

MISSION STATEMENT



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

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NAFA ISLAMIC 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. 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

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

NAFA ISLAMIC MULTI ASSET FUND

DIRECTORS' REPORT

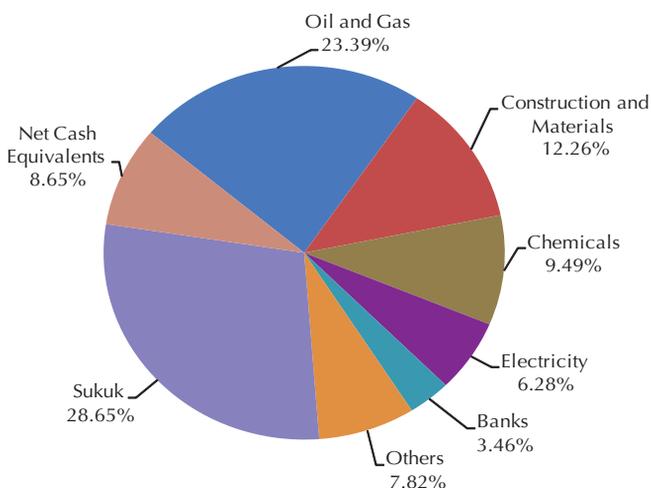
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the unaudited financial statements of NAFA Islamic Multi Asset Fund for the period ended March 31, 2012.

Fund's Performance

During the third quarter, the size of NAFA Islamic Multi Asset Fund has increased from Rs.242 million to Rs.268 million during the period, i.e. an increase of 10.74%. The unit price of the Fund has increased from Rs. 9.0118 to Rs. 10.2035, thus showing a growth of 13.22%. The Benchmark (50% KMI-30 Index, 50% average 3-month profit rate of Islamic banks) return during the same period was 9.28%. Thus, the Fund has outperformed its Benchmark by 3.94% during the period under review. For the nine months period ended March 31, 2012, the NAV of the Fund has increased by 12.08%. During the said period, the Benchmark increased by 9.49%, translating into outperformance of 2.59%. This performance is net of management fee and all other expenses.

The stock market depicted strong performance during 3QFY12. In our view, key factors for this performance were announcement of relaxation in CGT regime, healthy corporate earnings & payouts, uptick in trading activity, and improvement in foreign portfolio flows. Industrial Engineering, Construction & Materials and Chemicals sectors performed better than the market. While, Oil & Gas, Food Producers and Pharma & Bio Tech sectors lagged the market. Going forward, inflation and interest rate outlook, domestic political climate, foreign inflows and implementation of newly announced CGT regime will be the key drivers of the market.

On the corporate debt sphere, trading activity in Sukuks improved showing investors' appetite for high quality issues. 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, they carry a relatively low risk and any increase in interest rates will increase the coupon income of the Sukuk portfolio. The Fund has earned total income of Rs.33.30 million during the period. After deducting expenses of Rs.33.14 million, the net income is Rs.0.16 million. The asset allocation of the Fund as on March 31, 2012 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: April 17, 2012
Place: Karachi.

NAFA ISLAMIC MULTI ASSET FUND

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

| | Note | Un-audited March 31, 2012 | Audited June 30, 2011 |
|---|------|---------------------------------|-----------------------------|
| ------(Rupees in '000)----- | | | |
| ASSETS | | | |
| Balances with banks | | 24,801 | 34,766 |
| Receivable against sale of investments | | 2,639 | 2,945 |
| Investments | 4 | 244,442 | 245,126 |
| Dividend and profit receivable | | 8,699 | 10,194 |
| Advances, deposits, prepayments and other receivables | | 2,713 | 2,653 |
| Preliminary expenses and floatation costs | | 285 | 660 |
| Total assets | | 283,579 | 296,344 |
| LIABILITIES | | | |
| Payable to the Management Company | | 877 | 868 |
| Payable to the Trustee | | 62 | 112 |
| Payable to the Securities and Exchange Commission of Pakistan | | 164 | 256 |
| Payable against purchase of investments | | 10,675 | 2,945 |
| Payable against redemption of units | | 277 | - |
| Accrued expenses and other liabilities | | 3,925 | 3,581 |
| Total liabilities | | 15,980 | 7,762 |
| NET ASSETS | | 267,599 | 288,582 |
| Unit holders' funds (As per statement attached) | | 267,599 | 288,582 |
| CONTINGENCIES AND COMMITMENTS | 7 | - | - |
| ------(Number of units)----- | | | |
| NUMBER OF UNITS IN ISSUE | | 26,226,327 | 26,702,727 |
| | | Rupees | Rupees |
| NET ASSET VALUE PER UNIT | 3.4 | 10.2035 | 10.8072 |

