


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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FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Shehryar Faruque	Director
Mr. Kamal Amir Chinoy	Director
Dr. Asif A. Brohi	Director
Dr. Amjad Waheed	Chief Executive Officer

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Koh Boon San	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	Member

Trustee

MCB Financial Service Limited
3rd Floor, Adamjee House, I.I.
Chundrigar Road Karachi - 74000

Bankers to the Fund

Al-Baraka Islamic Bank
Bank Alfalah Limited
Burj Bank Limited (Formerly; Dawood Islamic Bnak)
National Bank of Pakistan
NIB Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.02
Beaumont Road,
Karachi - 75530, Pakistan.

Legal Advisor

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

Head Office:

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

Lahore Office:

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

Islamabad Office:

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

Peshawar Office:

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

Multan Office:

NBP 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

DIRECTORS' REPORT

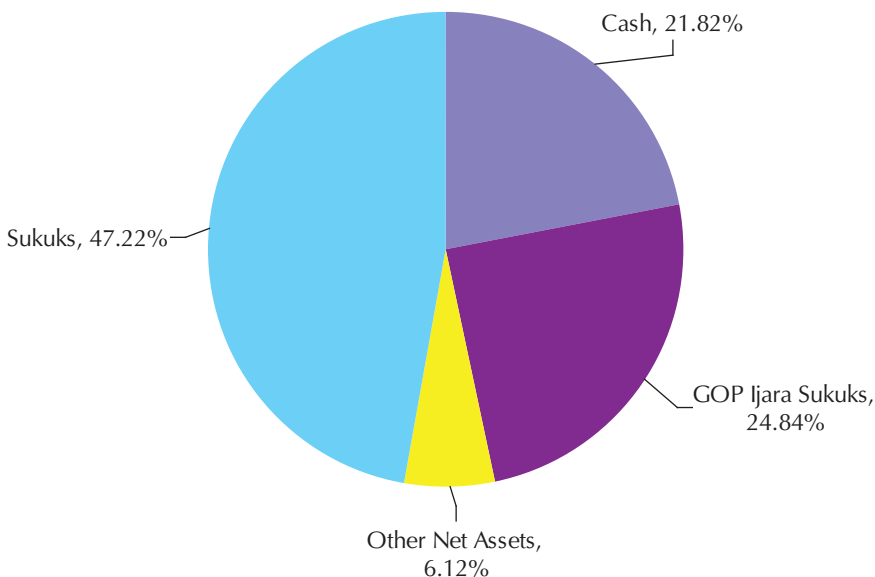
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Aggressive Income Fund (NIAIF) for the period ended March 31, 2012.

Fund's Performance

The size of NAFA Islamic Aggressive Income Fund has reduced from Rs. 178 million to Rs. 177 million during the first nine months of FY 2012, i.e. a decrease of 0.56%. During the period, the unit price of the Fund has increased from Rs. 7.2189 (Ex - Div) on June 30, 2011 to Rs. 8.3743 on March 31, 2012, thus showing annualized return of 21.78% as compared to its Benchmark (Average 3-Month deposit rate of Islamic Banks) return of 7.87% for the same period. During the third quarter the size of the Fund increased by 8.59%. During the quarter, the unit price of the Fund has increased from Rs. 7.6632 on December 31, 2011 to Rs.8.3743 on March 31, 2012, thus showing growth of 9.28% as compared to its Benchmark cumulative return of 1.89% for the same period.

During the quarter under review, we have seen no change in the Policy Rate by the State Bank of Pakistan. All Sukuks in the Fund are floating rate linked to KIBOR. Therefore, any increase in interest rates will increase the coupon income of the Sukuk portfolio.

