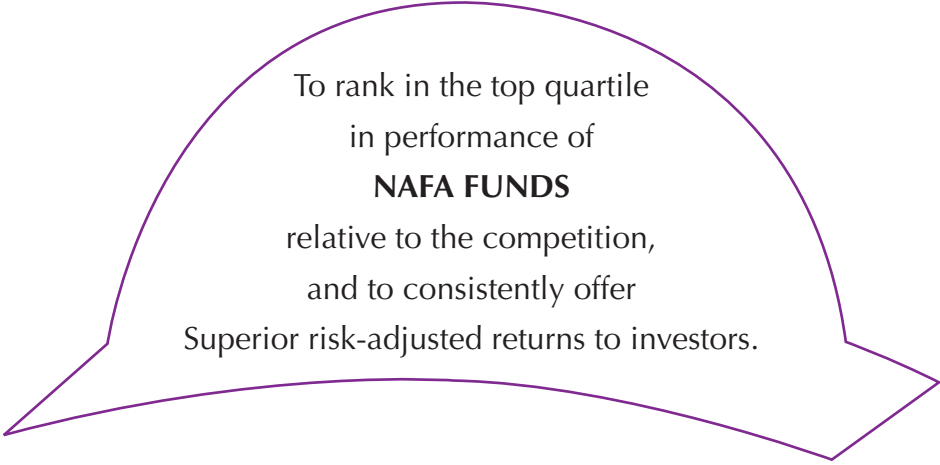


MISSION STATEMENT



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

Board of Directors of the Management Company

Mr. Shahid Anwar Khan	Chairman
Mr. Amir Shehzad	Director
Mr. Wah Geok Sum	Director
Mr. Patrick Pang Chin Hwang	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. Patrick Pang Chin Hwang	Chairman
Mr. Shehryar Faruque	Member
Mr. Amir Shehzad	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
The Bank of Khyber.

NAFA ISLAMIC MULTI ASSET FUND

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

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NAFA ISLAMIC MULTI ASSET FUND

DIRECTORS' REPORT

The Board of Directors of NBP 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, 2011.

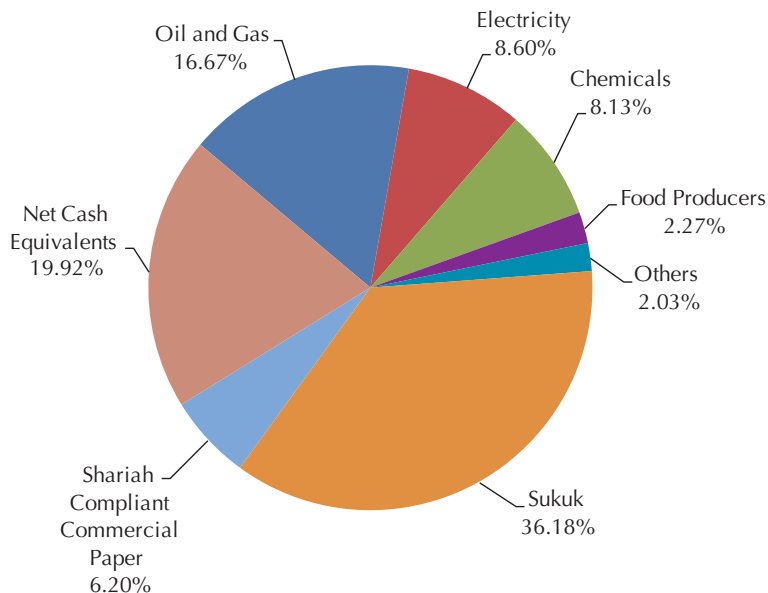
Fund's Performance

During the first half, the unit price of NAFA Islamic Multi Asset Fund has decreased from Rs. 9.1039 (Ex-Div) on June 30, 2011 to Rs.9.0118 on December 31, 2011, thus showing a decline of 1.01% as compared to its Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return of 0.19%. Thus, the Fund has underperformed its Benchmark by 1.20% 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.289 million to Rs.242 million during the period, i.e. a decline of 16.26%.

