



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together




Joint - Venture Partners

NAFA INCOME OPPORTUNITY FUND



HALF YEARLY REPORT
DECEMBER 31
2013

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 INCOME OPPORTUNITY FUND

FUND'S INFORMATION

Management Company

NBP Fullerton Asset Management Limited – Management Company

Board of Directors of the Management Company

Mr. Nausherwan Adil	Chairman
Dr. Amjad Waheed	Chief Executive Officer
Mr. Wah Geok Sum	Director
Mr. Koh Boon San	Director
Mr. Kamal Amir Chinoy	Director
Mr. Shehryar Faruque	Director
Mr. Aamir Sattar	Director
Mr. Abdul Hadi Palekar	Director

Company Secretary & CFO of the Management Company

Mr. Muhammad Murtaza Ali

Audit & Risk Committee

Mr. Shehryar Faruque	Chairman
Mr. Koh Boon San	Member
Mr. Aamir Sattar	Member

Human Resource Committee

Mr. Nausherwan Adil	Chairman
Mr. Wah Geok Sum	Member
Mr. Kamal Amir Chinoy	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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
SILK Bank Limited
Soneri Bank Limited
Standard Chartered Bank (PAK) Limited
The Bank of Khyber
The Bank of Panjab
Summit Bank Limited
United Bank Limited
Samba Bank Limited
UBL Ameen
Sindh Bank Limited
Al Baraka Bank Limited
Bujr Bank Limited
Barclays Bank Limited

NAFA INCOME OPPORTUNITY 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:

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton Karachi.
UAN: 111-111NFA (111-111-632),
(Toll Free): 0800-20001,
Fax: (021) 35825329
Website: www.nafafunds.com

Lahore Office:

7-Noon Avenue, Canal Bank,
Muslim Town, Lahore.
UAN: 042-111-111-632
Fax: 92-42-35861095

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 City Branch, Hussain-a-Gahi, Multan.
Phone No: 061-4502204
Fax No: 061-4502203

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NAFA INCOME OPPORTUNITY FUND

DIRECTORS' REPORT

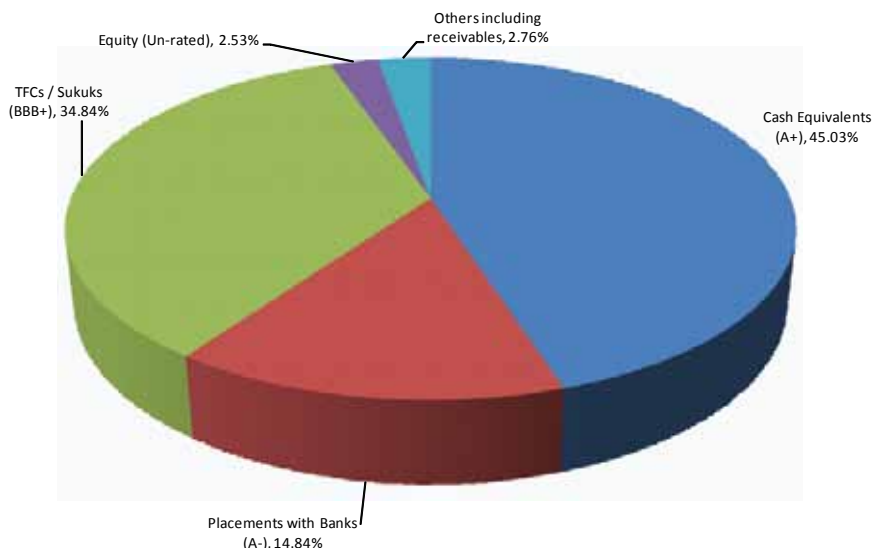
The Board of Directors of NBP Fullerton Asset Management Limited is pleased to present the reviewed financial statements of **NAFA Income Opportunity Fund** for the half year ended December 31, 2013.