The Fund has earned total income of Rs.11.33 million during the period. After deducting expenses of Rs.17.79 million, the net loss is Rs.6.46 million. The asset allocation of the Fund as on March 31, 2012 is as follows:



Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: April 17, 2012
Place: Karachi.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2012

	Note	Unaudited March 31, 2012	Audited June 30, 2011
------(Rupees in '000)-----			
ASSETS			
Bank Balances		38,530	26,141
Investments	4	127,279	139,904
Profit receivable		12,866	11,668
Advances, deposits, prepayments and other receivables		263	2,633
Preliminary expenses and floatation costs		285	660
Total assets		179,223	181,006
LIABILITIES			
Payable to the Management Company		289	333
Payable to the Trustee		14	71
Annual Fee Payable to Securities and Exchange Commission of Pakistan		94	140
Accrued and other liabilities		2,217	2,026
Total liabilities		2,614	2,570
NET ASSETS		176,609	178,436
Unit holders' funds (As per statement attached)		176,609	178,436
CONTINGENCIES AND COMMITMENTS	5	(Number of units)	
NUMBER OF UNITS IN ISSUE		21,089,466	21,639,887
		Rupees	Rupees
NET ASSET VALUE PER UNIT	3.4	8.3743	8.2457

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Note	Nine months ended		Quarter ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
------(Rupees in '000)-----					
INCOME					
Capital Gain / (loss) on sale of investments		30	560	-	-
Income from sukuk bonds		15,588	22,710	5,185	6,857
Profit on bank deposits		1,918	1,812	650	689
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		20	-	-	-
Total Income		17,556	25,082	5,835	7,546
EXPENSES					
Remuneration of the Management Company		2,502	2,833	827	934
Sindh Sales Tax on Management fee	6	400	-	132	-
Remuneration of the Trustee		330	503	42	149
Annual fee - Securities and Exchange Commission of Pakistan		94	107	31	35
Securities transaction cost		5	5	5	5
Settlement and bank charges		34	95	2	22
Annual listing fee		23	23	8	8
Auditors' remuneration		314	283	71	57
Impairment loss / (reversal) on investments classified as 'available for sale'		13,547	-	2,764	-
Amortisation of preliminary expenses and floatation costs		375	375	124	123
Rating fee		150	152	49	51
Legal and professional charges		17	65	17	40
(Reversal of provision)/ Provision against sukuk bonds classified as 'available for sale' - net		6,226	(8,332)	-	(1,073)
Total Expenses		24,017	(3,891)	4,072	351
Net income / (loss) from operating activities		(6,461)	28,973	1,763	7,195
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		-	(1,007)	-	(477)
Provision for workers' welfare fund	7	-	(559)	-	(134)
Net income / (loss) for the period before taxation		(6,461)	27,407	1,763	6,584
Taxation	8	-	-	-	-
Net income / (loss) for the period after taxation		(6,461)	27,407	1,763	6,584

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	------(Rupees in '000)-----			
Net income / (loss) for the period after taxation	(6,461)	27,407	1,763	6,584
Other comprehensive income / (loss) for the period				
Net unrealised (diminution) in market value of investments classified as 'available for sale'	21,159	(16,955)	13,280	(584)
Reversal of unrealised (diminution) in the value of investments pertaining to impairment of non - performing assets	9,864	-	(26)	-
Total comprehensive income / (loss) for the period	<u>24,562</u>	<u>10,452</u>	<u>15,017</u>	<u>6,000</u>

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
------(Rupees in '000)-----				
Undistributed income / (loss) brought forward				
- Realized income / (loss)	23,356	15,303	(7,186)	11,834
- Unrealized income / (loss)	-	-	-	-
	<u>23,356</u>	<u>15,303</u>	<u>(7,186)</u>	<u>11,834</u>
Final distribution for the year ended June 30, 2011 at 10.268% (June 30, 2010: 11.994%)				
- Bonus distribution	(14,495)	(16,294)	-	-
- Cash distribution	(7,724)	(10,822)	-	-
Net (loss) / income for the period after taxation	(6,461)	27,407	1,763	6,584
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	(195)	3,984	(96)	1,160
Undistributed income / (loss) carried forward	<u>(5,519)</u>	<u>19,578</u>	<u>(5,519)</u>	<u>19,578</u>