The stock market depicted a downward trend during 1HFY12 due to economic slowdown primarily stemming from shortfall in energy and subdued foreign investment activity. Among the out-performers for the period were Oil & Gas, Chemicals, Construction & Materials, Food Producers and Electricity sectors. On the other hand, General Industrials, Industrial Engineering, Personal Goods, Pharma & Bio Tech and Fixed Line Communication sectors were among the laggards. Investment activity remained subdued with daily traded volume of mere 60m shares.

During the period under review, the State Bank of Pakistan slashed the policy rate by 200bps driven by some let up in the inflationary trends and to spur growth. Activity in the Shariah Compliant corporate bond market improved, although limited to the prime quality issues. The Government has issued more Ijara Sukuks, thus broadening the investment universe of Shariah Compliant funds. All Sukuks in the Fund are floating rate instruments linked to KIBOR, thus relatively better protected against pricing risk.

The Fund has earned total income of Rs.9.89 million during the period. After deducting expenses of Rs.33.35 million, the net loss is Rs.23.46 million. The asset allocation of the Fund as on December 31, 2011 is as follows:



NAFA ISLAMIC MULTI ASSET FUND

Acknowledgement

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

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

On behalf of the Board of
NBP Fullerton Asset Management Limited

Chief Executive

Director

Date: February 17, 2012
Place: Karachi.

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

We, Central Depository Company of Pakistan Limited, being the Trustee of NAFA Islamic Multi Asset Fund (the Fund) are of the opinion that NBP Fullerton Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 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.

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

Karachi: February 28, 2012

NAFA ISLAMIC MULTI ASSET FUND

Report on review of Condensed Interim Financial Information to the Unit Holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **NAFA Islamic Multi Asset Fund** ("the Fund") as at 31 December 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figures for the quarter ended 31 December 2011 and 31 December 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The condensed interim financial information of the Fund for the six months period ended 31 December 2010 and financial statements for the year ended 30 June 2011 were reviewed and audited by another firm of auditors whose reports dated 18 February 2011 and 3 October 2011 expressed an unqualified conclusion and opinion thereon respectively.

Date: February 17, 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Nadeem

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2011

	Note	Un-audited December 31, 2011	Audited June 30, 2011
------(Rupees in '000)-----			
Assets			
Bank balances		47,371	34,766
Receivable against sale of investments		139	2,945
Investments	5	193,783	245,126
Dividend and profit receivable	6	5,875	10,194
Deposits, prepayments and other receivables		2,703	2,653
Preliminary expenses and floatation costs		409	660
Total assets		<u>250,280</u>	<u>296,344</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		860	868
Remuneration payable to the Trustee		110	112
Payable to Securities and Exchange Commission of Pakistan		111	256
Payable against purchase of investments		3,767	2,945
Accrued expenses and other liabilities	7	3,461	3,581
Total liabilities		<u>8,309</u>	<u>7,762</u>
Net assets		<u>241,971</u>	<u>288,582</u>
Unit holders' funds (as per statement attached)		<u>241,971</u>	<u>288,582</u>
Contingencies and commitments	8	(Number of units)	
Number of units in issue		<u>26,850,507</u>	<u>26,702,727</u>
		(Rupees)	
Net asset value per unit		<u>9.0118</u>	<u>10.8072</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Income Statement (Un-audited) For the six months period ended 31 December 2011

Note	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	(Rupees in '000)		(Rupees in '000)	
Income				
Capital (loss) / gain on sale of investments - net	(469)	19,885	723	11,255
Profit on bank deposits	638	1,492	230	227
Income from term finance certificates and sukuk bonds	8,579	14,861	10,147	5,230
Dividend income	5,800	8,297	4,148	6,170
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(4,656)	21,880	(9,640)	16,853
Total income	9,892	66,415	5,608	39,735
Expenses				
Remuneration of NBP Fullerton Asset Management Limited - Management Company	3,926	4,880	1,860	2,106
Sindh sales tax on management fee	628	-	297	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	353	364	177	178
Annual fee to Securities and Exchange Commission of Pakistan	111	138	52	59
Securities transaction cost	285	728	98	323
Settlement and bank charges	110	131	80	119
Annual listing fee	15	15	8	7
Auditors' remuneration	218	226	98	130
Impairment loss on investments classified as 'available for sale and held for trading'	20,743	(19,135)	2,267	-
Provision against accrued income from sukuk bonds	6,653	-	6,653	-
Stability rating fee	55	80	55	56
Legal and professional charges	-	25	(25)	-
Amortisation of preliminary expenses and floatation costs	251	252	125	126
Other expenses	-	-	-	(48)
Total Expenses	33,348	(12,296)	11,745	3,056
Net (loss) / income from operating activities	(23,456)	78,711	(6,137)	36,679
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	4	-	(23,918)	-
Provision for Workers' Welfare Fund	9	-	(1,096)	-
Net (loss) / income for the period before taxation	(23,456)	53,697	(6,137)	16,268
Taxation	10	-	-	-
Net (loss) / income for the period after taxation	(23,456)	53,697	(6,137)	16,268