Fund's Performance

The size of NAFA Income Opportunity fund increased from Rs. 1,869 million to Rs. 2,022 million during the period, i.e. an increase of 8.17%. During the said period, the unit price of the Fund increased from Rs. 10.0221 (Ex-Div) on June 30, 2013 to Rs. 10.6108 on December 31, 2013, thus showing an annualized return of 11.74% as compared to its Benchmark (6-Month KIBOR) return of 9.48%.

NIOF is categorized as an Income Scheme and has been awarded stability rating of BBB+(f) by PACRA. On the corporate debt sphere, there were few primary issuance amid muted private sector borrowing and elevated risk aversion in the market. Trading activity in TFCs was skewed towards high quality issues, especially belonging to the financial sector. The State Bank of Pakistan increased the policy rate by 100bps during the period under review citing upside risks to the external account, depleting FX reserves, and rising inflation expectations. Most TFCs in the Fund are floating rate linked to KIBOR. Therefore, increase in interest rates will increase the coupon income of the TFC portfolio.

The Fund has earned total income of Rs.126.29 million during the period. After deducting expenses of Rs.37.34 million, the net income is Rs.88.95 million. The asset allocation of the Fund as on December 31, 2013 is as follows:



NAFA INCOME OPPORTUNITY FUND

Income Distribution

The Board of Directors of the Management Company has approved an interim distribution of 2.00% of opening ex-NAV (2.004% of the par value) for the quarter ended December 31, 2013.

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 13, 2014

Place: Karachi.

NAFA INCOME OPPORTUNITY FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

NAFA INCOME OPPORTUNITY 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 Income Opportunity 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, 2013 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 26, 2014

NAFA INCOME OPPORTUNITY 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 Income Opportunity Fund ("the Fund") as at 31 December 2013 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 matter

The figures for the three months period ended 31 December 2013 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 13, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Assets and Liabilities As at 31 December 2013