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	------(Rupees in '000)-----			
Net assets at the beginning of the period	178,436	202,310	162,943	188,192
Issue of 2,054,945 units - including 2,007,977 bonus units (2011: 2,358,553 units)	353	1,994	104	93
Redemption of 2,605,367 units (2011: 1,664,818 units)	(19,018) (18,665)	(13,106) (11,112)	(1,455) (1,351)	(2,927) (2,834)
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	-	477
- amount representing loss and capital losses that form part of unit holders' fund - transferred to Distribution Statement	195 195	(3,984) (2,977)	96 96	(1,160) (683)
Net unrealised (diminution) on remeasurement of investments classified as 'available for sale'	21,159	(16,955)	13,280	(584)
Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets	9,864		(26)	
Gain / (loss) on sale of investments	30	560	10	-
Other (loss) / income for the period	(6,491) (6,461)	26,847 27,407	1,753 1,763	6,584 6,584
Distribution:				
Final distribution for the year ended June 30, 2011 at 10.268% (June 30, 2010: 11.994%)				
- Bonus distribution	(14,495)	(16,294)	-	-
- Cash distribution	(7,724)	(10,822)	-	-
Add: Bonus distribution	14,495	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	(195)	3,984	(96)	1,160
Net assets as at the end of the period	<u>176,609</u>	<u>191,835</u>	<u>176,609</u>	<u>191,835</u>

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

	Nine months ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
------(Rupees in '000)-----				
CASH FLOW FROM OPERATING ACTIVITIES				
Net income / (loss) for the period before taxation	(6,461)	27,407	1,763	6,584
Adjustments				
Amortisation of preliminary expenses and floatation costs	375	375	124	123
Gain / (loss) on sale of investments	(30)	(560)	-	-
Impairment loss / (reversal of impairment loss) on investments classified as 'available for sale and held for trading'	13,547	(8,332)	2,764	(1,073)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	-	1,007	-	477
	7,431	19,897	4,651	6,111
(Increase) / decrease in assets				
Investments	30,131	10,311	(4,888)	(20,201)
Profit receivable	(1,198)	(10,326)	(2,804)	(2,719)
Deposits, prepayments and other receivables	2,370	80	(15)	59
	31,303	65	(7,707)	(22,861)
Increase / (decrease) in liabilities				
Payable to Management Company	(44)	106	19	(4)
Payable to Trustee	(57)	8	(24)	-
Annual fee payable to Securities and Exchange Commission of Pakistan	(46)	(105)	31	35
Accrued expenses and other liabilities	191	498	84	112
	44	507	110	143
Net cash inflow from operating activities	38,778	20,469	(2,946)	(16,607)
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts from issue of units	353	1,994	104	93
Net payments on redemption of units	(19,018)	(13,106)	(1,455)	(2,961)
Distributions paid during the period	(7,724)	(10,822)	-	-
Net cash outflow on financing activities	(26,389)	(21,934)	(1,351)	(2,868)
Net increase / (decrease) in cash and cash equivalents during the period	12,389	(1,465)	(4,297)	(19,475)
Cash and cash equivalents at the beginning of the period	26,141	23,983	42,827	41,993
Cash and cash equivalents at the end of the period	38,530	22,518	38,530	22,518

The annexed notes form an integral part of these condensed interim financial information

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC AGGRESSIVE INCOME FUND

Notes to and forming part of the Condensed Interim Financial information (Un-audited) For the nine months period ended 31 March 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Aggressive Income Fund (NIAIF / the Fund) was established under a Trust Deed executed between NBP Fullerton Asset Management Limited (NAFA) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 20 August 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 September 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

During the period Central Depository Company of Pakistan Limited (CDC) retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new Trustee with effect from November 22, 2011. The SECP approved the appointment of MCBFSL as the Trustee in place of CDC and further approved the amendments to the Trust Deed vide its letter number SCD/AMCWING/VS/NIF/458/2011 dated November 15, 2011. Accordingly, the Trust Deed of the Fund was revised through a supplemental Deed executed between the Management Company, CDC and MCBFSL.

