

# NAFA CASH FUND

## 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 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. Gerard Lee How Cheng	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Farooque	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. Gerard Lee How Cheng	Chairman
Mr. Shahid Anwar Khan	Member
Mr. Shehryar Farooque	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  
Saudi Pak Commercial Bank  
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 CASH 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.

## **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:**

82 Khan Centre, Near SP Chowk  
Abdali Road, Multan Cantt,  
Multan.

# NAFA CASH FUND

## Contents

FUND'S INFORMATION	02
DIRECTORS' REPORT	05
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	07
CONDENSED INTERIM INCOME STATEMENT	08
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	09
CONDENSED INTERIM DISTRIBUTION STATEMENT	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

# 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 financial statements of NAFA Cash Fund for the quarter ended September 30, 2010.

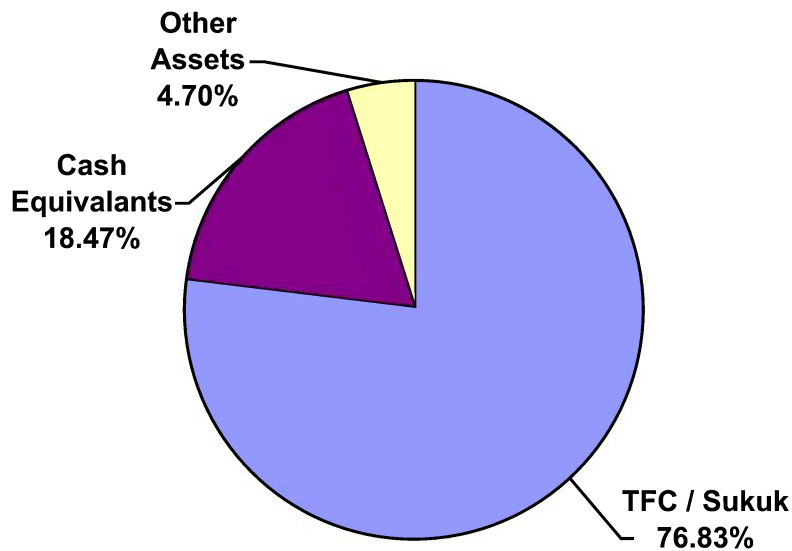
### Fund's Performance

The size of NAFA Cash Fund has declined from Rs. 3,915 million to Rs. 3,692 million during the period from July 1, 2010 to September 30, 2010. During this period the Unit Price of your Fund has increased from 9.8692 to 9.8993, translating into an annualized return of 1.22%. This is relatively low due to provisioning in some TFCs. The currently non-performing TFCs are expected to finalize their restructuring in the coming quarter.

Rising Government borrowing and inflation has forced the SBP to raise the Discount Rate by another 50 basis points over the last two months. The circular debt in the energy sector has exceeded Rs 200 billion, which has resulted in tight liquidity conditions in the market. Such an environment has not been conducive for corporate debt. Several companies have been forced to restructure their listed and unlisted debt. Mutual funds have made significant provisioning in such TFCs. This has substantially increased the Yield to Maturity on such TFCs. Increase in KIBOR has also improved the return on TFCs, since almost all TFCs in the market are floating rate instruments.

NAFA Cash Fund has earned total income of Rs.95.54 million during the quarter. After deducting expenses of Rs.6.19 million, the net income is Rs.89.35 million, translating into earning per unit of Rs.0.0301.

The asset allocation of the Fund as on September 30, 2010 is as follows:



# NAFA CASH 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  
(formerly: National Fullerton Asset Management Limited)

Chief Executive

Director

Date: October 18, 2010  
Place: Karachi.

# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010

	Note	(Un-audited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
<b>Assets</b>			
Balances with banks		682,152	707,537
Investments	4	2,836,930	3,082,011
Loans and receivables		-	-
Dividend and profit receivable	5	185,084	138,780
Advances, deposits, prepayments and other receivables	6	5,272	5,241
Preliminary expenses and floatation costs		278	403
<b>Total assets</b>		<b>3,709,716</b>	<b>3,933,972</b>
<b>Liabilities</b>			
Payable to Management Company		4,126	4,352
Payable to Central Depository Company of Pakistan Limited - Trustee		391	406
Payable to Securities and Exchange Commission of Pakistan		725	4,196
Payable on redemption of units		338	678
Accrued expenses and other liabilities	7	11,717	9,434
<b>Total liabilities</b>		<b>17,297</b>	<b>19,066</b>
<b>Net Assets</b>		<b>3,692,419</b>	<b>3,914,906</b>
<b>Unit Holders' Funds (As per statement attached)</b>		<b>3,692,419</b>	<b>3,914,906</b>
<b>Contingencies and Commitments</b>	8		
<b>(Number of units)</b>			
<b>Number of units in issue</b>		<b>372,999,127</b>	<b>396,678,456</b>
<b>(Rupees)</b>			
<b>Net asset value per unit</b>		<b>9.8993</b>	<b>9.8692</b>

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

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

Note	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
----- (Rupees in '000) -----		
<b>INCOME</b>		
(Loss) / gain on sale of investments - net	(78)	(1,284)
Income from term finance certificates	124,704	209,350
Income on certificates of deposit and clean placements	-	-
Income from treasury bills	-	6,634
Income from Continuous Funding System (CFS) transactions	-	-
Income from spread transactions	-	-
Profit on bank deposits and term deposits	14,681	49,757
Unrealised (loss) / gain on investments at fair value through profit or loss - net	(40,344)	33,720
<b>Total income</b>	<b>98,963</b>	<b>298,177</b>
<b>EXPENSES</b>		
Remuneration of Management Company	14,502	29,267
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,219	2,203
Annual fee - Securities and Exchange Commission of Pakistan	725	1,463
Securities transaction cost	-	33
Settlement and bank charges	138	-
Annual listing fee	9	8
Auditors' remuneration	129	143
Printing charges	69	-
Fund rating fee	51	40
Amortisation of preliminary expenses and floatation costs	125	129
Legal fee	15	-
Impairment loss on investments classified as 'available for sale' and 'held for trading'	(12,622)	(22,890)
Impairment loss on loans and receivables	-	-
<b>Total expenses</b>	<b>4,360</b>	<b>10,396</b>
<b>Net income from operating activities</b>	<b>94,603</b>	<b>287,781</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(3,425)	(42,353)
Provision for Workers' Welfare Fund	(1,824)	-
<b>Net income for the period before taxation</b>	<b>89,354</b>	<b>245,428</b>
<b>Taxation</b>	<b>9</b>	<b>-</b>
<b>Net income for the period after taxation</b>	<b>89,354</b>	<b>245,428</b>
<b>Earnings per unit</b>	<b>10</b>	

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

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

Chief Executive

Director



# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Net income for the year after taxation	89,354	245,428
Other comprehensive income		
Net unrealised diminution on re-measurement of investments classified as 'available for sale'	(112,622)	(95,753)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	32,370	-
Total comprehensive income / (loss) for the period	<u>9,102</u>	<u>149,675</u>

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

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Undistributed income brought forward	198,814	290,606
Final distribution for the year ended June 30, 2010: Nil (2009: 2.00%) (Date of distribution: 05 July, 2010)		
- Cash Distribution	-	(73,660)
- Bonus units	-	(78,184)
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	5,204	25,541
Net income for the period	89,354	245,428
Undistributed income carried forward	<u>293,372</u>	<u>409,731</u>

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

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	3,914,906	7,665,104
Issue of 138,397 units (2009: 132,251,096 units including 7,900,178 bonus units)	1,367	1,239,482
Redemption of 23,817,726 units (2008: 221,171,273 units)	(236,381) (235,014)	(2,224,503) (985,021)
Final distribution		
Issue of Nil bonus units for the year ended June 30, 2010: Nil (2009: 2.00%)	-	78,184
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing losses / (income) and capital losses / (gains) - transferred to Income Statement	3,425	42,353
- amount representing income that form part of the unit holders' funds - transferred to Distribution Statement	(5,204) (1,779)	(25,541) 16,812
Net unrealised (diminution) / appreciation in the market value of investments classified as 'available for sale'	(112,622)	(95,753)
Reversal of unrealised diminution in the value of investment pertaining to impairment of non-performing assets	32,370	
Unrealised (loss) / gain on investments at fair value through profit or loss - net	(40,344)	33,720
Unrealised gain on revaluation of futures sale contracts	-	-
(Loss) / gain on sale of investments - net	(78)	(1,284)
Other income (net of expenses)	129,776	212,992
Distribution:		
Final distribution for the year ended June 30, 2010: Nil (2008: 2.00%)		
- Cash Distribution	-	(73,660)
- Bonus units	-	(78,184)
	89,354	93,584
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	5,204	25,541
<b>Net assets at the end of the period</b>	<u>3,692,419</u>	<u>6,798,451</u>