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

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

| | Note | Nine months Ended | | Quarter ended | |
|---|------|-------------------|-----------------|------------------|---------------|
| | | March 31 | | March 31 | |
| | | 2012 | 2011 | 2012 | 2011 |
| | | (Rupees in '000) | | (Rupees in '000) | |
| INCOME | | | | | |
| Gain on sale of investments - net | | 645 | 43,700 | 1,114 | 23,815 |
| Income from sukuk bonds | | 13,710 | 20,478 | 5,131 | 5,617 |
| Profit on bank deposits | | 922 | 2,295 | 284 | 803 |
| Dividend income | | 9,730 | 11,746 | 3,930 | 3,449 |
| Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net | | 16,336 | 10,480 | 20,992 | (11,400) |
| Total Income | | 41,343 | 88,699 | 31,451 | 22,284 |
| EXPENSES | | | | | |
| Remuneration of the Management Company | | 5,789 | 6,923 | 1,863 | 2,043 |
| Sindh sales tax on Management Fee | 6 | 926 | - | 298 | - |
| Remuneration of the Trustee | | 526 | 536 | 173 | 172 |
| Annual fee - Securities and Exchange Commission of Pakistan | | 164 | 196 | 53 | 58 |
| Securities transaction cost | | 519 | 1,060 | 234 | 332 |
| Settlement and bank charges | | 153 | 363 | 43 | 232 |
| Annual listing fee | | 23 | 23 | 8 | 8 |
| Auditors' remuneration | | 288 | 283 | 70 | 57 |
| Impairment loss on investments classified as 'available for sale and held for trading | | 24,281 | (21,010) | 3,538 | (1,875) |
| Provision against accrued income from sukuk bonds | | 8,039 | - | 1,386 | - |
| Stability Rating fee | | 83 | 104 | 28 | 24 |
| Legal and professional charges | | 17 | 65 | 17 | 40 |
| Amortisation of preliminary expenses and floatation costs | | 376 | 375 | 125 | 123 |
| Total Expenses | | 41,184 | (11,082) | 7,836 | 1,214 |
| Net income / (loss) from operating activities | | 159 | 99,781 | 23,615 | 21,070 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed | | - | (27,797) | - | (3,879) |
| Provision for workers' welfare fund | 8 | - | (1,440) | - | (344) |
| Net income / (loss) for the period before taxation | | 159 | 70,544 | 23,615 | 16,847 |
| Taxation | 9 | - | - | - | - |
| Net income / (loss) for the period after taxation | | 159 | 70,544 | 23,615 | 16,847 |
| Earning per unit | 3.5 | | | | |

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

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months Ended | | Quarter ended | |
|--|-------------------|---------------|------------------|---------------|
| | March 31 2012 | 2011 | March 31 2012 | 2011 |
| | (Rupees in '000) | | (Rupees in '000) | |
| Net income / (loss) for the period after taxation | 159 | 70,544 | 23,615 | 16,847 |
| Other comprehensive income / (loss) | | | | |
| Net unrealised (diminution) / appreciation in market value of investments classified as 'available for sale' | 10,607 | (28,278) | 7,821 | (832) |
| Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets | 18,619 | | - | |
| Total comprehensive income / (loss) for the period | <u>29,385</u> | <u>42,266</u> | <u>31,436</u> | <u>16,015</u> |

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

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA ISLAMIC MULTI ASSET FUND

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

| | Nine months Ended | | Quarter ended | |
|---|-------------------|---------------|------------------|---------------|
| | March 31 | | March 31 | |
| | 2012 | 2011 | 2012 | 2011 |
| | (Rupees in '000) | | (Rupees in '000) | |
| Undistributed income / (Accumulated loss) brought forward | 60,354 | 15,855 | (8,163) | 56,598 |
| Distribution: | | | | |
| Final distribution June 30, 2011: 17.033% (June 30, 2010: 12.217%) (Date of distribution: 4th July 2010) | | | | |
| - Bonus units | (32,463) | (34,498) | - | - |
| - Cash Distribution | (13,019) | (12,466) | - | - |
| Interim distribution December 31, 2011: Nil (December 31, 2010: 2.655%) | | | | |
| - Bonus units | - | (4,715) | - | (4,715) |
| - Cash Distribution | - | (2,046) | - | (2,046) |
| Net income / (loss) for the period | 159 | 70,544 | 23,615 | 16,847 |
| 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 | (548) | 37,649 | (969) | 3,639 |
| Undistributed income / (Accumulated loss) carried forward | <u>14,483</u> | <u>70,323</u> | <u>14,483</u> | <u>70,323</u> |

