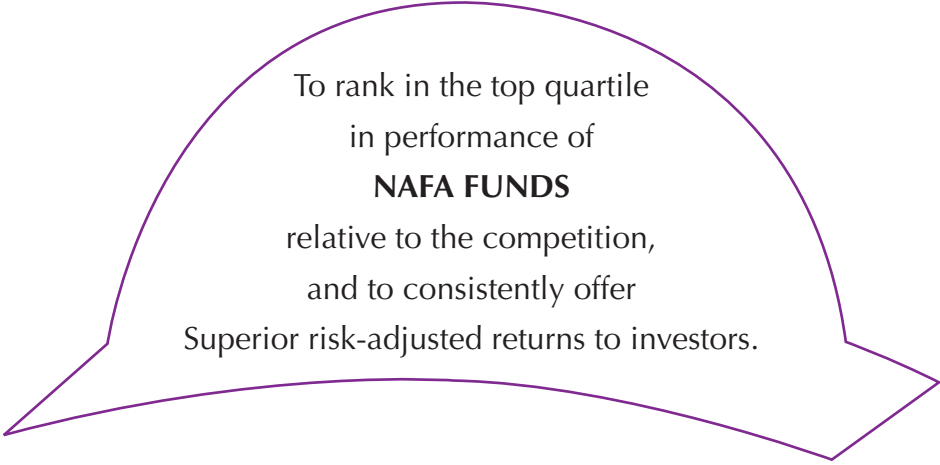


MISSION STATEMENT



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

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NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME 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. Shahid Anwar Khan	Chairman
Mr. Syed Ahmed Iqbal Ashraf	Director
Dr. Asif A. Brohi	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Wah Geok Sum	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

Al-Baraka Islamic Bank
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dawood Islamic Bank
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
United Bank Limited
Bank Al-Habib Limited

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME 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:

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

DIRECTORS' REPORT

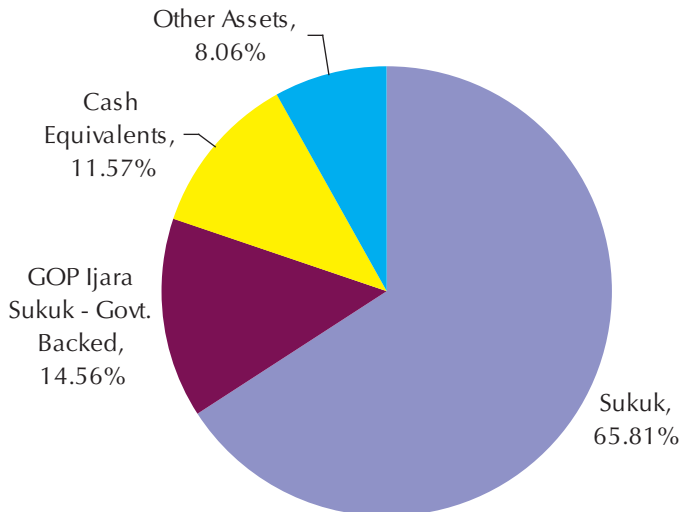
The Board of Directors of NBP Fullerton Asset Management Limited (formerly: National Fullerton Asset Management Limited) is pleased to present the unaudited financial statements of NAFA Islamic Aggressive Income Fund (Formerly; NAFA Islamic Income Fund) for the period ended March 31, 2011.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund (Formerly; NAFA Islamic Income Fund) has reduced from Rs. 202 million to Rs. 192 million i.e. a decline of 4.95%, during the first nine months period in this Fiscal Year. During the said period, the unit price of the Fund has increased from Rs. 7.7492 (Ex - Div) on June 30, 2010 to Rs.8.2327 on March 31, 2011, thus showing an annualized return of 8.40% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks)* annualized return of 6.78% for the same period. During the third quarter, the unit price of the Fund has increased from Rs. 7.9562 on December 31, 2010 to Rs.8.2327 on March 31, 2011, thus showing an annualized return of 14.86% as compared to its Benchmark annualized return of 7.40% for the same period.