	Note	31 December 2013 (Un-audited)	30 June 2013 (Audited)
(Rupees in '000)			
Assets			
Bank balances	6	1,210,468	716,381
Investments	7	755,695	1,074,391
Profit receivable	8	79,746	97,241
Advance, deposit, prepayment and other receivable	9	465,028	464,978
Total assets		<u>2,510,937</u>	<u>2,352,991</u>
Liabilities			
Payable to NBP Fullerton Asset Management Limited - Management Company		4,997	2,838
Payable to Central Depository Company of Pakistan Limited - Trustee		216	198
Payable to Securities and Exchange Commission of Pakistan		686	1,243
Payable against redemption of units	9	441,900	440,064
Accrued expenses and other liabilities	10	41,010	39,296
Total liabilities		<u>488,809</u>	<u>483,639</u>
Net Assets		<u>2,022,128</u>	<u>1,869,352</u>
Unit holders' fund (as per statement attached)		<u>2,022,128</u>	<u>1,869,352</u>
Contingency and commitment	11		
		Number of units	
Number of units in issue		<u>190,572,650</u>	<u>175,369,497</u>
		Rupees	
Net assets value per unit		<u>10.6108</u>	<u>10.6595</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Income Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six months period ended		Three months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----					
Income					
Capital gain / (loss) on sale of investments - net		7	(790)	(58)	(790)
Profit on bank deposits and term deposits		39,846	7,556	25,170	3,039
Income from term finance certificates and sukuk bonds		80,305	178,849	47,940	33,576
Income from government securities		2,227	14,238	444	9,261
Income from money market placements		1,113	263	-	263
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7.6	2,789	(15,652)	1,015	969
Recovery on partial settlement of liability	7.5.3	-	49,693	-	49,693
Total income		<u>126,287</u>	<u>234,157</u>	<u>74,511</u>	<u>96,011</u>
Expenses					
Remuneration of NBP Fullerton Asset Management Limited - Management Company		13,730	11,826	7,138	5,979
Sindh Sales Tax on remuneration to Management Company		2,583	1,892	1,528	956
Federal Excise Duty on remuneration to Management Company		2,197	-	1,142	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,207	1,099	619	553
Annual fee - Securities and Exchange Commission of Pakistan		686	591	356	299
Annual listing fee		20	20	10	8
Settlement and bank charges		127	137	70	44
Securities transaction cost		52	8	39	7
Auditors' remuneration		343	305	207	142
Provision against non-performing term finance certifies and sukuk bonds - net	7.8	14,411	156,969	12,697	66,419
Stability rating fee		121	110	60	55
Legal and professional charges		30	3	30	3
Other expenses		11	-	11	(32)
Total expenses		<u>35,518</u>	<u>172,960</u>	<u>23,907</u>	<u>74,433</u>
Net income from operating activities		<u>90,769</u>	<u>61,197</u>	<u>50,604</u>	<u>21,578</u>
Provision for Workers' Welfare Fund	12	(1,815)	(230)	(1,012)	562
Net income for the period before taxation		<u>88,954</u>	<u>60,967</u>	<u>49,592</u>	<u>22,140</u>
Taxation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income for the period after taxation		<u><u>88,954</u></u>	<u><u>60,967</u></u>	<u><u>49,592</u></u>	<u><u>22,140</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Comprehensive Income (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six months period ended		Three months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----					
Net income for the period after taxation		88,954	60,967	49,592	22,140
Other comprehensive income for the period					
Items to be reclassified to income statement in subsequent periods:					
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' - net	7.7	14,803	(8,450)	10,034	16,935
Total comprehensive income for the period		<u>103,757</u>	<u>52,517</u>	<u>59,626</u>	<u>39,075</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Distribution Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	----- (Rupees in '000) -----			
Undistributed income brought forward comprising:				
Realised income	207,044	29,739	113,026	83,713
Unrealised (loss) / income	(19,423)	(1,286)	1,774	(16,621)
	<u>187,621</u>	<u>28,453</u>	<u>114,800</u>	<u>67,092</u>
Final distribution for the year ended 30 June 2013:				
6.377% (2012: Nil)				
- Bonus distribution	(57,480)	-	-	-
- Cash distribution	(51,458)	-	-	-
Net income for the period after taxation	88,954	60,967	49,592	22,140
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	5,593	97	8,838	285
Undistributed income carried forward	<u>173,230</u>	<u>89,517</u>	<u>173,230</u>	<u>89,517</u>
Undistributed income comprising of:				
Realised income	170,441	105,169	172,215	88,548
Unrealised income / (loss)	2,789	(15,652)	1,015	969
	<u>173,230</u>	<u>89,517</u>	<u>173,230</u>	<u>89,517</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six months period ended		Three months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----					
Net assets at beginning of the period		1,869,352	1,545,532	1,733,283	1,539,005
Issue of 38,330,530 units (2012 : 10,426,076 units)		399,525	101,068	346,229	100,756
Redemption of 28,859,728 units (2012 : 2,515,469 units)		(299,048)	(24,540)	(117,010)	(4,259)
Issue of 5,732,351 bonus units (2012: Nil units)		57,480	-	-	-
		157,957	76,528	229,219	96,497
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		(5,593)	(97)	(8,838)	(285)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale' - net	7.7	14,803	(8,450)	10,034	16,935
Capital gain / (loss) on sale of investments - net		7	(790)	(58)	(790)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		2,789	(15,652)	1,015	969
Other net income for the period		86,158	77,409	48,635	21,961
		88,954	60,967	49,592	22,140
Final distribution for the year ended 30 June 2013: 6.377% [(2012: Nil) (Date of distribution: 11 July 2013)]					
- Bonus units		(57,480)	-	-	-
- Cash Distribution		(51,458)	-	-	-
		(108,938)	-	-	-
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		5,593	97	8,838	285
Net assets at end of the period		<u>2,022,128</u>	<u>1,674,577</u>	<u>2,022,128</u>	<u>1,674,577</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Condensed Interim Cash Flow Statement (Unaudited) For the six months and three months period ended 31 December 2013