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 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, rating issued on 10 Jan 2011, it has assigned stability rating of 'BBB(f)' to the Fund.

Management decided to change the trustee of NAFA Islamic Aggressive Income Fund. Central Depository Company Limited closed its services with effect from 21 November 2011 as the Trustee of the Fund and MCB Financial Services started its services from 22 November 2011 as the Trustee.

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. Approved accounting standards comprise of International Accounting Standard (IAS) 34: 'Interim Financial Reporting', the Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IAS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

- 2.2 These condensed interim financial information do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2011.
- 2.3 These condensed interim financial information are unaudited.. Accordingly, the Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 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 adoption of the revised standard did not have any impact on the Fund's condensed interim financial information.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. This amendment was a part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The management is in the process of assessing the impact of this amendment on the Fund's condensed interim financial information.

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 July 1, 2011 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not disclosed in this condensed interim financial information.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

3.3 During the current period, the Fund has revised its methodology for determination of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed. As per the revised methodology, element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed is determined based on the income earned during the period and on unrealised appreciation / (diminution) arising during the period on available for sale securities. The amount so determined is taken directly to the distribution statement. Previously, the element was calculated based on cumulative values of undistributed income and unrealised gain / loss on available for sale securities present in the net asset value of units. The element which related to income earned during the period was recognised in the income statement while the remaining amount was recognised in the distribution statement.

The revised methodology, in the opinion of the management, reflects a more appropriate manner for determination of element. The change in the presentation of element in the financial statements has been based on the recommendation of the Institute of Chartered Accountants of Pakistan (ICAP) to the Securities and Exchange Commission of Pakistan (SECP). As per ICAP's recommendation to the SECP, element of income, being in the nature of "equalization account" does not qualify for recognition either as expense or income as per International Financial Reporting Standards (IFRSs). Therefore, in order to enhance harmonization of mutual fund accounting with the primary accounting framework, the net balance of element of income at the end of the reporting period has been recognised directly in the distribution statement.

The change did not have any impact on the net assets value (NAV) of the Fund. Had the management not revised its methodology:

- Income for the period would have been lower by Rs 0.195 million.
- amount taken to distribution statement would have been higher by Rs 7.115 million

NAFA ISLAMIC AGGRESSIVE INCOME FUND

3.4 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 issue at the period / year end.

3.5 Earnings / (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 earnings / (loss) per unit is not practicable.

	Note	(Un-Audited) March 31 2012 (Rupees in '000)	(Audited) June 30, 2011
4 INVESTMENTS			
Available for sale			
- Sukuk bonds	4.1	125,254	137,899
At fair value through profit or loss - held for trading			
Sukuk and Ijara bonds	4.2	2,025	2,005
		<u>127,279</u>	<u>139,904</u>