There continues to be a marginal improvement in market's demand for debt securities of high rated issuers'. Many of the non-performing securities have been restructured within this fiscal year. The coupon rates of all Sukuks in your Fund are floating and linked to KIBOR, which depicted a rising trend during the quarter.

The Fund has earned total income of Rs.32.41 million during the period. After deducting expenses of Rs.5 million, the net income is Rs.27.41 million, translating into earning per unit of Rs.0.4835. The asset allocation of the Fund as on March 31, 2011 is as follows:



*Benchmark changed w.e.f. 15-12-2010. Previous Benchmark was Average 1-Month deposit rates of Islamic Banks.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 1.9370%.

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: April 19, 2011
Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2011

	Note	Unaudited March 31, 2011	Audited June 30, 2010
------(Rupees in '000)-----			
ASSETS			
Bank Balances		22,518	23,983
Investments	4	154,184	172,558
Profit receivable	5	14,183	3,857
Advances, deposits, prepayments and other receivables		2,688	2,768
Preliminary expenses and floatation costs		785	1,160
Total assets		194,358	204,326
LIABILITIES			
Payable to the Management Company		328	222
Payable to the Trustee		68	60
Annual Fee Payable to Securities and Exchange Commission of Pakistan		107	212
Accrued and other liabilities	6	2,020	1,522
Total liabilities		2,523	2,016
NET ASSETS		191,835	202,310
Unit holders' funds (As per statement attached)		191,835	202,310
CONTINGENCIES AND COMMITMENTS			
	11	(Number of units)	
NUMBER OF UNITS IN ISSUE		23,301,650	22,607,915
		Rupees	Rupees
NET ASSET VALUE PER UNIT	3.3	8.2327	8.9486

The annexed notes 1 to 13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Note	Nine months ended		Quarter ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
------(Rupees in '000)-----					
INCOME					
Capital Gain / (loss) on sale of investments		560	(143)	-	-
Income from sukuk bonds		22,710	18,506	6,857	5,347
Profit on bank deposits		1,812	5,571	689	1,233
Total Income		25,082	23,934	7,546	6,580
EXPENSES					
Remuneration of the Management Company		2,833	3,545	934	844
Remuneration of the Trustee		503	571	149	173
Annual fee - Securities and Exchange Commission of Pakistan		107	177	35	42
Securities transaction cost		5	1	5	-
Settlement and bank charges		95	218	22	127
Annual listing fee		23	34	8	11
Auditors' remuneration		283	299	57	52
Amortisation of preliminary expenses and floatation costs		375	375	123	123
Printing and related cost		-	216	-	197
Rating fee		152	-	51	-
Legal and professional charges		65	328	40	170
(Reversal of provision)/ Provision against sukuk bonds classified as 'available for sale' - net		(8,332)	104,453	(1,073)	2,582
Total Expenses		(3,891)	110,217	351	4,321
Net income / (loss) from operating activities		28,973	(86,283)	7,195	2,259
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		(1,007)	21,938	(477)	3,083
Provision for workers' welfare fund	8	(559)	-	(134)	-
Net income / (loss) for the period before taxation		27,407	(64,345)	6,584	5,342
Taxation	10	-	-	-	-
Net income / (loss) for the period after taxation		27,407	(64,345)	6,584	5,342
Earnings per unit	3.4				

The annexed notes 1 to 13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	------(Rupees in '000)-----			
Net income / (loss) for the period after taxation	27,407	(64,345)	6,584	5,342
Other comprehensive income / (loss) for the period				
Net unrealised (diminution) in market value of investments classified as 'available for sale'	(16,955)	(3,306)	(584)	(2,550)
Total comprehensive income / (loss) for the period	<u>10,452</u>	<u>(67,651)</u>	<u>6,000</u>	<u>2,792</u>