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

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months Ended | | Quarter ended | |
|--|-----------------------------|----------------|------------------|----------------|
| | March 31 2012 | 2011 | March 31 2012 | 2011 |
| | ------(Rupees in '000)----- | | | |
| Net assets at the beginning of the period | 288,582 | 387,112 | 241,971 | 269,132 |
| Issue of 5,052,122 units - including 3,565,886 bonus units (2011: 4,797,755 units) | 13,735 | 4,420 | 2,725 | 1,822 |
| Redemption of 5,528,521 units (2011: 17,356,784 units) | (51,084) | (163,649) | (8,533) | (5,368) |
| | (37,349) | (159,229) | (5,808) | (3,546) |
| 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 | - | 27,797 | - | 3,879 |
| - amount representing income and capital gains that form part of the unit holders' fund - transferred to Distribution Statement | 548 | (37,649) | 969 | (3,639) |
| | 548 | (9,852) | 969 | 240 |
| Net unrealised (diminution) / appreciation during the period in the market value of investments classified as 'available for sale' | 10,607 | (28,278) | 7,821 | (832) |
| Reversal of unrealized diminution in the value of investments pertaining to impairment of non-performing assets | 18,619 | | - | |
| Unrealised gain / (loss) on revaluation of investments carried at fair value through profit or loss - net | 16,336 | 10,480 | 20,992 | (11,400) |
| Gain on sale of investments - net | 645 | 43,700 | 645 | 23,815 |
| Other net income / (loss) for the period after taxation | (16,822) | 16,364 | 1,978 | 4,432 |
| | 159 | 70,544 | 23,615 | 16,847 |
| Final distribution June 30, 2011: 17.033% (June 30, 2010: 12.217%) (Date of distribution: 4th July 2011) | | | | |
| - Bonus units | (32,463) | (34,498) | - | - |
| - Cash Distribution | (13,019) | (12,466) | - | - |
| Interim distribution December 31, 2011: Nil (December 31, 2010: 2.655%) | | | | |
| - Bonus units | - | (4,715) | - | (4,715) |
| - Cash Distribution | - | (2,046) | - | (2,046) |
| | (45,482) | (53,725) | - | (6,761) |
| Add: bonus distribution | 32,463 | 39,213 | - | 4,715 |
| 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 | (548) | 37,649 | (969) | 3,639 |
| Net assets as at the end of the period | 267,599 | 283,434 | 267,599 | 283,434 |

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

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

| | Nine months Ended | | Quarter ended | |
|--|-----------------------------|------------------|------------------|----------------|
| | March 31 2012 | 2011 | March 31 2012 | 2011 |
| | ------(Rupees in '000)----- | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net income / (loss) for the period before taxation | 159 | 70,544 | 23,615 | 16,847 |
| Adjustments | | | | |
| Unrealised (gain) / loss on investments at fair value through profit or loss - net | (16,336) | (10,480) | (20,992) | 11,400 |
| Gain on sale of investments - net | (645) | (43,700) | (1,114) | (23,815) |
| (Reversal of provision) / provision against non-performing debt securities | 8,039 | (21,010) | (12,704) | (1,875) |
| Amortisation of preliminary expenses and floatation costs | 376 | 375 | 125 | 123 |
| Element of loss and capital losses included in prices of units issued less those in units redeemed | - | 27,797 | - | 3,879 |
| | (8,407) | 23,526 | (11,070) | 6,559 |
| (Increase) / decrease in assets | | | | |
| Receivable against sale of investments | 306 | 4,550 | (2,500) | - |
| Investments | 38,851 | 159,608 | (8,029) | 29,877 |
| Dividend and profit receivable | 1,495 | (12,806) | (2,824) | (5,439) |
| Advances, deposits, prepayments and other receivable | (60) | (4) | (10) | 32 |
| | 40,592 | 151,348 | (13,363) | 24,470 |
| Increase / (decrease) in liabilities | | | | |
| Payable to the Management Company | 9 | (311) | 17 | 32 |
| Payable to the Trustee | (50) | 33 | (48) | 51 |
| Payable to Securities and Exchange Commission of Pakistan | (92) | (246) | 53 | 58 |
| Payable against purchase of investments | 7,730 | 9,888 | 6,908 | 7,204 |
| Accrued expenses and other liabilities | 344 | 1,095 | 464 | 242 |
| | 7,941 | 10,459 | 7,394 | 7,587 |
| Net cash inflow from operating activities | 40,126 | 185,333 | (17,039) | 38,616 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Receipts from issue of units | 13,735 | 4,420 | 2,725 | 1,822 |
| Payments on redemption of units | (50,807) | (178,839) | (8,256) | (5,632) |
| Dividend paid | (13,019) | (14,512) | - | (2,046) |
| Net cash outflow on financing activities | (50,091) | (188,931) | (5,531) | (5,856) |
| Net (decrease) / increase in cash and cash equivalents during the period | (9,965) | (3,598) | (22,570) | 32,760 |
| Cash and cash equivalents at the beginning of the period | 34,766 | 46,367 | 47,371 | 10,009 |
| Cash and cash equivalents at the end of the period | 24,801 | 42,769 | 24,801 | 42,769 |