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

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

Chief Executive

Director

# NAFA CASH FUND

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	89,354	245,428
<b>Adjustments</b>		
Unrealised loss / (gain) on investments at fair value through profit or loss - net	40,344	(33,720)
Gain on sale of investments	78	1,284
Amortisation of preliminary expenses and floatation costs	125	129
Impairment loss on investment classified as "Available for Sale" and "Held for trading"	(12,622)	22,890
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	3,425	42,353
	<u>120,704</u>	<u>278,364</u>
<b>(Increase) / decrease in assets</b>		
Investments	137,029	(60,594)
Dividend and profit receivable	(46,304)	138,938
Advances, deposits, prepayments and other receivables	(31)	(10,312)
	<u>90,694</u>	<u>68,032</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Management Company	(226)	(2,071)
Payable to Central Depository Company of Pakistan Limited - Trustee	(15)	(46)
Payable to Securities and Exchange Commission of Pakistan	(3,471)	(10,633)
Accrued expenses and other liabilities	2,283	(444)
	<u>(1,429)</u>	<u>(13,194)</u>
<b>Net cash inflow from / (outflow on) operating activities</b>	209,969	333,202
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts from issue of units		
Payments on redemption of units	1,367	1,239,482
Distributions paid	(236,721)	(2,233,698)
	<u>-</u>	<u>(73,660)</u>
<b>Net cash (outflow on) / inflow from financing activities</b>	(235,354)	(1,067,876)
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	(25,385)	(734,674)
Cash and cash equivalents at the beginning of the period	707,537	1,595,275
<b>Cash and cash equivalents at the end of the period</b>	<u>682,152</u>	<u>860,601</u>

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

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

Chief Executive

Director

# NAFA CASH FUND

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (Un-audited)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

NCF is an open ended mutual fund and is listed on the Lahore Stock Exchange. The Fund offers units 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+(f) 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.

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulation or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'.

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

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the quarter ended September 30, 2010 are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2010

### 4 INVESTMENTS

#### At fair value through profit or loss - held for trading

	Note	September 30, 2010	June 30, 2009
Equity Securities - Listed	4.1	-	-
Term finance certificates - listed	4.2	334,913	383,585
		334,913	383,585

#### Available for sale

	Note	September 30, 2010	June 30, 2009
Term finance certificates - listed	4.3	577,484	612,021
Term finance certificates - unlisted	4.3	1,164,231	1,310,450
Sukuk bonds	4.3	760,302	775,955
		2,502,017	2,698,426
		<u>2,836,930</u>	<u>3,082,011</u>

# NAFA CASH FUND

## 4.1 Equity securities - listed - At fair value through profit or loss - held for trading

Name of the investee company	Number of shares				Value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the year	Sales during the year	As at September 30, 2010		Net assets	Market value of total investment	Paid-up capital of investee company
Fully paid ordinary shares of Rs 10 each.					(Rupees in '000)	----- % -----		
<b>Textile composite</b>								
Azgard Nine Limited (Non-voting)	308	-	-	308	-	-	-	
<b>Cost of investments as at September 30, 2010</b>					13			
<b>Impairment losses</b>					13			

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

Name of the investee company	Number of Certificates				Market Value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the year	Sales during the year	As at September 30, 2010		Net assets	Market value of total investment	Issue size
					(Rupees in '000)	----- % -----		
Bank Alfalah Limited - II	128	-	-	128	634	0.02	0.02	0.05
Escort Investment Bank Limited	10,000	-	-	10,000	24,663	0.67	0.87	10.00
Gharibwal Cement Limited (note 4.3.4)	5,000	-	-	5,000	-	-	-	6.25
Jahangir Siddiqui & Company Limited	18,000	-	-	18,000	89,396	2.42	3.15	9.00
Orix Leasing Pakistan Limited	23,000	-	-	23,000	76,029	2.06	2.68	4.60
Pace (Pakistan) Limited	30,000	-	-	30,000	103,267	2.80	3.64	10.00
Saudi Pak Leasing Company Limited (note 4.3.5)	15,000	-	-	15,000	40,924	1.11	1.44	10.00
<b>Carrying value of investments as at September 30, 2010</b>					415,541			
<b>Impairment losses</b>					40,284			