	Note	Six months period ended		Three months period ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Rupees in '000) -----					
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the period before taxation		88,954	60,967	49,592	22,140
Adjustments:					
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(2,789)	15,652	(1,015)	(969)
Capital (gain) / loss on sale of investments - net		(7)	790	58	790
Provision against non-performing term finance certifies and sukuk bonds		14,411	156,969	12,697	66,419
		<u>100,569</u>	<u>234,378</u>	<u>61,332</u>	<u>88,380</u>
(Increase) / decrease in assets					
Investments - net		321,884	(130,911)	107,282	220,177
Advance, deposit, prepayment and other receivable		(50)	(20)	(81)	17
Profit receivable		17,495	20,565	4,389	19,169
		<u>339,329</u>	<u>(110,366)</u>	<u>111,590</u>	<u>239,363</u>
(Decrease) / increase in liabilities					
Payable to NBP Fullerton Asset Management Limited - Management Company		2,159	248	1,838	228
Payable to Central Depository Company of Pakistan Limited - Trustee		18	14	26	(18)
Payable to Securities and Exchange Commission of Pakistan		(557)	(913)	357	299
Accrued expenses and other liabilities		1,714	332	759	(723)
		<u>3,334</u>	<u>(319)</u>	<u>2,980</u>	<u>(214)</u>
Net cash flows from operating activities		<u>443,232</u>	<u>123,693</u>	<u>175,902</u>	<u>327,529</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Net receipts against issue of units		399,525	101,068	346,229	100,756
Net payments against redemption of units		(297,212)	(24,540)	(115,174)	(4,259)
Distributions paid during the period		(51,458)	-	-	-
Net cash flows from financing activities		<u>50,855</u>	<u>76,528</u>	<u>231,055</u>	<u>96,497</u>
Net increase in cash and cash equivalents during the period		<u>494,087</u>	<u>200,221</u>	<u>406,957</u>	<u>424,026</u>
Cash and cash equivalents at beginning of the period		716,381	261,841	803,511	38,036
Cash and cash equivalents at end of the period	6	<u>1,210,468</u>	<u>462,062</u>	<u>1,210,468</u>	<u>462,062</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director

NAFA INCOME OPPORTUNITY FUND

Notes to and forming part of the Condensed Interim Financial information (Unaudited) For the six months period ended 31 December 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

NAFA Income Opportunity Fund ("the Fund") was established under a Trust Deed executed between NBP Fullerton Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 11 February 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 30 January 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Trust Deed was amended through first supplemental trust deed executed for the change of name and categorisation of the Fund as an Income Scheme as per the criteria for categorisation of open end collective investment scheme as specified by Securities and Exchange Commission of Pakistan (SECP) and other allied matters.

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 SECP. The registered office of the Management Company is situated at 7th floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi. The Management Company is also the member of MUFAP.

NAFA Income Opportunity Fund 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 core objective of the Fund is to seek maximum preservation of capital and a reasonable rate of return. The principal activity of the Fund is to make investments in money market and debt securities having a good credit rating and liquidity subject to the guidelines prescribed by SECP. Other avenues of investments include ready future arbitrage in listed securities and transactions under Continuous Funding System.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2 to the Management Company and a stability rating of BBB+(f) to the Fund.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Fund as at and for the year ended 30 June 2013.

2.3 This condensed interim financial information is 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.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand of rupees except otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this interim financial information are the same as those applied in preparing the annual financial statements as at and for the year ended 30 June 2013.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.

NAFA INCOME OPPORTUNITY FUND

4 ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2013.

5 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements as at and for the year ended 30 June 2013.

6 BANK BALANCES

	31 December 2013 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
In current accounts	2,265	372
In savings accounts	908,203	716,009
Term deposits - Short term	300,000	-
	<u>1,210,468</u>	<u>716,381</u>

6.1 These accounts carry profit at rates ranging from 6% to 11% per annum (30 June 2013: 5% to 12% per annum).

6.2 These carry profit at rate of 10.5% per annum and have maturity upto one month.

7 INVESTMENTS

Financial assets 'at fair value through profit or loss' - held for trading

Equity securities - listed	7.1	-	-
Market Treasury Bills	7.2	-	-
Term finance certificates	7.3	230,841	293,978
		<u>230,841</u>	<u>293,978</u>
Available for sale			
Equity securities - listed	7.4	51,188	46,784
Term finance certificates - listed	7.5	66,786	232,201
Term finance certificates - unlisted	7.5	217,809	215,830
Sukuk bonds	7.5	189,071	235,596
		<u>524,854</u>	<u>730,411</u>
Loans and receivable			
Investment in certificate of investments		-	50,002
		<u>755,695</u>	<u>1,074,391</u>