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

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2012

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, musharikah, murabahah, ijarah, etc.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2- (Positive outlook) to the Management Company. Based on the performance of the Fund for the year ended 30 June 2011, it has assigned performance ranking of Four 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. 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. SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

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:

NAFA ISLAMIC MULTI ASSET FUND

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:

- loss for the year would have been lower by 0.548 million.
- amount taken to distribution statement would have been higher by 3.622 million.

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.

NAFA ISLAMIC MULTI ASSET FUND

| | Note | (Un-Audited) March 31, 2012 | (Audited) June 30, 2011 |
|--|------|-----------------------------------|-------------------------------|
| 4 INVESTMENTS | | | |
| | | | (Rupees in '000) |
| At fair value through profit or loss - held for trading | | | |
| Investment in shares of listed company | 4.1 | 167,805 | 143,451 |
| Available for sale | | | |
| Sukuk bonds | 4.2 | 76,637 | 101,675 |
| | | <u>244,442</u> | <u>245,126</u> |

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

| Name of the investee company | As at July 1, 2011 | Purchases during the period | Bonus / Right Issue | Sale during the period | As at March 31, 2012 | Market value | Market value as a | Market value as | Investment as a |
|--|-----------------------|-----------------------------------|------------------------|------------------------------|----------------------------|----------------------------|--------------------------------|-------------------------------------|----------------------------------|
| | | | | | | as at March 31, 2012 | percentage of net assets | a percentage of total investment | percentage of Paid up Capital |
| | | | | | | Rupees in '000 | -----%----- | | |
| Oil and Gas | | | | | | | | | |
| Attock Petroleum Limited | 11,250 | 4,000 | - | 10,500 | 4,750 | 2,153 | 0.80 | 0.88 | 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 | 176,100 | - | 159,000 | 82,700 | 13,865 | 5.18 | 5.67 | 0.00 |
| Pakistan Oil Fields Limited | 77,260 | 92,600 | - | 100,500 | 69,360 | 25,333 | 9.47 | 10.36 | 0.01 |
| Pakistan Petroleum Limited | 100,152 | 213,500 | 2,905 | 230,400 | 86,157 | 15,749 | 5.89 | 6.44 | 0.00 |
| Pakistan State Oil Company Limited | 35,500 | 75,060 | - | 88,500 | 22,060 | 5,500 | 2.06 | 2.25 | 0.00 |
| Chemicals | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 228,800 | 579,500 | - | 807,700 | 600 | 25 | 0.01 | 0.01 | 0.00 |
| Fauji Fertilizer Company Limited | 190,212 | 223,200 | 31,356 | 308,300 | 136,468 | 17,037 | 6.37 | 6.97 | 0.02 |
| Lotte Pakistan PTA Limited | 200 | - | - | 200 | - | - | - | - | - |
| Sitara Chemical Industries | - | 77,835 | - | - | 77,835 | 8,335 | 3.11 | 3.41 | 0.36 |
| Construction and Materials | | | | | | | | | |
| Lucky Cement Company Limited | - | 205,900 | - | 27,000 | 178,900 | 20,296 | 7.58 | 8.30 | 0.06 |
| D.G. Khan Cement Company Limited | - | 344,000 | - | - | 344,000 | 12,511 | 4.68 | 5.12 | 0.08 |
| General Industrials | | | | | | | | | |
| Thal Limited | 30,557 | - | 3,708 | 17,450 | 16,815 | 1,457 | 0.54 | 0.60 | 0.03 |
| Tri-Pack Films Limited | 200 | - | - | 200 | - | - | - | - | - |
