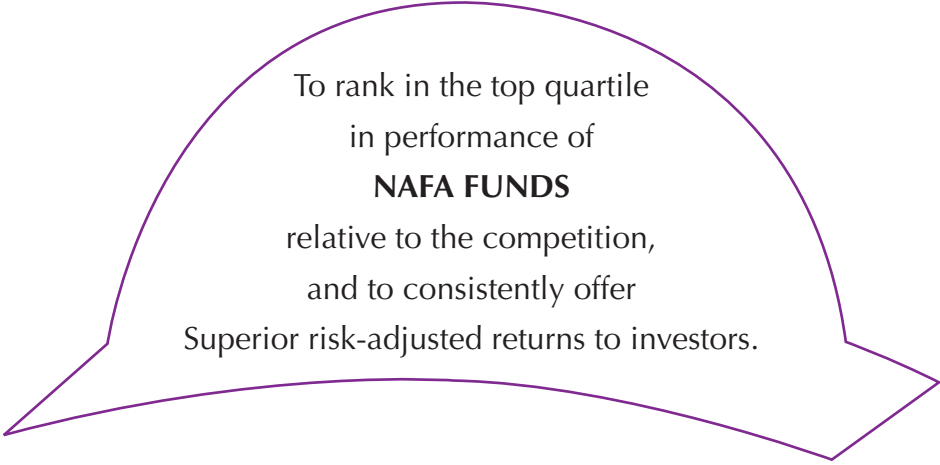


## MISSION STATEMENT



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 ISLAMIC MULTI ASSET FUND

## FUND'S INFORMATION

### Management Company

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

### Board of Directors of the Management Company

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

### Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

### Audit & Risk Committee

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

### Trustee

Central Depository Company of Pakistan Limited (CDC)  
CDC House, 99-B, Block "B" S.M.C.H.S.,  
Main Shahra-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  
Emirates Global Islamic Bank Limited  
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 MULTI ASSET 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 MULTI ASSET FUND

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# NAFA ISLAMIC MULTI ASSET FUND

## DIRECTORS' REPORT

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

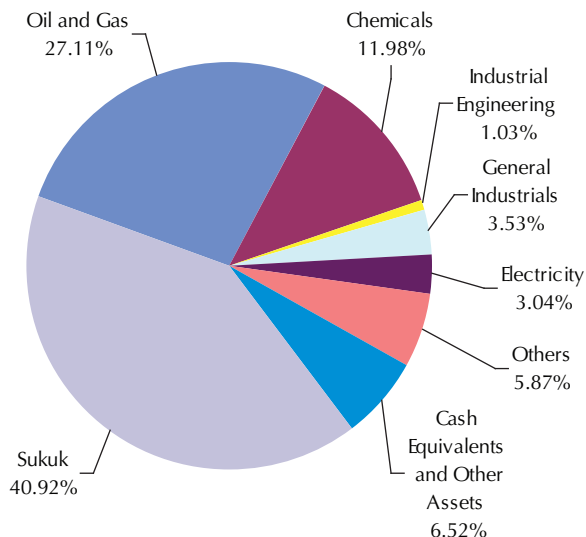
### Fund's Performance

During the said period, the unit price of NAFA Islamic Multi Asset Fund has increased from Rs.8.8485 on June 30, 2010 to Rs.10.4466 on December 31, 2010, thus showing a growth of 18.06% as compared to its Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks\*) return of 16.38%. Thus, the Fund has outperformed its Benchmark by 1.68% during the period under review. This performance is net of management fee and all other expenses. The size of NAFA Islamic Multi Asset Fund has decreased from Rs.387 million to Rs.269 million during the period, i.e. a decline of 30.49%.

The stock market showed a buoyant trend during 1HFY11 and the KMI-30 Index gained 30.86%. During the period under review, the key factors that contributed to the strong performance of the market were healthy foreign inflows, robust corporate earnings and improvement in the country's external account.

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

The Fund has earned total income of Rs.61.63 million during the period. After deducting expenses of Rs.7.93 million, the net income is Rs.53.70 million, translating into earning per unit of Rs.1.5981. The asset allocation of the Fund as on December 31, 2010 is as follows:



# NAFA ISLAMIC MULTI ASSET FUND

\*Benchmark changed with effect from 15-12-2010. Previous benchmark was 50% KMI-30 Index and 50% average 1 month profit rate of Islamic Banks.