4.1 Sukuk and Ijara bonds - available for sale

Name of the investee company	Number of bonds / certificate				Market value as at March 31, 2012	Investment as a percentage of		
	As at July 1, 2011	Purchases during the period	Sale during the period	As at March 31, 2012		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
Engro Fertilizer Limited	5,400	-	800	4,600	23,341	13.22	18.34	0.90
Kohat Cement Company Limited	20,000	-	-	20,000	32,097	18.17	25.22	4.00
Maple Leaf Cement Factory Limited - Sukuk II (note 4.1.2)	199	-	-	199	-	-	-	0.33
New Allied Limited-1st issue (note 4.1.3)	352,000	-	-	352,000	-	-	-	-
New Allied Limited-2nd issue (note 4.1.4)	1,000	-	-	1,000	-	-	-	18.33
Maple Leaf Cement Factory Limited (note 4.1.5)	5,312	-	-	5,312	15,728	8.91	12.36	
Pak Electron Limited (note 4.1.6)	7,000	-	-	7,000	12,234	6.93	9.61	
GOP Ijara Sukuk - issue date 26.09.2008	50	-	50	-	-	-	-	0.67
GOP Ijara Sukuk - issue date 15.11.2010	1960	-	-	1,960	9,854	5.58	7.74	
GOP Ijara Sukuk - issue date 26.12.2011	-	6,000	-	6,000	30,000	16.99	23.57	
GOP Ijara Sukuk - issue date 02.03.2012	-	400	-	400	2,000	1.13	1.57	
	<u>392,921</u>	<u>6,400</u>	<u>850</u>	<u>398,471</u>	<u>125,254</u>			

Carrying value of investments as at 31 March 2012

104,204

Provision held

129,447

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

- 4.1.2 This represents 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 has recognised an impairment loss amounting to Rs. 0.995 million till 31 March 2012 as required by SECP circular no. 01 of 2009. The income suspended on these bonds amounted to Rs. 0.0326 million. Therefore, these are stated at cost less provision.
- 4.1.3 This represents investment in privately placed sukuk bonds. On scheduled redemption dates [i.e 25 October 2008 (only principal), 25 January 2009, 25 April 2009, 25 July 2009 and 25 October 2009], the principal and profit payments were not received by the Fund. The management has recognised an impairment loss amounting to Rs 110 million till 31 March 2012 as required by SECP circular no. 1 of 2009. The income suspended on these sukuk bonds amounted to Rs.32.568 million. Therefore, these are stated at cost less provision.
- 4.1.4 This represents investment in privately placed sukuk bonds. On 3 December 2008, the scheduled redemption date, profit redemption of Rs.1.855 million was not received by the Fund. The management has recognised an impairment loss amounting to Rs 4.905 million till 31 March 2012 as required by SECP circular no. 1 of 2009. The income suspended on these sukuk bonds amounted to Rs.2.157 million. Therefore, these are stated at cost less provision.
- 4.1.5 This represents investment in privately placed Sukuk Certificates issued with a term of six years. During the nine months period ended, the status of these Sukuk Certificates again has been changed from performing to non-performing (performing as at 30 June 2011). The coupon payment on Maple Leaf Sukuk I was due on 03 September 2011 which was not received by the Fund. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs.7.955 million. However as a matter of prudence, the management has recognised an impairment loss amounting to Rs. 10.781 million till 31 March 2012 in the income statement including unrealised loss of Rs.9.89 million previously included in other comprehensive income as at 30 June 2011, which management considered adequate and appropriate in the present circumstances. The income suspended on these bonds amounted to Rs. 3.376 million. Therefore, these are stated at cost less provision.
- 4.1.6 This represents investment in privately placed sukuk bonds. On 27 December 2011 & 27 March 2012 i.e. the scheduled redemption date, profit redemption of Rs. 1.098 million was not received by the Fund. The management has recognised an impairment loss amounting to Rs 2.766 million till 31 March 2012 as required by SECP circular no. 1 of 2009. The income suspended on these sukuk bonds amounted to Rs.1.098 million. Therefore, these are stated at cost less provision.

4.2 Sukuk and Ijara bonds - At fair value through profit or loss - held for trading

Name of the investee company	Number of bonds / certificates				Market value as at March 31, 2012	Investment as a percentage of		
	As at July 1, 2011	Purchases during the period	Sale during the period	As at March 31, 2012		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	-----%-----		
GOP Ijara Sukuk - issue date 07.03.2011	400	-	-	400	2,025	1.15	1.59	-
	400	-	-	400	2,025			
					<u>2,005</u>			

Carrying value of investments as at 31 March 2012

5 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2011 and as at 31 March 2012

6 SINDH SALES TAX ON REMUNERATION OF THE MANAGEMENT COMPANY

During the current period, the provincial government has levied General Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011.