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Statement of Comprehensive Income (Un-audited) For the six months period ended 31 December 2011

	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	(Rupees in '000)		(Rupees in '000)	
Net (loss) / income for the period after taxation	(23,456)	53,697	(6,137)	16,268
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	2,786	(27,446)	(15,531)	(9,964)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	18,619	-	18,619	-
Total comprehensive income for the period	<u>(2,051)</u>	<u>26,251</u>	<u>(3,049)</u>	<u>6,304</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Distribution Statement (Un-audited) For the six months period ended 31 December 2011

	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	(Rupees in '000)		(Rupees in '000)	
Undistributed income / (accumulated loss) brought forward	60,354	15,855	(2,814)	14,057
Final distribution for the year ended 30 June 2011: 17.033% (30 June 2010: 12.217%)				
- Bonus units	(32,463)	(34,498)	-	-
- Cash distribution	(13,019)	(12,466)	-	-
Element of income and capital gains included in prices of units issued less those in units redeemed- amount representing income that form part of the unit holders' funds	421	34,010	788	26,273
Net (loss) / income for the period before taxation	(23,456)	53,697	(6,137)	16,268
(Accumulated loss) / undistributed income carried forward	<u>(8,163)</u>	<u>56,598</u>	<u>(8,163)</u>	<u>56,598</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP 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 six months period ended 31 December 2011

	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	------(Rupees in '000)-----			
Net assets at beginning of the period	288,582	387,112	247,738	346,506
Issue of 4,769,938 units - including 3,565,886 bonus units (2010: 4,177,719 units)	11,010	2,598	1,785	533
Redemption of 4,621,160 units (2010: 16,856,515 units)	(42,551)	(158,281)	(4,503)	(104,290)
	(31,541)	(155,683)	(2,718)	(103,757)
Issue of bonus units in respect of final distribution for the year ended 30 June 2011: 17.033% (2010: 12.217%)	32,463	34,498	-	-
Net element of loss and capital losses included in prices of units issued less those in units redeemed				
- amount representing losses and capital losses - transferred to income statement	-	23,918	-	20,079
- amount representing income - that forms part of the unit holders' funds	(421)	(34,010)	(788)	(26,273)
	(421)	(10,092)	(788)	(6,194)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	2,786	(27,446)	(15,531)	(9,964)
Reversal of unrealised diminution in the value of investments pertaining to impairment of non-performing assets	18,619	-	18,619	-
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(4,656)	21,880	(9,640)	16,853
Other operating (loss) / income	(18,800)	31,817	3,503	(585)
Net (loss) / income for the period after taxation	(23,456)	53,697	(6,137)	16,268
Distributions:				
Final distribution for the period ended 30 June 2011: 17.033% (2010: 12.217%)				
- Bonus units	(32,463)	(34,498)	-	-
- Cash Distribution	(13,019)	(12,466)	-	-
	(45,482)	(46,964)	-	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	421	34,010	788	26,273
Net assets as at end of the period	241,971	269,132	241,971	269,132

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

Condensed Interim Cash Flow Statement (Un-audited) For the six months period ended 31 December 2011