## **Income Distribution**

The Board of Directors of the Management Company has approved an interim distribution of 2.655%.

## **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  
Date: February 18, 2011  
Place: Karachi.

Director

# NAFA ISLAMIC MULTI ASSET FUND

## TRUSTEE REPORT TO THE UNIT HOLDERS NAFA ISLAMIC MULTI ASSET FUND

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

NAFA Islamic Multi Asset Fund (the Fund), an open-end scheme was established under a trust deed dated August 20, 2007, executed between NBP Fullerton Asset Management Limited [Formerly National Fullerton Asset Management Limited], as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from July 01, 2010 to December 31, 2010 in accordance with the provisions of the following:

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

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

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

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

Karachi, February 26, 2011

# NAFA ISLAMIC MULTI ASSET FUND

## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Multi Asset Fund** as at December 31, 2010, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2010. The Management Company (NBP Fullerton Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

**Engagement Partner: Rashid A. Jafer**

Dated: February 18, 2011

Karachi



# NAFA ISLAMIC MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2010

	Un-audited Note December 31, 2010	Audited June 30, 2010
	------(Rupees in '000)-----	
<b>ASSETS</b>		
Balances with banks	10,009	46,367
Receivable against sale of investments	-	4,550
Investments	4 251,591	347,868
Dividend and profit receivable	5 11,018	3,651
Advances, deposits, prepayments and other receivables	2,697	2,661
Preliminary expenses and floatation costs	908	1,160
Total assets	<u>276,223</u>	<u>406,257</u>
<b>LIABILITIES</b>		
Payable to the Management Company	693	1,036
Payable to the Trustee	100	118
Payable to the Securities and Exchange Commission of Pakistan	138	442
Payable against purchase of investments	2,684	-
Payable on redemption of units	264	15,190
Accrued expenses and other liabilities	6 3,212	2,359
Total liabilities	7,091	19,145
<b>Net Assets</b>	<u>269,132</u>	<u>387,112</u>
<b>Unit holders' funds (as per statement attached)</b>	<u>269,132</u>	<u>387,112</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	8	(Number of units)
<b>NUMBER OF UNITS IN ISSUE</b>	<u>25,762,659</u>	<u>38,441,455</u>
<b>NET ASSET VALUE PER UNIT</b>	3.3 <u>10.4466</u>	<u>10.0702</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 MULTI ASSET FUND

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2010	2009	2010	2009
		(Rupees in '000)		(Rupees in '000)	
<b>INCOME</b>					
Gain on sale of investments - net		19,885	59,110	11,255	8,716
Income / (loss) from sukuk bonds		14,861	4,304	5,230	(1,105)
Profit on bank deposits		1,492	2,518	227	1,814
Dividend income		8,297	9,793	6,170	5,692
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net		21,880	16,415	16,853	(23,940)
		66,415	92,140	39,735	(8,823)
<b>EXPENSES</b>					
Remuneration of the Management Company		4,880	8,935	2,106	4,361
Remuneration of the Trustee		364	596	178	291
Annual fee - Securities and Exchange Commission of Pakistan		138	253	59	123
Securities transaction cost		728	2,494	323	1,294
Settlement and bank charges		131	150	119	91
Annual listing fee		15	23	7	15
Auditors' remuneration		226	247	130	143
(Reversal of provision) / provision against non-performing debt securities		(19,135)	31,078	-	38,465
Rating fee		80	21	56	21
Legal and professional charges		25	40	-	40
Other expenses		-	36	(48)	16
Amortisation of preliminary expenses and floatation costs		252	252	126	126
<b>Total Expenses</b>		(12,296)	44,125	3,056	44,986
<b>Net Income / (loss) from operating activities</b>		78,711	48,015	36,679	(53,809)
Element of loss and capital losses included in prices of units issued less those in units redeemed		(23,918)	(7,669)	(20,079)	(1,260)
Provision for workers' welfare fund	9	(1,096)	-	(332)	-
<b>Net income / (loss) for the period before taxation</b>		53,697	40,346	16,268	(55,069)
Taxation	10	-	-	-	-
<b>Net income / (loss) for the period after taxation</b>		53,697	40,346	16,268	(55,069)
<b>Earning per unit</b>	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 MULTI ASSET FUND