7.1 Equity securities - listed

Name of the investee company	Number of shares				Value as at 31 December 2013	Investment as a %age of		
	As at 1 July 2013	Purchases during the period	Sales during the period	As at 31 December 2013		Market value of net assets	Market value of total investment	Paid-up Capital of Investee company
Fully paid ordinary shares of Rs 10 each								
Textile composite								
Azgard Nine Limited - Non-voting	308	-	-	308	-	-	-	-
					<u>-</u>			
Cost of investment before fair value adjustment as at 31 December 2013					<u>13</u>			
Provision as at 31 December 2013					<u>13</u>			

NAFA INCOME OPPORTUNITY FUND

7.2 Market Treasury Bills

Issue Date	Tenor	Face value				Market Value as at 31 December 2013	Investment as a %age of	
		As at 1 July 2013	Purchases during the period	Sales during the period	As at 31 December 2013		Market value of net assets	Market value of total investment
24-Jan-13	06 Months	-	40,000	40,000	-	-	-	-
26-Jul-12	12 Months	-	600,000	600,000	-	-	-	-
19-Sep-13	3 Months	-	250,000	250,000	-	-	-	-
28-Nov-13	3 Months	-	70,000	70,000	-	-	-	-

(Rupees in '000)

Cost of investment before fair value adjustment as at 31 December 2013

7.3 Term finance certificates - At fair value through profit or loss - held for trading

7.3.1 All term finance certificates have a face value of Rs 5,000 each.

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 December 2013	Investment as a %age of		
	As at 1 July 2013	Purchases during the period	Sales during the period	As at 31 December 2013		Market value of net assets	Market value of total investment	Issue size of debt securities held
Bank Alfalah Limited -V	20,000	-	-	20,000	102,155	5.05%	13.52%	0.40%
Bank Al-Habib Limited	500	-	-	500	2,506	0.12%	0.33%	0.19%
Engro Fertilizer Limited	5,200	-	-	5,200	25,935	1.28%	3.43%	0.13%
Escort Investment Bank Limited	10,000	-	-	10,000	3,684	0.18%	0.49%	10.00%
Gharibal Cement Limited (note 7.3.3)	5,000	-	-	5,000	-	0.00%	-	-
Jahangir Siddiqui and Company Limited	-	15,000	-	15,000	75,000	3.71%	9.92%	10.00%
Pace (Pakistan) Limited (note: 7.3.4)	30,000	-	-	30,000	-	-	-	10.00%
Saudi Pak Leasing Company Limited	15,000	-	-	15,000	21,561	1.07%	2.85%	10.00%
Short term Islamic Sukuks - unlisted								
Hub Power Company Limited	10,200	-	10,200	-	-	-	-	-
Hub Power Company Limited	17,000	-	17,000	-	-	-	-	-
					100,700		230,841	
Carrying value as at 31 December 2013							402,228	
Provision for impairment losses as at 31 December 2013							174,176	

7.3.1.1 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at 31 December 2013 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Bank Alfalah Limited -V	4,999	1.5% + 6 month KIBOR	20 Feb 2013	20 Feb 2021
Bank Al-Habib Limited	4,987	1.95% + 6 month KIBOR	07 Feb 2007	07 Feb 2015
Engro Fertilizers Limited	4,988	1.55% + 6 month KIBOR	30 Nov 2007	30 Nov 2015
Escort Investment Bank Limited	500	8% fixed rate	15 Mar 2007	15 Sep 2014
Gharibal Cement Limited	4,871	3% + 6 month KIBOR	18 Jan 2008	18 Jan 2013
Jahangir Siddiqui and Company Limited	5,000	1.75% + 6 month KIBOR	11 Dec 2013	11 Dec 2018
Pace (Pakistan) Limited	4,994	2% + 6 month KIBOR	15 Feb 2008	15 Feb 2013
Saudi Pak Leasing Company Limited	2,875	6% fixed rate	13 Mar 2008	13 Mar 2017

7.3.2 Fair value of all performing term finance certificates classified as investments at fair value through profit or loss is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP).