	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) / income for the period before taxation	(23,456)	53,697	(6,137)	16,268
Adjustments				
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	4,656	(21,880)	9,640	(16,853)
Amortisation of preliminary expenses and floatation costs	251	252	125	126
Loss / (gain) on sale of investments	469	(19,885)	(723)	(11,255)
Provision / (reversal of provision) against non-performing debt securities	20,743	(19,135)	2,267	-
Element of loss and capital losses included in prices of units issued less those in units redeemed- net	-	23,918	-	20,079
	2,663	16,967	5,172	8,365
Decrease / (increase) in assets				
Receivable against sale of investments	2,806	4,550	(139)	(7,951)
Investments - net	46,880	129,731	18,030	60,509
Dividend and profit receivable	4,319	(7,367)	497	308
Deposits, prepayments and other receivables	(50)	(36)	(26)	(37)
	53,955	126,878	18,362	52,829
Increase / (decrease) in liabilities				
Payable to the Management Company	(8)	(343)	20	(214)
Payable to Central Depository Company of Pakistan Limited Trustee	(2)	(18)	(2)	-
Payable to Securities and Exchange Commission of Pakistan	(145)	(304)	52	59
Payable against purchase of investments	822	2,684	3,767	2,684
Accrued expenses and other liabilities	(120)	853	(303)	247
	547	2,872	3,534	2,776
Net cash inflow from operating activities	57,165	146,717	27,068	63,970
CASH FLOW FROM FINANCING ACTIVITIES				
Net receipts against issue of units	11,010	2,598	1,785	533
Net payments against redemption of units	(42,551)	(173,207)	(4,503)	(104,026)
Distributions paid during the period	(13,019)	(12,466)	-	-
Net cash outflow on financing activities	(44,560)	(183,075)	(2,718)	(103,493)
Net decrease in cash and cash equivalents during the period	12,605	(36,358)	24,350	(39,523)
Cash and cash equivalents at beginning of the period	34,766	46,367	23,021	49,532
Cash and cash equivalents at end of the period	47,371	10,009	47,371	10,009

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

Notes to and forming part of the Condensed Interim Financial information (Un-audited) For the six months period ended 31 December 2011

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) 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).

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 30 June 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. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement, and notes thereto, for the six months period ended 31 December 2011.

These condensed interim financial information are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.2 Functional and presentation currency

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

NAFA ISLAMIC MULTI ASSET FUND

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the preceding year ended 30 June 2011.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2011, except for change in methodology of calculation and classification of element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in the units redeemed ("element").

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 unrealised appreciation / (diminution) arising during the period on available for sale securities and is taken directly to the distribution statement. Previously, the element was recognised 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 represented by income earned during the period was recognised in the income statement and the remaining amount was taken directly to 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:

- loss for the year would have been lower by 1.502 million.
- amount taken to distribution statement would have been lower by 0.975 million.

Note	(Un-Audited) December 31 2011	(Audited) June 30, 2011
	(Rupees in '000)	

5 INVESTMENTS

At fair value through profit or loss - held for trading

Investment in shares of listed company	5.1	91,234	143,451
Available for sale			
Sukuk bonds	5.2	102,549	101,675
		193,783	245,126

NAFA ISLAMIC MULTI ASSET FUND

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

Name of the investee company	Number of certificates				As at December 31, 2011	Market value as at December 31, 2011	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
	As at July 1, 2011	Purchases during the period	Bonus / Right Issue	Sale during the period					
	Rupees in '000							-----	%
Oil and Gas									
Attock Petroleum Limited	11,250	4,000	-	10,500	4,750	1,959	0.81	1.01	0.00
Attock Refinery Limited	-	10,700	-	10,700	-	-	-	-	-
National Refinery Limited	20,000	10,500	-	30,500	-	-	-	-	-
Oil and Gas Development Company Limited	65,600	49,000	-	54,000	60,600	9,188	3.80	4.74	0.00
Pakistan Oil Fields Limited	77,260	48,500	-	69,000	56,760	19,665	8.13	10.15	0.01
Pakistan Petroleum Limited	100,152	79,800	2,905	126,300	56,557	9,520	3.93	4.91	0.00
Pakistan State Oil Company Limited	35,500	43,000	-	78,500	-	-	-	-	-
Chemicals									
Fauji Fertilizer Bin Qasim Limited	228,800	579,500	-	757,700	50,600	2,147	0.89	1.11	0.01
Fauji Fertilizer Company Limited	190,212	135,300	-	208,300	117,212	17,528	7.24	9.05	0.02
Lotte Pakistan PTA Limited	200	-	-	200	-	-	-	-	-
Construction and Materials									
Lucky Cement Company Limited	-	3,100	-	-	3,100	233	0.10	0.12	0.00
General Industrials									
Thal Limited	30,557	-	3,708	12,016	22,249	1,820	0.75	0.94	0.04
Tri-Pack Films Limited	200	-	-	200	-	-	-	-	-
Industrial Engineering									
Al-Ghazi Tractors Limited	49	-	-	49	-	-	-	-	-
Food Producers									
Unilever Pakistan Limited	989	-	-	-	989	5,505	2.28	2.84	0.01
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	200	-	-	200	-	-	-	-	-
Electricity									
The Hub Power Company Limited	396,500	509,000	-	297,000	608,500	20,811	8.60	10.74	0.05
Banks									
Meezan Bank Limited	164,450	-	-	-	164,450	2,858	1.18	1.47	0.02
					1,145,767	91,234	37.70	47.08	
Carrying value as at 31 December 2011					95,889				