The annexed notes 1 to13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
------(Rupees in '000)-----				
Undistributed income / (loss) brought forward				
- Realized income / (loss)	15,303	(15,029)	11,834	(78,974)
- Unrealized income / (loss)	-	-	-	-
	<u>15,303</u>	<u>(15,029)</u>	<u>11,834</u>	<u>(78,974)</u>
Final distribution for the year ended June 30, 2010 On July 05, 2010 at 11.994% (March 31, 2010: Nil)				
- Bonus distribution	(16,294)	-	-	-
- Cash distribution	(10,822)	-	-	-
Net (loss) / income for the period after taxation	27,407	(64,345)	6,584	5,342
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount that forms part of the unit holders' fund	3,984	6,330	1,160	588
Undistributed income / (loss) carried forward	<u>19,578</u>	<u>(73,044)</u>	<u>19,578</u>	<u>(73,044)</u>
Undistributed income comprising:				
- Realized income / (loss)	19,578	(73,044)	19,578	(73,044)
- Unrealized income / (loss)	-	-	-	-
	<u>19,578</u>	<u>(73,044)</u>	<u>19,578</u>	<u>(73,044)</u>

The annexed notes 1 to 13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
----- (Rupees in '000) -----				
Net assets at the beginning of the period	202,310	517,111	188,192	232,804
Issue of 2,358,553 units - including 2,102,661 bonus units (March 31, 2010: 7,336,930 units)	1,994	63,674	93	10
Redemption of 1,664,818 units (March 31, 2010: 30,539,031 units)	(13,106) (11,112)	(267,427) (203,753)	(2,927) (2,834)	(8,754) (8,744)
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	1,007	(21,938)	477	(3,083)
- amount representing loss and capital losses that form part of unit holders' fund - transferred to Distribution Statement	(3,984) (2,977)	(6,330) (28,268)	(1,160) (683)	(588) (3,671)
Net unrealised (diminution) on remeasurement of investments classified as 'available for sale'	(16,955)	(3,306)	(584)	(2,550)
Gain / (loss) on sale of investments	560	(143)	-	-
Other (loss) / income for the period	26,847 27,407	(64,202) (64,345)	6,584 6,584	5,342 5,342
Distribution:				
Final distribution June 30, 2010: 11.994% (June 30, 2009: Nil) (Date of distribution: July 05, 2010)				
- Bonus units	(16,294)	-	-	-
- Cash distribution	(10,822)	-	-	-
Add: Bonus distribution	16,294	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing unrealised income	3,984	6,330	1,160	588
Net assets as at the end of the period	<u>191,835</u>	<u>223,769</u>	<u>191,835</u>	<u>223,769</u>

The annexed notes 1 to 13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	27,407	(64,345)	6,584	5,342
Adjustments				
Amortisation of preliminary expenses and floatation costs	375	375	123	123
Gain / (loss) on sale of investments	(560)	143	-	-
Reversal of provision on sukuk bonds classified as 'available for sale - net	(8,332)	104,453	(1,073)	2,582
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	1,007	(21,938)	477	(3,083)
	<u>19,897</u>	<u>18,688</u>	<u>6,111</u>	<u>4,964</u>
(Increase) / decrease in assets				
Investments	10,311	164,517	(20,201)	3,570
Profit receivable	(10,326)	8,676	(2,719)	4,522
Deposits, prepayments and other receivables	80	4	59	3,747
	65	173,197	(22,861)	11,839
Increase / (decrease) in liabilities				
Payable to Management Company	106	(886)	(4)	(37)
Payable to Trustee	8	(28)	-	1
Annual fee payable to Securities and Exchange Commission of Pakistan	(105)	(434)	35	42
Accrued expenses and other liabilities	498	(5)	112	224
	<u>507</u>	<u>(1,353)</u>	<u>143</u>	<u>230</u>
Net cash inflow from operating activities	20,469	190,532	(16,607)	17,033
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from issue of units	1,994	63,674	93	10
Net payments on redemption of units	(13,106)	(268,479)	(2,961)	(8,788)
Distributions paid during the period	(10,822)	-	-	-
Net cash outflow on financing activities	(21,934)	(204,805)	(2,868)	(8,778)
Net increase / (decrease) in cash and cash equivalents during the period	(1,465)	(14,273)	(19,475)	8,255
Cash and cash equivalents at the beginning of the period	23,983	65,272	41,993	42,744
Cash and cash equivalents at the end of the period	<u>22,518</u>	<u>50,999</u>	<u>22,518</u>	<u>50,999</u>

