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	224,677	152,236	135,323	(93,192)
<b>Adjustments:</b>				
Net unrealised (appreciation) / diminution in the fair value of investments classified as financial assets at 'fair value through profit or loss' - net	(13,028)	(79,893)	(53,372)	(46,173)
Amortisation of preliminary expenses and floatation costs	250	250	125	121
(Gain) / loss on sale of investments	(2,799)	11,295	(2,877)	10,011
Impairment loss on investments classified as 'available for sale'	(4,857)	196,994	7,765	219,884
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	19,080	87,747	15,655	45,394
	<u>223,323</u>	<u>368,629</u>	<u>102,619</u>	<u>136,045</u>
<b>(Increase) / decrease in assets</b>				
Investments - net	425,459	1,469,464	288,430	1,484,278
Loans and receivables	-	300,000	-	300,000
Deposits, prepayments and other receivables	980	(3,589)	1,011	6,723
Profit receivable	(60,390)	217,681	(14,086)	78,743
	<u>366,049</u>	<u>1,983,556</u>	<u>275,355</u>	<u>1,869,744</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to Management Company	(434)	(5,774)	(208)	(3,703)
Payable to Central Depository Company of Pakistan Limited Trustee	(27)	(227)	(12)	(181)
Payable to Securities and Exchange Commission of Pakistan	(2,810)	(9,513)	661	1,120
Accrued expenses and other liabilities	4,453	(165)	2,170	279
	<u>1,182</u>	<u>(15,679)</u>	<u>2,611</u>	<u>(2,485)</u>
<b>Net cash inflow from operating activities</b>	<u>590,554</u>	<u>2,336,506</u>	<u>380,585</u>	<u>2,003,304</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net receipts against issue of units	3,392	1,759,618	2,025	520,136
Net payments against redemption of units	(543,070)	(4,762,032)	(306,349)	(2,528,334)
Distributions paid during the period	-	(138,534)	-	(64,874)
<b>Net cash outflow from financing activities</b>	<u>(539,678)</u>	<u>(3,140,948)</u>	<u>(304,324)</u>	<u>(2,073,072)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>50,876</u>	<u>(804,442)</u>	<u>76,261</u>	<u>(69,768)</u>
Cash and cash equivalents at beginning of the period	707,537	1,595,275	682,152	860,601
	<u>758,413</u>	<u>790,833</u>	<u>758,413</u>	<u>790,833</u>

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

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

Chief Executive

Director

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## Notes to and forming part of the Condensed Interim Financial information (Un-audited) For the six months period ended 31 December 2010

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2010 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 thereto, for the six months period ended 31 December 2010.

These condensed interim financial information are 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.

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

#### 2.2 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest thousand rupees.

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

# NAFA INCOME OPPORTUNITY FUND

## (FORMERLY; NAFA CASH FUND)

### 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2010.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2010.

### 5 BALANCES WITH BANKS - local currency

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

### 6 INVESTMENTS

31 December  
2010  
(Un-audited)      30 June  
2010  
(Audited)

(Rupees in '000)

At fair value through profit or loss	6.1	318,175	383,585
Available for sale	6.2	2,225,685	2,698,426
		<u>2,543,860</u>	<u>3,082,011</u>

#### 6.1 Investments at fair value through profit or loss

Term finance certificates - listed	6.1.2	318,175	383,585
		<u>318,175</u>	<u>383,585</u>

#### 6.1.1 Equity securities - listed

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

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

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 December 2010 (Rupees in '000)	Investment as a %age of		
	As at 1 July 2010	Purchases during the period	Sales during the period	As at 31 December 2010		Market value of net assets	Market value of total investment	Paid up capital of investee company
Bank Alfalah Limited - II	128	-	-	128	631	0.02	0.02	0.05
Escort Investment Bank Limited	10,000	-	-	10,000	24,624	0.71	0.97	10.00
Gharibwal Cement Limited (note 6.2.5)	5,000	-	-	5,000	-	-	-	6.25
Jahangir Siddiqui & Company Limited	18,000	-	-	18,000	89,357	2.56	3.51	9.00
Orix Leasing Pakistan Limited	23,000	-	13,000	10,000	24,782	0.71	0.97	4.60
Pace (Pakistan) Limited	30,000	-	-	30,000	141,608	4.06	5.57	10.00
Saudi Pak Leasing Company Limited (note 6.2.6)	15,000	-	-	15,000	37,173	1.07	1.46	10.00
				<u>88,128</u>	<u>318,175</u>			
Cost of investment before fair value adjustment as at 31 December 2010					<u>347,876</u>			
Provision for impairment losses as at 31 December 2010					<u>42,729</u>			