7.3.3 This represents investment in privately placed term finance certificates. On 18 July 2009, the scheduled redemption date, principal redemption of Rs. 5 thousands and profit redemption of Rs. 2.291 million were not received by the Fund. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.15.734 million (30 June 2013: Rs. 14.577 million).

7.3.4 This represents investment in listed term finance certificates with a term of five years. On 15 August 2011, the scheduled profit payment date, principal redemption of Rs.30 thousands and profit redemption of Rs.11.806 million were not received by the Fund. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs. 58.143 million (30 June 2013: Rs. 49.628 million).

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7.4 Equity Securities - available for sale

Name of the investee company	Number of shares				Market value / Carrying value as at 31 December 2013 (Rupees in '000)	Investment as a %age of		
	As at 1 July 2013	Purchases during the period	Sales during the period	As at 31 December 2013		Market value of net assets	Market value of total investment	Paid up Capital of Investee Company
Fully paid ordinary shares of Rs 10 each								
Chemicals								
Agritech Limited (note 7.4.1)	4,040,090	-	-	4,040,090	51,188	2.53%	6.77%	1.03%
					<u>51,188</u>			
Carrying value as at 31 December 2013					<u>46,784</u>			

7.4.1 This represents shares received in partial settlement against TFC of Azgard Nine limited as more fully explained in note 7.5.3. These shares have been marked to market at prevailing market price as of 31 December 2013.

7.5 Term finance certificates and sukuk bonds - Available for sale

Name of the investee company	Number of certificates				Market value / Carrying value as at 31 December 2013 (Rupees in '000)	Investment as a %age of		
	As at 1 July 2013	Purchases during the period	Sales during the period	As at 31 December 2013		Market value of net assets	Market value of total investment	Issue size of debt securities held
Term finance certificate - listed								
Pakistan Mobile Communications (Private) Limited	30,600	-	30,600	-	-	-	-	-
Worldcall Telecom Limited (note 7.5.2)	45,000	-	-	45,000	-	-	-	5.63%
Allied Bank Limited	13,400	-	-	13,400	66,786	3.30%	8.84%	4.00%
				<u>58,400</u>	<u>66,786</u>			
Term finance certificate - unlisted								
Avari Hotels International	35,040	-	-	35,040	65,169	3.22%	8.62%	5.57%
Azgard Nine Limited III (note 7.5.3)	50,000	-	-	50,000	-	-	-	10.00%
Azgard Nine Limited V (note 7.5.3.1)	16,436	-	-	16,436	-	-	-	-
Dewan Cement Limited (note 7.5.4)	30,000	-	-	30,000	-	-	-	-
Engro Fertilizers Limited	31,800	-	-	31,800	152,640	7.55%	20.20%	7.75%
Agritech Ltd. I (note 7.5.5)	30,000	-	-	30,000	-	-	-	10.00%
Agritech Ltd. V (note 7.5.6)	6,464	-	-	6,464	-	-	-	10.00%
New Allied Electronics Industries (Private) Limited (note 7.5.7)	15,000	-	-	15,000	-	0.00%	0.00%	-
				<u>214,740</u>	<u>217,809</u>			
Sukuk bonds								
BRR Guardian Modaraba	10,000	-	-	10,000	30,352	1.50%	4.02%	6.25%
Eden Builders Limited	7,956	-	-	7,956	2,483	0.12%	0.33%	1.59%
Eden Housing Limited (note 7.5.8)	9,200	-	-	9,200	7,866	0.39%	1.04%	-
Kohat Cement Company Limited	50,000	-	-	50,000	12,710	0.63%	1.68%	10.00%
Maple Leaf Cement Factory Limited (note 7.5.9)	80,000	-	-	80,000	135,660	6.71%	17.95%	5.00%
New Allied Electronics Industries (Private) Limited (note 7.5.7)	9,000	-	-	9,000	-	-	-	-
Pak Elektron Limited (note 7.5.10)	24,000	-	-	24,000	-	-	-	10.00%
				<u>190,156</u>	<u>189,071</u>			
Carrying value as at 31 December 2013					<u>1,417,359</u>			
Provision for impairment losses as at 31 December 2013					<u>954,091</u>			

* In case of debt securities against which provision has been made, these are carried at amortised cost less provision.