The annexed notes 1 to 13 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 ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

NOTES TO A ND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income Fund (NIAIF / the Fund) (Formerly NAFA Islamic Income Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) (Formerly National Fullerton Asset Management Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 20, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 03, 2007 in accordance with 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 the SECP. The registered office of the Management Company is situated at 9th floor, Adamjee House, I. I. Chundrigar Road, Karachi.

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

The Fund is categorised as an Open-End Shariah Compliant (Islamic) Aggressive Income Scheme as per criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

The core objective of the Fund is to provide preservation of capital and earn a reasonable rate of return by investing in Shariah compliant investments. The Fund comprises of investments of various investment horizons, with a significant amount invested in short term investments for the purpose of maintaining liquidity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- to the Management Company. Based on the performance of the Fund for the year ended June 30, 2010, it has assigned stability rating of 'BBB' for short term (tailoring 12 months) to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

The name of the Fund has been changed from NAFA Islamic Income Fund to NAFA Islamic Aggressive Income Fund with effect from December 14, 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: 'Interim Financial Reporting' (IAS 34), the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Financing Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. In cases where requirements differ, the requirements of the Trust Deed, NBFC Rules, NBFC Regulations or the said directives take precedence.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2010.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

3.1 Standards, interpretations and amendments to published approved accounting standards effective from July 1, 2010

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or have any significant effect on the Fund's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

The following revised standard has been published and is mandatory for accounting periods beginning on or after January 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other amendments to the standards, improvements to International Financial Reporting Standards 2010 and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 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 condensed interim financial statements.

3.3 Net Asset Value per unit

The net asset value (NAV) 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.

3.4 Earning / (loss) per unit

Earnings / (loss) per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculating earning per unit is not practicable.

	Note	(Un-Audited) March 31 2011	(Audited) June 30, 2010
(Rupees in '000)			
4 INVESTMENTS			
Available for sale			
- Sukuk bonds	4.1	154,184	172,558
		<u>154,184</u>	<u>172,558</u>

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

4.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds				Market value as at March 31, 2011	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Sale during the period	As at March 31, 2011		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%		
Engro Fertilizer Limited	11,000	-	5,600	5,400	27,000	14.07	17.51	0.90
Kohat Cement Company Limited	20,000	-	-	20,000	64,531	33.64	41.85	4.00
Maple Leaf Cement Factory Limited	5,312	-	-	5,312	16,639	8.67	10.79	0.33
Maple Leaf Cement Factory Limited - Sukuk II	199	-	-	199	701	0.37	0.45	-
New Allied Electronics Industries (Private) Limited-1st issue - (note 4.1.2)	352,000	-	-	352,000	-	-	-	18.33
New Allied Electronics Industries (Private) Limited-2nd issue - (note 4.1.3)	1,000	-	-	1,000	-	-	-	0.67
Pak Electron Limited	7,000	-	-	7,000	17,375	9.06	11.27	2.92
GOP Ijara Sukuk - issue date 26.09.2008	50	-	-	50	5,081	2.65	3.30	0.08
GOP Ijara Sukuk - issue date 15.11.2010	-	4,560	-	4,560	22,857	11.91	14.82	0.04
					154,184			
					286,063			
Cost of investments as at March 31, 2011					114,924			
Provision held								

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

4.1.2 This represents sukuk bonds with a term of five years. The principal was to be redeemed from the fifteenth month of draw down by the investee company. However, on October 25, 2008 i.e. the scheduled redemption dates, principal redemptions of Rs.68.750 million were not received by the Fund the management has recognized an impairment loss amounting to Rs.110 million till March 31, 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 110 million. The income suspended amounting to Rs. 27.899 million

4.1.3 This represents investment in privately placed sukuk bonds. On December 3, 2008 i.e. the scheduled redemption date, profit redemption of Rs 1.912 million was not received by the Fund the management has recognized an impairment loss amounting to Rs. 4.924 million till March 31, 2011. The minimum amount of provision required as per SECP circular no. 01 of 2009 also amounts to Rs. 4.924 million. The income suspended amounting to Rs. 1.911 million.