# NAFA INCOME OPPORTUNITY FUND

## (FORMERLY; NAFA CASH FUND)

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

### 6.2 Available for sale investments

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

Term finance certificates - listed	6.2.1	589,847	612,021
Term finance certificates - unlisted	6.2.2	940,352	1,310,450
Sukuk bonds	6.2.3	695,486	775,955
		2,225,685	2,698,426

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 December 2010 (Rupees in '000)	Investment as a %age of		
	As at 1 July 2010	Purchases during the period	Sales during the period	As at 31 December 2010		Market value of net assets	Market value of total investment	Issue Size
<b>6.2.1 Term finance certificate - listed</b>								
Pakistan Mobile Communications (Private) Limited	78,000	-	-	78,000	340,475	9.77	13.38	9.18
World Telecom Limited	45,000	-	-	45,000	184,946	5.30	7.27	5.63
Allied Bank Limited	13,400	-	-	13,400	64,426	1.85	2.53	4.00
				136,400	589,847			
<b>6.2.2 Term finance certificate - unlisted</b>								
Avari Hotels International	35,040	-	-	35,040	142,207	4.08	5.59	5.57
Azgard Nine Limited (note 6.2.7)	50,000	-	-	50,000	127,398	3.65	5.01	10.00
Dewan Cement Limited (note 6.2.8)	30,000	-	-	30,000	-	-	-	3.00
Engro Chemical Pakistan Limited	62,000	-	-	62,000	274,350	7.87	10.78	7.75
First Dawood Investment Bank Limited (note 6.2.9)	6,900	-	4,000	2,900	-	-	-	10.00
New Allied Electronics Industries (Private) Limited (note 6.2.10)	15,000	-	-	15,000	-	-	-	8.33
Orix Leasing Pakistan Limited	4,400	-	500	3,900	319,958	9.18	12.58	0.44
AgriTech Ltd. (Pak American Fertilizer) (note 6.2.11)	30,000	-	-	30,000	76,439	2.19	3.00	10.00
Pakistan Mobile Communication (Private) Limited	66,600	-	66,600	-	-	0.00	0.00	9.51
				228,840	940,352			

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 December 2010 (Rupees in '000)	Investment as a %age of		
	As at 1 July 2010	Purchases during the period	Sales during the period	As at 31 December 2010		Market value of net assets	Market value of total investment	Issue Size
<b>6.2.3 Sukuk bonds</b>								
BRR Guardian Modaraba	10,000	-	-	10,000	37,500	1.08	1.47	6.25
Century Paper and Board Mills Limited	28,200	-	-	28,200	108,347	3.11	4.26	4.03
Eden Builders Limited	7,956	-	-	7,956	31,186	0.89	1.23	1.59
Eden Housing Limited	-	5,333	-	5,333	13,778	0.40	0.54	0.63
Kohat Cement Company Limited	50,000	-	-	50,000	162,649	4.67	6.39	10.00
Maple Leaf Cement Factory Limited (note 6.2.12)	80,000	-	-	80,000	250,645	7.19	9.85	5.00
Maple Leaf Cement Factory Limited-II (note 6.2.13)	3,000	-	-	3,000	-	-	-	
New Allied Electronics Industries (Private) Limited (note 6.2.14)	9,000	-	-	9,000	-	-	-	6.00
Orix Leasing Pakistan Limited	10,000	-	-	10,000	23,800	0.68	0.94	9.52
Pak Elektron Limited	24,000	-	-	24,000	67,581	1.94	2.66	10.00
				227,489	695,486			
					2,225,685			
Cost of investment before fair value adjustment as at 31 December 2010					2,821,126			
Provision for impairment losses as at 31 December 2010					452,050			