4.2.1 Fair value of listed term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan.

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

# NAFA CASH FUND

## 4.3 Term finance certificates and sukuk bonds - available for sale

Name of the investee company	Number of Certificates				Market Value as at September 30, 2010	Investment as a percentage of		
	As at July 01, 2010	Purchases during the year	Sales during the year	As at September 30, 2010		Net assets	Market value of total investment	Issue size
					(Rupees in '000)			%
<b>Term finance certificate - listed</b>								
Pakistan Mobile Communications (Private) Limited	78,000	-	-	78,000	305,554	8.28	10.77	9.18
World Telecom Limited	45,000	-	-	45,000	214,121	5.80	7.55	5.63
Allied Bank Limited	13,400	-	-	13,400	57,809	1.57	2.04	4.00
				<b>136,400</b>	<b>577,484</b>	<b>15.65</b>	<b>20.36</b>	
<b>Term finance certificate - unlisted</b>								
Avari Hotels International	35,040	-	-	35,040	152,810	4.14	5.39	5.57
Azgard Nine Limited (note 4.3.6)	50,000	-	-	50,000	143,995	3.90	5.08	10.00
Dewan Cement Limited (note 4.3.7)	30,000	-	-	30,000	-	-	-	-
Engro Chemical Pakistan Limited	62,000	-	-	62,000	289,521	7.84	10.21	7.75
First Dawood Investment Bank Limited(note 4.3.8)	6,900	-	-	6,900	21,718	0.59	0.77	10.00
New Allied Electronics Industries (Private) Limited (note 4.3.9)	15,000	-	-	15,000	-	-	-	8.33
Orix Leasing Pakistan Limited	4,400	-	500	3,900	303,875	8.23	10.71	10.00
AgriTech Ltd. (Pak American Fertilizer note 4.3.10)	30,000	-	-	30,000	86,181	2.33	3.04	9.51
Pakistan Mobile Communication (Private) Limited	66,600	-	-	66,600	166,131	4.50	5.86	
				<b>299,440</b>	<b>1,164,231</b>	<b>31.53</b>	<b>41.06</b>	
<b>Sukuk bonds</b>								
BRR Guardian Modaraba (note 4.3.11)	10,000	-	-	10,000	31,250	0.85	1.10	6.25
Century Paper and Board Mills Limited	28,200	-	-	28,200	106,596	2.89	3.76	4.03
Eden Builders Limited	7,956	-	-	7,956	33,225	0.90	1.17	1.59
Kohat Cement Company Limited	50,000	-	-	50,000	181,125	4.91	6.38	10.00
Maple Leaf Cement Factory Limited	80,000	-	-	80,000	299,809	8.12	10.57	5.00
Maple Leaf Cement Factory Limited-II (note 4.3.12)	3,000	-	-	3,000	-	-	-	-
New Allied Electronics Industries (Private) Limited (note 4.3.13)	9,000	-	-	9,000	-	-	-	6.00
Orix Leasing Pakistan Limited	10,000	-	-	10,000	32,806	0.89	1.16	9.52
Pak Elektron Limited	24,000	-	-	24,000	75,491	2.04	2.66	10.00
				<b>222,156</b>	<b>760,302</b>	<b>20.60</b>	<b>26.80</b>	
				<b>657,996</b>	<b>2,502,017</b>	<b>67.78</b>	<b>88.22</b>	
<b>Carrying value of investments as at September 30, 2010</b>					<b>3,061,092</b>			
<b>Impairment losses</b>					<b>446,453</b>			

4.3.1 All term finance certificates and sukuk bonds have a face value of Rs 5,000 each except unlisted Term Finance Certificates issued by Orix Leasing Pakistan Limited on January 15, 2008 which has a face value of Rs.100,000.