5 PROFIT RECEIVABLE

	(Un-Audited) March 31, 2011	(Audited) June 30, 2010
Profit on savings deposits	619	859
Income accrued on sukuk bonds	43,374	28,538
Less: Suspended Income	(29,810)	(25,540)
	13,564	2,998
	14,183	3,857

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

	(Un-Audited) March 31, 2011	(Audited) June 30, 2010
	(Rupees in '000)	
6 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	181	230
Withholding tax payable	-	4
Bank charges payable	95	19
Payable to brokers	22	22
Charity payable	1	1
Provision for Workers' Welfare Fund	1,189	630
Printing charges payable	236	356
Others	296	260
	2,020	1,522

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

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Management Company classified NAFA Islamic Aggressive Income Fund (the Fund) (Formerly NAFA Islamic Income Fund) as 'Shariah Compliant (Islamic) Scheme' and Aggressive Fixed Income Scheme' in accordance with the said circular. As at March 31, 2011, the Fund is compliant with all the requirements of the said circular.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets	Percentage of gross assets
				-----Rupees in '000-----	-----%-----	
i) Investment in debt securities - (note 7.1)	a) New Allied Electronics - Sukuk - 1st issue	110,000	110,000	-	-	-
	b) New Allied Electronics - Sukuk - 2nd issue	4,924	4,924	-	-	-

8 PROVISION FOR WORKERS' WELFARE FUND

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

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry has 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 the Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 1.189 million in these condensed interim financial statements.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

9 TRANSACTIONS WITH CONNECTED PERSONS

9.1 Connected persons include NBP Fullerton Asset Management Limited (NAFA)

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

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

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

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

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

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	------(Rupees in '000)-----			
Management Company				
Management fee expense for the period	2,833	3,545	934	844
Front end load for the period	9	112	-	1
National Bank of Pakistan - Sponsor				
Cash Dividend	8,996	-	-	-
Payment received for the sale of sukuk bonds	28,694	-	-	-
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued (1,660,396 units: March 31, 2010: Nil units)	-	-	-	-
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee for the period	503	571	149	173
CDS charges	17	3	9	2
NAFA Islamic Multi Asset Fund				
Payment received for the sale of sukuk bonds	-	21,175	-	-
NAFA Multi Asset Fund				
Units redeemed (Nil units: March 31, 2010: 3,891,359 units)	-	36,920	-	-
Payment received for the sale of sukuk bonds	-	134,475	-	-
Executives of the Management Company				
Units issued (Nil units: March 31, 2010: 214,152 units)	-	1,874	-	-
Units redeemed (1,693 units: March 31, 2010: 837,945 units)	13	7,262	13	-
Bonus units issued (227 units: March 31, 2010: Nil units)	-	-	-	-

NAFA ISLAMIC AGGRESSIVE INCOME FUND

(FORMERLY NAFA ISLAMIC INCOME FUND)

9.6 Amounts outstanding as at period end	(Un-Audited) As at March 31, 2011 ----- (Rupees in '000)	(Audited) As at June 30, 2010 -----
Management Company		
Management fee payable	324	216
Front end load for the period	4	6
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	54	59
CDS Charges	14	1
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2010: 7,500,000 units)	61,745	67,115
Balance in current account	15	3,483
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund (12,388,042 units; June 30, 2010: 10,727,646 units)	101,987	95,997
Executives of the Management Company		
Investment held by the executives in the Fund (Nil units; June 30, 2010: 9,981 units)	-	89

10 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 period, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2011 as reduced by capital gains (whether realised or unrealised) to its unit holders.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as outstanding at March 31, 2011.

12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on April 19, 2011.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand rupees.

13.2 The bifurcation of undistributed income into realised and unrealised income at the beginning and end of the period 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