# NAFA INCOME OPPORTUNITY FUND

## (FORMERLY; NAFA CASH FUND)

- 6.2.4 All term finance certificates (TFC's) and sukuk certificates have a face value of Rs 5,000 each except unlisted Term Finance Certificates issued by Orix Leasing Pakistan Limited on 15 January 2008 which has a face value of Rs.100,000.
- 6.2.5 This represents investment in privately placed term finance certificates. On 18 July 2009, the scheduled redemption date, principal redemption of Rs. 5 thousand and profit redemption of Rs. 2.291 million were not received by the Fund. The management has recognized an impairment loss of Rs.24.980 million till 31 December 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 24.980 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.7.302 million. Therefore, these are stated at cost less provision.
- 6.2.6 This represents investment in listed term finance certificates with a term of five years. On 13 September 2010, the scheduled profit payment date, principal redemption of Rs.9.371 million and profit redemption of Rs.3.916 million were not received by the Fund. During the six months period ended, these TFC's have been reclassified as non performing by MUFAP due to default in payment and accordingly the unrealised loss amounted to Rs. 15.304 million upto 24 September 2010 had been reversed and an impairment loss of Rs 17.749 million till 31 December 2010 has been recognised. The minimum amount of provision as per SECP circular no.01 of 2009 amounts to Rs.17.749 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.5.638 million. Therefore, these are stated at cost less provision.
- 6.2.7 This represents investment in privately placed term finance certificates. On 04 June 2010, the scheduled redemption date, principal redemption of Rs 24.980 million and profit redemption of Rs. 18.260 million were not received by the Fund. The management has recognized an impairment loss of Rs.122.402 million till 31 December 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 98.80 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.37.747 million. Therefore, these are stated at cost less provision.
- 6.2.8 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was 9 January 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The management has recognised an impairment loss amounting to Rs.150 million till 31 December 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 150 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.65.474 million. Therefore, these are stated at cost less provision.
- 6.2.9 This represents investment in privately placed term finance certificates with a term of five years. On 11 September 2010, the scheduled profit payment date, profit redemption of Rs.2.435 million was not received by the Fund. During the six months period ended, these TFC's have been reclassified as non performing by MUFAP due to default in payment and accordingly the unrealised loss amounted to Rs. 10.016 million upto 24 September 2010 had been reversed from equity in order to arrive at the face value. The management has recognised an impairment loss of Rs.14.500 million till 31 December 2010. The minimum amount of provision as per SECP circular no. 01 of 2009 amounts to Rs.3.029 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.1.133 million. Therefore, these are stated at cost less provision.
- 6.2.10 This represents investment in privately placed term finance certificates. On 15 November 2008, the scheduled redemption date, principal redemption of Rs.6.250 million and profit redemption of Rs. 2.774 million were not received by the Fund. The management has recognised an impairment loss of Rs.31.707 million as adjusted by Rs. 3.710 million received during the six months period ended . The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs.31.707 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.14.530 million. Therefore, these are stated at cost less provision.
- 6.2.11 This represents investment in privately placed term finance certificates. On 30 May 2010, the scheduled redemption date, principal redemption of Rs.14.988 million and profit redemption of Rs. 10.524 million were not received by the Fund. The management has recognised an impairment loss of Rs.73.441 million till 31 December 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.60.177 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs.23.080 million. Therefore, these are stated at cost less provision.

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

- 6.2.12 This represents investment in privately placed Sukuk Certificates issued with a term of six years. During the six months period ended, the status of these Sukuk Certificates initially has been changed from non-performing to performing based on compliance with restructured terms and installments recognised on due dates. Therefore, provision upto 30 June 2010 amounting to Rs. 109.33 million has been reversed. These have been valued at rate quoted by the MUFAP as at 31 December 2010 and income thereon has been recognised accordingly in accordance with the requirements of Circular No.1 and Circular 3 issued by SECP. The unrealised loss of Rs. 149.015 due to marked to MUFAP's rate has been taken to equity based on its categorisation as performing.
- 6.2.13 This represent investment in Maple Leaf privately placed sukuk bonds II. The coupon payment on Maple Leaf Sukuk II was due on 29 June 2010 which was not received by the Fund. Therefore as a matter of prudence, the management had recognised an impairment loss amounting to Rs. 15 million till 30 June 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.6.875 million. The income suspended on these bonds till 31 December 2010 amounted to Rs. 0.528 million, as is recognised on receipt basis. Therefore, these are stated at cost less provision.
- 6.2.14 This represents investment in privately placed sukuk bonds on 03 December 2008 i.e. the scheduled redemption date, profit redemption of Rs. 3.415 million was not received by the Fund the management has recognized an impairment loss amounting to Rs. 45 million till 31 December 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 45 million. The income suspended on these term finance certificates till 31 December 2010 amounted to Rs. 15.512 million. Therefore, these are stated at cost less provision.

7	<b>PROFIT RECEIVABLE</b>	31 December 2010 (Un-audited)	30 June 2010 (Audited)
		(Rupees in '000)	
	Profit receivable on savings and term deposits	53,215	43,407
	Income accrued on term finance certificates and sukuk bonds	316,899	245,201
	Less: Suspended income	(170,944)	(149,828)
		145,955	95,373
		199,170	138,780
8	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration payable	282	315
	Settlement charges payable	-	30
	Brokerage expense payable	5	53
	Printing charges payable	-	375
	Provision for Workers' Welfare Fund	12	8,636
	Others	379	25
		13,887	9,434

## 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2010 and as at 31 December 2010.

## 10 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The management company intends to distribute not less than 90% of the annual accounting income to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in this condensed interim financial information for the six months period ended 31 December 2010.