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31		December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
Net income / (loss) for the period after taxation	53,697	40,346	16,268	(55,069)
<b>Other comprehensive income / (loss)</b>				
Net unrealised (diminution) / appreciation in market value of investments classified as 'available for sale'	(27,446)	5,189	(9,964)	4,729
<b>Total comprehensive income / (loss) for the period</b>	<u>26,251</u>	<u>45,535</u>	<u>6,304</u>	<u>(50,340)</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 MULTI ASSET FUND

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31		December 31	
	2010	2009	2010	2009
	(Rupees in '000)		(Rupees in '000)	
Undistributed income / (Accumulated loss) brought forward	15,855	(82,519)	14,057	16,529
Distribution:				
Final distribution June 30, 2010: 12.217% (June 30, 2009: Nil) (Date of distribution: 5th July 2010)				
- Bonus units	(34,498)		-	-
- Cash distribution	(12,466)		-	-
Net income / (loss) for the period	53,697	40,346	16,268	(55,069)
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' fund	34,010	7,149	26,273	3,516
Undistributed income / (Accumulated loss) carried forward	<u>56,598</u>	<u>(35,024)</u>	<u>56,598</u>	<u>(35,024)</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 MULTI ASSET FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31 2010	2009	December 31 2010	2009
------(Rupees in '000)-----				
Net assets at the beginning of the period	387,112	535,384	346,506	601,278
Issue of 4,177,719 units - including 3,898,690 bonus units (December 31, 2009: 17,473,234 units)	2,598	174,646	533	80,304
Redemption of 16,856,515 units (December 31, 2009: 26,048,127 units)	(158,281)	(260,915)	(104,290)	(130,183)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed				
- amount representing losses and capital losses - transferred to Income Statement	23,918	7,669	20,079	1,260
- amount representing income and capital gains that form part of the unit holders' fund - transferred to Distribution Statement	(34,010)	(7,149)	(26,273)	(3,516)
	(10,092)	520	(6,194)	(2,256)
Net unrealised (diminution) / appreciation during the period in the market value of investments classified as 'available for sale'	(27,446)	5,189	(9,964)	4,729
Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net	21,880	16,415	16,853	(23,940)
Gain on sale of investments - net	19,885	59,110	11,255	8,716
Other net income / (loss) for the period after taxation	11,932	(35,179)	(11,840)	(39,845)
	53,697	40,346	16,268	(55,069)
Final distribution June 30, 2010: 12.217% (June 30, 2009: Nil) (Date of distribution: 5th July 2010)				
- Bonus units	(34,498)	-	-	-
- Cash distribution	(12,466)	-	-	-
	(46,964)	-	-	-
Add: bonus distribution	34,498	-	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed - amount representing income that forms part of the unit holders' fund	34,010	7,149	26,273	3,516
<b>Net assets as at the end of the period</b>	<b>269,132</b>	<b>502,319</b>	<b>269,132</b>	<b>502,319</b>

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 MULTI ASSET FUND

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

	Half year ended		Quarter ended	
	December 31 2010	2009	December 31 2010	2009
	------(Rupees in '000)-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period before taxation	53,697	40,346	16,268	(55,069)
<b>Adjustments</b>				
Unrealised (gain) / loss on investments at fair value through profit or loss - net	(21,880)	(16,415)	(16,853)	23,940
Gain on sale of investments - net	(19,885)	(59,110)	(11,255)	(8,716)
(Reversal of provision) / provision against non-performing debt securities	(19,135)	31,078	-	38,465
Amortisation of preliminary expenses and floatation costs	252	252	126	126
Element of loss and capital losses included in prices of units issued less those in units redeemed	23,918	7,669	20,079	1,260
	16,967	3,820	8,365	6
<b>(Increase) / decrease in assets</b>				
Receivable against sale of investments	4,550	4,695	(7,951)	20,946
Investments	129,731	112,311	60,509	23,114
Dividend and profit receivable	(7,367)	668	308	5,635
Advances, deposits, prepayments and other receivable	(36)	(3,608)	(37)	(3,162)
	126,878	114,066	52,829	46,533
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	(343)	(87)	(214)	(660)
Payable to the Trustee	(18)	6	-	(25)
Payable to Securities and Exchange Commission of Pakistan	(304)	(232)	59	123
Payable against purchase of investments	2,684	-	2,684	-
Accrued expenses and other liabilities	853	109	247	(628)
	2,872	(204)	2,776	(1,190)
<b>Net cash inflow from operating activities</b>	<b>146,717</b>	<b>117,682</b>	<b>63,970</b>	<b>45,349</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipts from issue of units	2,598	174,646	533	80,304
Payments on redemption of units	(173,207)	(255,634)	(104,026)	(125,154)
Dividend paid	(12,466)	-	-	-
<b>Net cash outflow on financing activities</b>	<b>(183,075)</b>	<b>(80,988)</b>	<b>(103,493)</b>	<b>(44,850)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(36,358)</b>	<b>36,694</b>	<b>(39,523)</b>	<b>499</b>
Cash and cash equivalents at the beginning of the period	46,367	30,654	49,532	66,849
<b>Cash and cash equivalents at the end of the period</b>	<b>10,009</b>	<b>67,348</b>	<b>10,009</b>	<b>67,348</b>