| Ghani Glass Limited | - | 114,280 | - | 200 | 114,080 | 5,631 | 2.10 | 2.30 | 0.11 |
| Industrial Engineering | | | | | | | | | |
| Al-Ghazi Tractors Limited | 49 | - | - | 49 | - | - | - | - | - |
| Millat Tractors Limited | - | 16,489 | - | - | 16,489 | 8,291 | 3.10 | 3.39 | 0.02 |
| Food Producers | | | | | | | | | |
| Unilever Pakistan Limited | 989 | - | - | - | 989 | 5,539 | 2.07 | 2.27 | 0.01 |
| Fixed Line Telecommunication | | | | | | | | | |
| Pakistan Telecommunication Company Limited | 200 | - | - | 200 | - | - | - | - | - |
| Electricity | | | | | | | | | |
| The Hub Power Company Limited | 396,500 | 656,000 | - | 605,500 | 447,000 | 16,821 | 6.29 | 6.88 | 0.04 |
| Banks | | | | | | | | | |
| Meezan Bank Limited | 164,450 | 126,403 | 36,357 | - | 327,210 | 9,260 | 3.46 | 3.79 | 0.05 |
| Bank Islami Pakistan Limited | - | 417,200 | - | 417,000 | 200 | 2 | 0.00 | 0.00 | 0.00 |
| | | | | | | <u>1,925,613</u> | <u>167,805</u> | <u>62.71</u> | <u>68.65</u> |
| Carrying value as at March 31, 2012 | | | | | | <u>151,469</u> | | | |

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- 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.56.219 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.

4.2 Sukuk bonds

| Name of the investee company | Number of 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 | -----%----- | | |
| Eden Housing Limited (Note 4.2.4) | 5,000 | - | - | 5,000 | 10,229 | 4.23 | 5.28 | 3.42 |
| Eden Builders Limited | 1,325 | - | - | 1,325 | 3,272 | 1.35 | 1.69 | 0.33 |
| Kohat Cement Company Limited | 10,000 | - | - | 10,000 | 16,049 | 6.63 | 8.28 | 2.00 |
| Maple Leaf Cement Factory Limited (Note 4.2.2) | 10,000 | - | - | 10,000 | 29,609 | 12.24 | 15.28 | 0.63 |
| Maple Leaf Cement Factory Limited - Sukuk II (Note 4.2.3) | 375 | - | - | 375 | - | - | - | - |
| Pak Electron Limited (Note 4.2.5) | 10,000 | - | - | 10,000 | 17,478 | 7.22 | 9.02 | 4.17 |
| Hub Power Company Limited | - | 15,000 | 15,000 | - | - | - | - | - |
| | | | | | 76,637 | | | |
| Carrying value as at March 31, 2012 | | | | | 66,030 | | | |
| Provision for impairment loss as at March 31, 2012 | | | | | 31,596 | | | |

- 4.2.1 All sukuk bonds have a face value of Rs 5,000 each.
- 4.2.2 This represent 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. 10.759 million. However as a matter of prudence, the management has recognised an impairment loss amounting to Rs. 20.295 million till 31 March 2012 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. 6.544 million. Therefore, these are stated at cost less provision.
- 4.2.3 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 March 2012. The minimum amount of provision required as per SECP circular no. 01 of 2009 amounts to Rs. 1.875 million. The income suspended on these bonds amounted to Rs. 0.061 million. Therefore, these are stated at cost less provision.
- 4.2.4 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 has recognized an impairment loss amounting to Rs.5.474 million till 31 March 2012 as required by SECP circular no. 01 of 2009. The income suspended on these sukuk bonds amounted to Rs. 0.585 million. Therefore, these are stated at cost less provision.
- 4.2.5 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.1.536 million was not received by the Fund. The Management has recognized an impairment loss amounting to Rs.3.951 million till 31 March 2012 as required by SECP circular no. 01 of 2009. The income suspended on these sukuk bonds amounted to Rs. 1.568 million. Therefore, these are stated at cost less provision.