# NAFA INCOME OPPORTUNITY FUND

## (FORMERLY; NAFA CASH FUND)

### 11 WORKERS' WELFARE FUND

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

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

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

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

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

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

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

In accordance with clause (iii) of the investment criteria laid down for 'Income Schemes', the Fund is required to invest atleast 25% of the net assets in cash and near cash instruments which include cash in bank accounts(excluding TDRs), treasury bills not exceeding 90 days maturity. Clause (v) of the categorization criteria requires that the ratings of any security in the portfolio of the Fund shall not be lower than investment grade. However, as at 31 December 2010, the Fund is in non-compliance with the above-mentioned requirement in respect of the following:

Type of Investment	Name of Non-Compliant Investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net asset	Percentage of gross asset
----- (Rupees in '000) -----						
Investment in Debt securities and Sukuks**	Azgard Nine Limited	249,800	122,402	127,398	3.65%	3.63%
	Agriotech Limited	149,880	73,441	76,439	2.19%	2.18%
	Saudi Pak Leasing Company Limited	54,922	17,749	37,173	1.07%	1.06%
	First Dawood Investment Bank Limited	14,500	14,500	-	0.00%	0.00%
	Maple Leaf Cement Factory Limited Sukuk ***	399,660	-	250,645	7.19%	7.15%
	New Allied Electronics Industries (Private) Limited - TFC	31,707	31,707	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk	45,000	45,000	-	-	-
	Dewan Cement Limited - TFC	150,000	150,000	-	-	-
	Gharibwal Cement Limited - TFC	24,980	24,980	-	-	-
	Maple Leaf Cement Factory Limited - Sukuk II	15,000	15,000	-	-	-
	Kohat Cement Company Limited - Sukuk***	241,500	-	162,649	4.67%	4.64%
	Eden Housing - Sukuk II ***	19,999	-	13,778	0.40%	0.39%
	BRR Guardian Modaraba - Sukuk ***	50,000	-	37,500	1.08%	1.07%

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

\*\*\* Performing but below investment grade.

## 13 TRANSACTIONS WITH CONNECTED PERSONS

13.1 Connected persons include NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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 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 INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

## 13.5 Transactions during the period

	(Un-audited)			
	Six months period ended		Quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	----- (Rupees in '000) -----			
<b>NBP Fullerton Asset Management Ltd. (Formerly; National Fullerton Asset Management Limited - Management Company)</b>				
Remuneration expense for the period	27,713	51,672	13,211	22,405
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend	-	1,433	-	713
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>				
Bonus units issued Nil units (2009: 282,201 units)	-	-	-	-
Units redeemed / transferred out (4,741,247 units; 2009: 3,917,459 units)	47,000	40,000	40,000	40,000
<b>NAFA Multi Asset Fund</b>				
Sale of term finance certificates	-	56,595	-	56,595
<b>NAFA Employees Provident Fund Trust</b>				
Bonus units issued Nil units (2009: 10,585 units)	-	-	-	-
<b>Spouse of Chief Executive Officer</b>				
Bonus units issued (Nil units; 2009: 406 units)	-	-	-	-
Units redeemed / transferred out (Nil units; 2009: 20,486 units)	-	206	-	-
<b>Executives of the Management Company</b>				
Bonus units issued (Nil units; 2009: 17,539 units)	-	-	-	-
Units issued / transferred in (Nil units; 2009: 1,654,233 units)	-	16,676	-	9,315
Units redeemed / transferred out (2,057 units; 2009: 1,919,460 units)	20	19,373	20	11,193
<b>Central Depository Company of Pakistan Limited</b>				
Remuneration expense for the period	2,352	3,949	1,133	1,746
CDS Charges	3	-	1	-

## 13.6 Balances outstanding as at period / year end

	31 December 2010 (Un-audited)	30 June 2010 (Audited)
	(Rupees in '000)	
<b>NBP Fullerton Asset Management Limited. (Formerly; National Fullerton Asset Management Limited - Management Company)</b>		
Remuneration payable to management company	4,417	4,861
Other receivable from management company	(499)	(509)

# NAFA INCOME OPPORTUNITY FUND

(FORMERLY; NAFA CASH FUND)

	31 December 2010 (Un-audited)	30 June 2010 (Audited)
	(Rupees in '000)	
<b>National Bank of Pakistan - Sponsor</b>		
Investment held by the Sponsor in the Fund (3,601,691 units; June 30, 2010: 3,601,691 units)	36,691	35,546
Deposit held by the Fund	456	12,069
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (748,431 units; June 30, 2010: 5,489,678 units)	7,624	54,179
<b>NAFA Employees Provident Fund Trust</b>		
Investment held in the Fund Trust (7,387 units; June 30, 2010: 7,387 units)	75	73
<b>Executives of the Management Company</b>		
Investment held in the Fund (Nil units; June 30, 2010: 2,131 units)	-	21
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration payable	379	406
Security deposit	100	100

## 14 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2011 by the Board of directors of the Management Company.

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

Chief Executive

Director