4.3.2 Term finance certificates are valued as per the requirements of SECP circular No. 01/2009 dated January 06, 2009.

4.3.3 During the period from July 01, 2008 to September 30, 2010, the Fund did not receive redemption of principal and / or profit amounts on some of its investments, the details of which are as follows:

# NAFA CASH FUND

- 4.3.4** This represents investment in privately placed term finance certificates. On July 18, 2009, the scheduled redemption date, principal redemption of Rs. 5 thousand and profit redemption of Rs. 2.291 million were not received by the Fund. The management has recognized an impairment loss of Rs.24.980 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 21.760 million. The income suspended on these term finance certificates amounted to Rs.6.857 million.
- 4.3.5** This represents investment in listed term finance certificates with a term of five years. On September 13, 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. The management has recognised an impairment loss of Rs 15.304 million till September 30, 2010. The minimum amount of provision as per SECP circular no. 01 of 2009 amounts to Rs.9.788 million. The income suspended on these term finance certificates amounted to Rs.4.297 million.
- 4.3.6** This represents investment in privately placed term finance certificates. On June 04, 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.105.805 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 73.691 million. The income suspended on these term finance certificates amounted to Rs.30.134 million.
- 4.3.7** The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The management has recognised an impairment loss amounting to Rs.150 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 150 million. The income suspended on these term finance certificates amounted to Rs.60.041 million.
- 4.3.8** This represents investment in privately placed term finance certificates with a term of five years. On September 11, 2010, the scheduled profit payment date, profit redemption of Rs.2.435 million was not received by the Fund. The management has recognised an impairment loss of Rs 12.782 million till September 30, 2010. The minimum amount of provision as per SECP circular no. 01 of 2009 amounts to Rs.0.383 million. The income suspended on these term finance certificates amounted to Rs.2.222 million.
- 4.3.9** This represents investment in privately placed term finance certificates. On November 15, 2008, the scheduled redemption date, principal redemption of Rs.6.250 million and profit redemption of Rs. 2.774 million were not received by the Fund. The management has recognised an impairment loss of Rs.35.417 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs.35.417 million. The income suspended on these term finance certificates amounted to Rs.14.030 million.
- 4.3.10** This represents investment in privately placed term finance certificates. On May 30, 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.63.699 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.44.814 million. The income suspended on these term finance certificates amounted to Rs.17.647 million.
- 4.3.11** This represents investment in privately placed sukuks with a term of six years. On July 07, 2010, the scheduled profit payment date, profit redemption of Rs.3.384 million was not received by the Fund. The management has recognised an impairment loss of Rs 18.750 million till September 30, 2010. The minimum amount of provision as per SECP circular no. 01 of 2009 amounts to Rs.8.000 million. The income suspended on these term finance certificates amounted to Rs.4.993 million.
- 4.3.12** This represent investment in Maple Leaf privately placed sukuk bonds II. The coupon payment on Maple Leaf Sukuk II was due on June 29, 2010 which was not received by the Fund. Therefore as a matter of prudence, the management has recognised an impairment loss amounting to Rs. 15 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 15 million. The income suspended on these bonds amounted to Rs. 0.503 million.
- 4.3.13** This represents investment in privately placed sukuk bonds on December 03, 2008 i.e. the scheduled redemption date, profit redemption of Rs. 3.415 million was not received by the Fund the management has recognized an impairment loss amounting to Rs. 45 million till September 30, 2010. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 45 million. The income suspended on these term finance certificates amounted to Rs. 13.837 million.



# NAFA CASH FUND

	September 30, 2010	June 30, 2010
	----- (Rupees in '000) -----	
<b>5 DIVIDEND AND PROFIT RECEIVABLE</b>		
Profit on savings and term deposits	48,284	43,407
Income accrued on term finance certificates and sukuk bonds	291,361	245,201
Less: Suspended Income	(154,561)	(149,828)
	<u>136,800</u>	<u>95,373</u>
	<u>185,084</u>	<u>138,780</u>
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Security deposits with:		
- National Clearing Company of Pakistan Limited	3,625	3,625
- Central Depository Company of Pakistan Limited	100	100
Prepaid listing fee	31	-
Advance tax	1,516	1,516
	<u>5,272</u>	<u>5,241</u>
<b>7 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration	125	315
Settlement charges payable	30	30
Payable to brokers	5	53
Printing charges	428	375
WWF	10,737	8,636
Fund Rating Fee	51	-
Others	341	25
	<u>11,717</u>	<u>9,434</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
There were no contingencies and commitments outstanding as at June 30, 2010 and as at September 30, 2010.		
<b>9 Taxation</b>		
The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded a tax liability in respect of income relating to the current period as the management company has decided to distribute at least 90 percent of the Fund's accounting income for the period as reduced by capital gains (whether realised or unrealised) to its unit holders		
<b>10 EARNINGS PER UNIT</b>		
Earnings per unit (EPU) for the Quarter ended September 30, 2010 has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.		