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 MULTI ASSET FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2010

## 1. LEGAL STATUS AND NATURE OF BUSINESS

NAFA Islamic Multi Asset Fund (NIMF / the 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.

NIMF is an open-ended mutual fund and is listed on the Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Board of Directors have approved that the Fund should be categorized as "Balanced Fund" as per the categories defined by the Securities and Exchange Commission of Pakistan.

The core objective of the Fund is to provide investors with a combination of capital growth and income by investing in Shariah compliant investments. The Fund aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah Compliant securities, instruments and avenues such as equities, musharikhah, murabahah, ijarah, etc.

The Pakistan Credit Rating Agency Limited 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 performance ranking of Three Star 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.

## 2. STATEMENT OF COMPLIANCE

- 2.1 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 Finance 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 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.
- 2.3 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 the methods of computation adopted in 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.

### 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.

# NAFA ISLAMIC MULTI ASSET FUND

## 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 in 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 per unit

Earnings 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 per unit is not practicable.

	Note	(Un-Audited) December 31 2010	(Audited) June 30, 2010
(Rupees in '000)			
4 INVESTMENTS			
At fair value through profit or loss - held for trading			
Investment in shares of listed company	4.1	141,460	223,912
Available for sale			
Sukuk bonds	4.2	<u>110,131</u>	<u>123,956</u>
		<u>251,591</u>	<u>347,868</u>



# NAFA ISLAMIC MULTI ASSET FUND

## 4.1 Investment in shares of listed companies at fair value through profit or loss

Name of the investee company	As at July 1, 2010	Purchases during the period	Bonus / Right Issue	Sale during the period	As at December 31, 2010	Market value as at December 31, 2010	Market value as a percentage of net assets	Market value as a percentage of total investment	Percentage of paid-up capital of the investee company held
	----- Number of shares -----				Rupees in '000		----- % -----		
<b>Oil and Gas</b>									
Attock Refinery Limited	-	115,300	-	115,300	-	-	-	-	-
National Refinery Limited	22,000	21,800	-	35,700	8,100	2,218	0.82	0.88	0.01
Oil and Gas Development Company Limited	162,800	74,600	-	207,100	30,300	5,176	1.92	2.06	0.00
Pakistan Oil Fields Limited	153,600	245,510	-	278,950	120,160	35,563	13.21	14.14	0.05
Pakistan Petroleum Limited	177,543	246,800	31,468	329,100	126,711	27,515	10.22	10.94	0.01
Pakistan State Oil Company Limited	64,394	87,800	-	143,794	8,400	2,479	0.92	0.99	0.00
<b>Chemicals</b>									
Fauji Fertilizer Bin Qasim Limited	563,000	927,500	-	1,198,300	292,200	10,440	3.88	4.15	0.03
Fauji Fertilizer Company Limited	357,450	355,700	-	575,100	138,050	17,375	6.46	6.91	0.02
Lotte Pakistan PTA Limited	86,500	430,000	-	193,500	323,000	4,425	1.64	1.76	0.02
<b>Construction and Materials</b>									
Attock Cement Pakistan Limited	48,528	-	-	48,528	-	-	-	-	-
D.G. Khan Cement Company Limited	-	127,000	-	127,000	-	-	-	-	-
Lucky Cement Company Limited	109,800	73,000	-	147,800	35,000	2,653	0.99	1.05	0.01
<b>General Industrials</b>									
Ghani Glass Limited	41,000	-	-	41,000	-	-	-	-	-
Packages Limited	-	11,100	-	-	11,100	1,427	0.53	0.57	0.01
Thal Limited	61,071	32,000	12,374	53,900	51,545	6,714	2.49	2.67	0.08
Tri-Pack Films Limited	-	11,200	-	-	11,200	1,368	0.51	0.54	0.04
<b>Industrial Engineering</b>									
Al-Ghazi Tractors Limited	-	5,800	-	-	5,800	1,317	0.49	0.52	0.01
Millat Tractors Limited	14,598	6,800	2,687	21,150	2,935	1,467	0.55	0.58	0.01
<b>Automobile and Parts</b>									
Indus Motor Company Limited	13,100	-	-	13,100	-	-	-	-	-
<b>Food Producers</b>									
Unilever Pakistan Limited	1,709	-	-	720	989	4,312	1.60	1.71	0.01
<b>Personal Goods</b>									
Nishat Mills Limited	-	43,000	-	-	43,000	2,759	1.03	1.10	0.01
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	626,400	342,000	-	725,200	243,200	4,723	1.75	1.88	0.01
<b>Electricity</b>									
The Hub Power Company Limited	489,371	219,000	-	489,371	219,000	8,193	3.04	3.26	0.02
<b>Gas Water and Multiutilities</b>									
Sui Northern Gas Pipelines Limited	-	55,000	-	55,000	-	-	-	-	-
Sui Southern Gas Company Limited	-	120,000	30,000	120,000	30,000	643	0.24	0.26	0.00
<b>Banks</b>									
Meezan Bank Limited	-	41,000	-	-	41,000	693	0.26	0.28	0.01
					<b>1,741,690</b>	<b>141,460</b>	<b>52.55</b>	<b>56.25</b>	
Carrying value as at December 31, 2010						<b>119,580</b>			