7 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, 2011.

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. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Subsequent to the year ended June 30, 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the SHC. Accordingly, the Management Company has stopped making accrual of this provision with effect from March 14, 2012. However, as a matter of abundant caution, the Management Company has decided to maintain the provision for WWF made till this date amounting to Rs. 1.221 million in this financial information.

8 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 2011.

9 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 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 Management Company classified NAFA Islamic Aggressive Income Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and Aggressive Fixed Income Scheme' in accordance with the said circular. As at 31 December 2011, the Fund is compliant with all the requirements of the said circular except for clause 5(ii) which requires that rating of any security in the portfolio shall not be lower than investment grade.

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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	New Allied Electronics - Sukuk - 1st issue	110,000	110,000	-	-	-
	New Allied Electronics - Sukuk - 2nd issue	4,905	4,905	-	-	-
	Maple Leaf Cement Factory Limited - Sukuk I	26,509	10,781	15,728	8.91	8.78
	Maple Leaf Cement Factory Limited - Sukuk II	995	995	-	-	-
	Kohat Cement Company Limited - Sukuk*	32,097	-	32,097	18.17	17.91
	Pak Electron Limited	15,000	2,766	12,234	6.93	6.83
* Excess exposure	Kohat Cement Company Limited - Sukuk	32,097	-	32,097	18.17	17.91

9.1 At the time of purchase, these Sukuks were in compliance with the requirements of the circular (i.e. investment grade) and were subsequently downgraded due to default in payments of due principal and mark-up.

10 TRANSACTIONS WITH CONNECTED PERSONS

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

Connected persons include NBP Fullerton Asset Management Limited (NAFA) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee as at 2 November 2011 and MCB Financial Services Limited (MCBFSL) being the new Trustee from 22 November 2011, National Bank of Pakistan (NBP) and Alexandra Fund Management Pte. Limited being the sponsors, other collective investment schemes managed by the Management Company and directors and officers of the Management Company.

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

10.3 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.

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

NAFA ISLAMIC AGGRESSIVE INCOME FUND

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

	(Un-audited)			
	Nine months ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	------(Rupees in '000)-----			
Management Company				
Management fee expense for the period	2,502	2,833	827	934
Front end load for the period	2	9	-	-
National Bank of Pakistan - Sponsor				
Cash Dividend	-	8,996	-	-
Payment received for the sale of sukuk		28,694	-	-
Alexandra Fund Management Pte. Limited - Sponsor				
Bonus units issued 1,805,633 units (2011: 1,660,396 units)	-	-	-	-
Units redeemed 2,206,409 units (2011: Nil units)	16,000	-	-	-
Central Depository Company of Pakistan Limited Trustee				
Trustee fee for the period	288	503	-	149
CDS charges	4	17	-	9
Key management personnel of the Management Company				
Units issued 9,738 (2011: Nil units)	74	-	-	-
Units redeemed 11,262 (2011: 1,693 units)	81	13	-	13
Bonus units issued 1,403 units (2011: 227 units)	-	-	-	-
			(Un-Audited)	(Audited)
			As at March 31, 2012	As at June 30, 2011
			------(Rupees in '000)-----	

10.6 Amounts outstanding as at period end

Management Company		
Management fee payable	287	294
Front end load for the period	2	39
MCB Financial Services Limited - Trustee		
Remuneration payable	14	-
CDS Charges	18	-
Security deposits	100	-
Central Depository Company of Pakistan Limited		
Remuneration payable	-	49
CDS Charges	-	22
Security deposits	100	100
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund 7,500,000 units (30 June 2011: 7,500,000 units)	62,807	61,843
Balance in current account	4	5
Alexandra Fund Management Pte. Limited - Sponsor		
Investment held by the Sponsor in the Fund 12,293,699 units (30 June 2011: 12,694,476 units)		

11 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 17, 2012.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director