# NAFA CASH FUND

## 11 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 March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Income 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 September 30, 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 assets	Percentage of gross assets
Investment in Debt securities & Sukuks**	Azgard Nine Limited	249,800	105,805	143,995	3.90%	3.88%
	Agritech Limited	149,880	63,699	86,181	2.33%	2.32%
	Saudi Pak Leasing Company Limited	56,228	15,304	40,924	1.11%	1.10%
	First Dawood Investment Bank Limited	34,500	12,782	21,718	0.59%	0.59%
	Maple Leaf Cement Factory Limited Sukuk***	399,745	-	299,809	8.12%	8.08%
	New Allied Electronics Industries (Private) Limited - TFC	35,417	35,417	-	-	-
	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	-	181,125	4.91%	4.88%
	BRR Guardian Modaraba - Sukuk	50,000	18,750	31,250	0.85%	0.84%

\*\* 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

11.1 SECP vide circular no. 16 of 2010 dated July 7, 2010 requires that a scheme presently non-compliant with this requirement complies with this requirement by December 31, 2010.

## 12 TRANSACTIONS WITH CONNECTED PERSONS

12.1 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, NAFA Provident Fund Trust, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

12.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

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

# NAFA CASH FUND

	Quarter Ended September 30, 2010	Quarter Ended September 30, 2009
	----- (Rupees in '000) -----	
<b>12.5 Details of the transactions with connected persons are as follows:</b>		
<b>NBP Fullerton Asset Management Limited - (Formerly : National Fullerton Asset Management Limited - Management Company)</b>		
Management fee expense for the quarter	14,502	29,267
<b>NAFA Provident Fund Trust</b>		
Bonus units issued (Nil units; 2009: 5,303 units)	-	52
<b>National Bank of Pakistan - Sponsor</b>		
Cash dividend	-	720
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Bonus units issued (Nil units; 2009: 180,102 units)	-	1,782
Units redeemed / transferred out (704,785 units; 2009: Nil units)	7,000	-
<b>Spouse of Chief Executive</b>		
Units redeemed / transferred out (Nil units; 2009: 20,486 units)	-	206
Bonus units issued (Nil units; 2009: 406 units)	-	4
<b>Central Depository Company of Pakistan Ltd. - Trustee</b>		
Remuneration	1,219	2,203
CDS charges	2	2
<b>Employees of Management Company</b>		
Units issued / transferred in (Nil units; 2009: 733,115 units)	-	7,361
Units redeemed / transferred out (Nil units; 2009: 813,420 units)	-	8,180
Bonus units issued (Nil units; 2009: 7,836 units)	-	78
	As at September 30, 2010	As at June 30, 2010
	----- (Rupees in '000) -----	
<b>12.6 Amounts outstanding as at year end</b>		
<b>NBP Fullerton Asset Management Limited - (Formerly : National Fullerton Asset Management Limited - Management Company)</b>		
Management fee payable	4,635	4,861
Other receivable from the management company	(509)	(509)
<b>NAFA Employees Provident Fund Trust</b>		
Investment held by NAFA Provident Fund Trust (7,387 units; June 30, 2010: 7,387 units)	73	73
<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)	35,654	35,546
Balances in current account	484	12,069
<b>Alexandra Fund Management Pte. Limited - Sponsor</b>		
Investment held by the Sponsor in the Fund (4,784,892 units : June 30, 2009: 5,489,678 units)	47,367	54,179
<b>Spouse of Chief Executive</b>		
Investment held in the Fund (Nil units; June 30, 2010: Nil units)	-	-
<b>Employees of Management Company</b>		
Investment held in the Fund (2,091 units; June 30, 2010: 2,131 units)	21	21
<b>Central Depository Company of Pakistan Ltd. - Trustee</b>		
Remuneration payable	391	406
CDS charges	1	-
Security deposit	100	100

# NAFA CASH FUND

## 13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 18, 2010.

## 14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

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

Chief Executive

Director