4.1.1 All shares have a nominal face value of Rs 10 each except for the shares of Thal Limited and Al-Ghazi Tractors Limited which have a face value of Rs 5 each and Unilever Pakistan Limited which has a face value of Rs 50 each.

4.1.2 The above investments include securities with market value aggregating to Rs.76.528 million which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in terms of Circular no. 11 dated October 23, 2007 issued by SECP.

# NAFA ISLAMIC MULTI ASSET FUND

## 4.2 Sukuk bonds

Name of the investee company	Number of Certificates				Market value as at December 31, 2010	Investment as a percentage of		
	As at July 1, 2010	Purchases during the period	Sale during the period	As at December 31, 2010		Market value of Net assets	Market value of total investments	Issue size
					<b>Rupees in '000</b>		-----%-----	
Eden Housing Limited	5,000	-	-	5,000	12,918	4.80	5.13	3.42
Eden Builders Limited	1,325	-	-	1,325	5,194	1.93	2.06	0.33
Kohat Cement Company Limited	10,000	-	-	10,000	32,530	12.09	12.93	2.00
Maple Leaf Cement Factory Limited	10,000	-	-	10,000	31,330	11.64	12.45	0.63
Maple Leaf Cement Factory Limited - Sukuk II (Note 4.2.3)	375	-	-	375	-	-	-	-
Pak Electron Limited	10,000	-	-	10,000	28,159	10.46	11.19	4.17
					110,131			
					139,452			
Carrying value as at December 31, 2010					1,875			
Provision for impairment loss as at December 31, 2010					-			

4.2.1 All sukuk bonds have a face value of Rs 5,000 each.

4.2.2 As at December 31, 2010, the Fund had not received redemption of principal and / or profit amounts on one of its investment, the detail of which is as follows:

4.2.3 This represents 2nd issue of sukuk by Maple Leaf Cement Factory Limited under a restructuring agreement with a face value of Rs 1.875 million. As this issue represents overdue mark-up, the management has maintained the provision of Rs 1.875 million during the current period and has suspended income of Rs 0.066 million of this issue.

4.2.4 During the period, sukus of Maple Leaf Cement Factory Limited, Eden Housing Limited and Kohat Cement Company Limited have been classified as performing debt securities in accordance with Circular no. 1 of 2009 and Circular no. 3 of 2010 issued by the Securities and Exchange Commission of Pakistan and accordingly provision amounting to Rs 19.135 million held in respect of these sukus has been reversed during the period.