5.1.1 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.

5.1.2 The above investments include securities with market value aggregating to Rs.53.57 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 23 October 2007 issued by SECP.

NAFA ISLAMIC MULTI ASSET FUND

5.2 Sukuk bonds

Name of the investee company	Number of Certificates				Market value / Carrying value at 31 December 2011	Investment as a percentage of		
	As at July 1, 2011	Purchases during the period	Sale during the period	As at December 31, 2011		Market value of Net assets	Market value of total investments	Issue size
					Rupees in '000	------(%)-----		
Eden Builders Limited	1,325	-	-	1,325	3,671	1.52	1.89	0.33
Kohat Cement Company Limited	10,000	-	-	10,000	23,581	9.75	12.17	2.00
Maple Leaf Cement Factory Limited - 1st Issue (Note 5.2.2)	10,000	-	-	10,000	29,615	12.24	15.28	0.63
Maple Leaf Cement Factory Limited - 2nd Issue (Note 5.2.3)	375	-	-	375	-	-	-	-
Eden Housing Limited (Note 5.2.4)	5,000	-	-	5,000	10,992	4.54	5.67	3.42
Pak Electron Limited (Note 5.2.5)	10,000	-	-	10,000	19,690	8.14	10.16	4.17
Hub Power Company Limited	-	-	-	-	15,000			
					102,549			
Carrying value as at 31 December 2011					99,763			
Provision for impairment loss as at 31 December 2011					28,058			

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

5.2.2 This represent investment in privately placed Sukuk Certificates issued with a term of six years. During the six months period ended, the status of these Sukuk Certificates 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. 10.759 million. However as a matter of prudence, the management has recognised an impairment loss amounting to Rs. 20.3 million till 31 December 2011 in income statement including unrealised loss of Rs. 18.619 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. 7.268 million. Therefore, these are stated at cost less provision.

5.2.3 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. 1.875 million till 31 December 2011 as required by SECP circular no. 01 of 2009. The income suspended on these bonds amounted to Rs. 0.068 million. Therefore, these are stated at cost less provision.

5.2.4 This represents investment in privately placed sukuk bonds issue with a term of five years. On 31 March 2011 and 29 June 2011 i.e. the scheduled redemption date, principal redemption of Rs. 0.938 million were not received by the Fund. The Management Company has recognized an impairment loss amounting to Rs.5.883 million till 31 December 2011 as required by SECP circular no. 01 of 2009. The income suspended on these sukuk bonds amounted to Rs.0.702 million. Therefore, these are stated at cost less provision.

5.2.5 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 0.804 million was not received by the Fund.

The circular no. 1 of 2009 dated 6 January 2009 requires that all non performing debt securities whether secured or unsecured shall be provided for in accordance with the criteria specified in Annexure - II of the said circular from the day of classification as non-performing. On 12 January 2012, the sukuk issued by Pak Elektron Limited has been classified as non-performing due to default made by it on repayment of instalment due during December 2011. However, the Management Company considers that provision and reclassification are required to be made on the day when it has been classified as non-performing by MUFAP i.e 12 January 2012. As a result, the effect of such subsequent reclassification of non performing has not been recorded / reflected in these condensed interim financial information for the half year ended 31 December 2011.