NAFA ISLAMIC MULTI ASSET FUND

5 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 March 31, 2012, 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 | 49,904 | 20,295 | 29,609 | 11.06 | 10.54 |
| | b) Maple Leaf Cement Factory Limited - Sukuk II | 1,875 | 1,875 | - | - | - |
| | c) Pak Electron Ltd | 21,429 | 3,951 | 17,478 | 6.53 | 6.23 |
| | d) Kohat Cement Company Limited - Sukuk * | 21,700 | - | 16,049 | 6.00 | 5.71 |
| | e) Eden Housing Limited - Sukuk | 15,703 | 5,474 | 10,229 | 3.82 | 3.64 |

* Performing but below investment grade

** The weighted average time to maturity of the non-equity assets is 2.03 years.

- 5.1 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.

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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on March 31, 2012 and June 30, 2011.

8 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended June 30, 2011.

NAFA ISLAMIC MULTI ASSET FUND

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. 2.636 million in this financial information.

9 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, 2012 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.

10 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.

10.1 Details of the transactions with connected persons are as follows:

| | <u>Nine months Ended</u> | | <u>Quarter ended</u> | |
|---|-----------------------------|-------|----------------------|-------|
| | <u>March 31</u> | | <u>March 31</u> | |
| | 2012 | 2011 | 2012 | 2011 |
| | ------(Rupees in '000)----- | | | |
| NBP Fullerton Asset Management Company Limited | | | | |
| - Management Company | | | | |
| Management fee | 5,789 | 6,923 | 1,863 | 2,043 |
| Front end load | 225 | 60 | 81 | 13 |

NAFA ISLAMIC MULTI ASSET FUND

| | Nine months Ended March 31 | | Quarter ended March 31 | |
|--|-------------------------------|--------|---------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| | ------(Rupees in '000)----- | | | |
| National Bank of Pakistan - Sponsor | | | | |
| Investment Held by the Sponsor in the Fund (7,500,000 units; June 30 2011: 7,500,000 units) | - | 11,154 | - | 1,991 |
| Balance in Current Account | | | | |
| Taurus Securities (Pvt) Ltd | | | | |
| Brokerage | 45 | 67 | 21 | 16 |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Trustee fee | 526 | 536 | 173 | 172 |
| CDS charges | 13 | 66 | (80) | 56 |
| Alexandra Fund Management Pte. Limited | | | | |
| Bonus units issued (1,416,412 ; 2011:1,563,280 units) | - | - | - | - |
| Units redeemed (Nil ; ; 2011: 4,181,826 units) | - | 40,000 | - | - |
| Executive of management Company | | | | |
| Bonus units issued (299 ; 2011:223 units) | - | - | - | - |
| CDC Trustee NAFA Riba Free Savings Fund | | | | |
| Sale of Sukuk | 15,000 | - | 15,000 | - |
| | | | (Un-Audited) | (Audited) |
| | | | March 31 | June |
| | | | 2012 | 30, 2011 |
| 10.2 Amounts outstanding as at period / year end | | | (Rupees in '000) | |
| NBP Fullerton Asset Management Company Limited - Management Company | | | | |
| Management Fee payable | | | 652 | 721 |
| Front end load payable | | | 225 | 147 |
| National Bank of Pakistan | | | | |
| Investment held by the Sponsor in the Fund (7,500,000 units; June 30, 2010: 7,500,000 units) | | | 76,526 | 81,054 |
| Balance in current account | | | 820 | 400 |
| Alexandra Fund Management Pte. Limited | | | | |
| Investment held by the Sponsor in the Fund (8,986,937 units; June 30, 2011:7,570,525 units) | | | 91,698 | 81,816 |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Trustee fee payable | | | 62 | 61 |
| CDS charges payable | | | 54 | 51 |
| Security deposit | | | 100 | 100 |
| Taurus Securities (Private) Limited | | | | |
| Brokerage Payable | | | 23 | 14 |
| Employees of the Management Company | | | | |
| Units held in the Fund (5,849 units; June 30, 2011: 1,599 units) | | | 19 | 17 |

NAFA ISLAMIC MULTI ASSET FUND

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

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

12.2 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.

12.3 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
(Management Company)

Chief Executive

Director