	Note	Un-audited December 31, 2010	Audited June 30, 2010
------(Rupees in '000)-----			
5		DIVIDEND AND PROFIT RECEIVABLE	
		45	1,160
		130	2,182
		10,909	4,889
	4.2.3	(66)	(4,580)
		10,843	309
		11,018	3,651
6		ACCRUED EXPENSES AND OTHER LIABILITIES	
		225	230
		81	230
		50	45
		220	356
		37	57
		380	330
		10	-
		3	-
		2,206	1,111
		3,212	2,359

# NAFA ISLAMIC MULTI ASSET FUND

## 7 COMPLIANCE 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 Management Company classified NAFA Islamic Multi Asset Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced Scheme' in accordance with the said circular. As at December 31, 2010, the Fund is compliant with all the requirements of the said circular except for clause 2(iv) which requires that rating of any debt security in the portfolio shall not be lower than A- (A Minus) and clause 2(vii) which requires that weighted average time to maturity of non-equity assets shall not exceed 2 years.

Type of investment	Name of non-compliant investment	Value of investment / non equity assets before provision	Provision held, if any	Value of investment / non equity assets after provision	Percentage of net assets	Percentage of gross assets
--------------------	----------------------------------	--	------------------------	---	--------------------------	----------------------------

-----Rupees in '000----- %-----

i) Investment in debt securities	a) Maple Leaf Cement Factory Limited - Sukuk*	31,330	-	31,330	11.64	11.34
	b) Maple Leaf Cement Factory Limited - Sukuk II	1,875	1,875	-	-	-
	c) Kohat Cement Company Limited	32,530	-	32,530	12.09	11.78
	d) Eden Housing Limited - Sukuk *	12,918	-	12,918	4.80	4.68
ii) Weighted average time to maturity of the non-equity assets**	Non-equity assets of the Fund	129,547	1,875	127,672	47.44	46.22

\* Performing but below investment grade

\*\*The weighted average time to maturity of the non-equity assets is 3.12 years.

## 7.1 At the time of purchase, the said 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 markup.

The management is taking steps to ensure compliance with the above requirement.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on December 31, 2010.

## 9 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 2.206 million in these condensed interim financial statements.

# NAFA ISLAMIC MULTI ASSET FUND

## 10 TAXATION

No provision for taxation has been made as the Fund is exempt from income tax under Clause 99 of Part 1 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 and unrealised, is distribution amongst the unit holders. The Management Company, on behalf of the Fund, intends to distribute at least 90 percent of such accounting income relating to the year ending June 30, 2011 to its unit holders. Accordingly, no tax liability has been recorded in the current period.

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

## 11 TRANSACTIONS WITH CONNECTED PERSONS

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.

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

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

### 11.1 Details of the transactions with connected persons are as follows:

	Half year ended December 31		Quarter ended December 31	
	2010	2009	2010	2009
------(Rupees in '000)-----				
<b>NBP Fullerton Asset Management Company Limited</b>				
<b>- Management Company</b>				
Management fee	4,880	8,935	2,106	4,361
Front end load	47	2,093	7	505
<b>National Bank of Pakistan - Sponsor</b>				
Cash dividend	9,163	-	-	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Trustee fee	364	596	178	291
CDS charges	10	51	9	27
<b>Alexandra Fund Management Pte. Limited</b>				
Bonus units issued (1,380,686 units; December 31, 2009: Nil units)	-	-	-	-
Units redeemed (4,181,826 units; December 31, 2009: Nil units)	40,000	-	40,000	-
<b>Chief Financial Officer</b>				
Units issued (Nil units; December 31, 2009: 29,890 units)	-	300	-	300
Units redeemed (Nil units; December 31, 2009: 29,890 units)	-	294	-	294
<b>NAFA Islamic Aggressive Income Fund</b> (Formerly NAFA Islamic Income Fund)				
Payment made for the sale of sukuk bonds	-	21,175	-	21,175

# NAFA ISLAMIC MULTI ASSET FUND

	(Un-Audited)	(Audited)
	December 31	June 30, 2010
	2010	
	(Rupees in '000)	
<b>11.2 Amounts outstanding as at period / year end</b>		
<b>NBP Fullerton Asset Management Company Limited - Management Company</b>		
Management Fee payable	676	949
Front end load payable	7	87
Others	10	-
<b>National Bank of Pakistan</b>		
Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2010: 7,500,000 units)	78,350	75,527
Balance in current account	65	4,923
<b>Alexandra Fund Management Pte. Limited</b>		
Investment held by the Sponsor in the Fund (7,198,860 units; June 30, 2010:10,000,000 units)	75,204	100,702
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	62	65
CDS charges payable	38	53
Security deposit	100	100

## 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 February 18, 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.

13.3 Corresponding figures have been rearranged and reclassified wherever necessary, for the purpose of comparison. No significant changes to corresponding figures have been made during the period.

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

Chief Executive

Director