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	Note	Un-audited December 31, 2011	Audited June 30, 2011
------(Rupees in '000)-----			
6	DIVIDEND AND PROFIT RECEIVABLE		
	Dividend receivable on equity securities	91	665
	Profit on savings deposits	197	293
	Income accrued on sukuk bonds - net	5,587	9,236
		5,875	10,194
7	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration	213	252
	Brokerage payable	64	93
	Bank charges payable	47	57
	Payable against printing charges	119	183
	Accrued NCCS charges	14	34
	Charity payable	361	322
	Withholding tax payable	4	-
	Others	3	3
	Provision for workers' welfare fund	9	2,636
		3,461	3,581
8	CONTINGENCIES AND COMMITMENTS		

There were no contingencies and commitments outstanding as at 30 June 2011 and as at 31 December 2011.

9 PROVISION FOR WORKERS' WELFARE FUND

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

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

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry before Honourable High Court of Sindh. During the period, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in the WWF Ordinance through the Finance Act, 2006, and the Finance Act 2008 has declared the said amendments as unlawful and unconstitutional. While, the Constitutional Petition filed in the Honourable High Court of Sindh is still pending.

NAFA ISLAMIC MULTI ASSET FUND

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

10 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The management company intends to distribute not less than 90% of the annual accounting income to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in this condensed interim financial information for the six months period ended 31 December 2011.

11 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 06 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 Multi Asset Fund (the Fund) as 'Shariah Compliant (Islamic) Scheme' and 'Balanced 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 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	49,915	20,300	29,615	12.24	11.83
	b) Maple Leaf Cement Factory Limited - Sukuk II	1,875	1,875	-	-	-
	c) Kohat Cement Company Limited - Sukuk *	23,581	-	23,581	9.75	9.42
	d) Eden Housing Limited - Sukuk	16,875	5,883	10,992	4.54	4.39
	e) Pak Elektron Limited- Sukuk**	19,690	-	19,690	8.14	7.87
ii) Weighted average time to maturity of the non-equity assets***	Non-equity assets of the Fund	178,795	28,058	150,737	62.30	60.23

* Performing but below investment grade

** Defaulted on payment of interest and principal redemption on 27 December 2011, and was classified as non-performing subsequent to the period end.

*** The weighted average time to maturity of the non-equity assets is 1.66 years.

NAFA ISLAMIC MULTI ASSET FUND

- 11.1 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.

12 TRANSACTIONS WITH CONNECTED PERSONS

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

- 12.1 Details of the transactions with connected persons are as follows:

	Six months period ended		Three months period ended	
	December 31 2011	December 31 2010	December 31 2011	December 31 2010
	------(Rupees in '000)-----			
NBP Fullerton Asset Management Company Limited - Management Company				
Management fee	3,926	4,880	1,860	2,106
Front end load	144	47	46	7
National Bank of Pakistan - Sponsor				
Cash dividend	-	9,163	-	-
Central Depository Company of Pakistan Limited - Trustee				
Trustee fee	353	364	177	178
CDS charges	93	10	89	9
Alexandra Fund Management Pte. Limited				
Bonus units issued: Nil (31 December 2010: 1,380,686 units)	-	9,786	-	9,786
Units redeemed: Nil (31 December 2010: 4,181,826 units)	-	40,000	-	40,000

NAFA ISLAMIC MULTI ASSET FUND

	(Un-Audited) December 31 2011	(Audited) June 30, 2011
	(Rupees in '000)	
12.2 Amounts outstanding as at period / year end		
NBP Fullerton Asset Management Company Limited - Management Company		
Management Fee payable	617	721
Front end load payable	144	147
National Bank of Pakistan		
Investment held by the Sponsor in the Fund (7,500,000 units; 30 June 2010: 7,500,000 units)	67,589	81,054
Balance in current account	320	400
Alexandra Fund Management Pte. Limited		
Investment held by the Sponsor in the Fund (8,986,937 units; 30 June 2011: 7,570,525 units)	80,988	81,816
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	110	61
CDS charges payable	89	51
Security deposit	100	100
Taurus Securities (Private) Limited		
Brokerage Payable	-	14
Employees of the Management Company		
Units held in the Fund (5,849 units; 30 June 2011: 1,599 units)	53	17

13 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 17, 2012 .

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director