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7.5.1 Significant terms and conditions of term finance certificates and sukuk bonds outstanding as at 31 December 2013 are as follows:

Name of security	Remaining principal (per TFC)	Mark-up rate (per annum)	Issue date	Maturity date
Term finance certificate - listed				
World Call Telecom Limited	2,142	1.60% + 6 Month KIBOR	07 Oct 2008	07 Oct 2013
Allied Bank Limited	4,992	0.85% + 6 Month KIBOR	28 Aug 2009	28 Aug 2019
Term finance certificate - unlisted				
Avari Hotels International	1,861	2.5% + 6 Month KIBOR	30 Apr 2009	01 Nov 2014
Azgard Nine Limited	2,168	2.25% + 6 Month KIBOR	04 Dec 2007	04 Dec 2014
Azgard Nine Limited	5,000	-	31 Mar 2012	31 Mar 2017
Dewan Cement Limited	5,000	2% + 6 Month KIBOR	14 Jan 2008	14 Jan 2014
Engro Fertilizers Limited	5,000	1.7% + 6 Month KIBOR	18 Mar 2008	18 Mar 2018
New Allied Electronics Industries (Private) Limited	2,114	3% + 3 Month KIBOR	15 May 2007	15 May 2011
Agritech Limited I	4,995	1.75% + 6 Month KIBOR	30 Nov 2007	30 Nov 2014
Agritech Limited V	5,000	11% fixed rate	28 Oct 2011	28 Apr 2017
Sukuk bonds				
BRR Guardian Modaraba	4,047	1.3% + 6 Month KIBOR	07 Jul 2008	07 Dec 2016
Eden Builders Limited	313	2.3% + 3 Month KIBOR	08 Sep 2008	08 Mar 2014
Eden Housing Limited	1,313	2.5% + 6 Month KIBOR	29 Mar 2008	29 Sep 2014
Kohat Cement Company Limited	339	2.5% + 6 Month KIBOR	20 Dec 2007	20 Dec 2015
Maple Leaf Cement Factory Limited	4,239	1% + 3 Month KIBOR	03 Dec 2007	03 Dec 2018
New Allied Electronics Industries (Private) Limited	4,905	2.2% + 6 Month KIBOR	03 Dec 2007	03 Dec 2012
Pak Elektron Limited	2,143	1.75% + 3 Month KIBOR	28 Sep 2007	28 Sep 2012

7.5.1.1 Fair value of all performing term finance certificates, except term finance certificates of Allied Bank Limited, is determined using rates notified by the Mutual Funds Association of Pakistan (MUFAP). Term finance certificates of Allied Bank Limited are valued at discretionary rates within the limits as specified by SECP circular no.33 of 2012.

7.5.2 MUFAP, on 8 November 2012 classified the TFCs as non-performing due to non payment during extended period. Subsequently, on 26 December 2012 a restructuring agreement was approved by the TFCs holders. In accordance with the terms of restructuring, repayment period has been extended by two years and the principle amount is to be settled in three equal installments starting from 7 October 2014. Payment of accrued markup as at 7 October 2012 along with regular markup payments is to be made in eleven installments starting from 7 January 2013 with major payments due on 7 July 2014 and afterwards. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.11.196 million (30 June 2013: Rs. 10.178 million).

7.5.3 On 12 April 2012, a share transfer and debt swap agreement was entered into between the Financial Institutions and Azgard Nine Limited (the issuer), whereby the issuer agreed to transfer its entire holding in Agritech Limited to the existing lenders / creditors, including the Term Finance Certificate (TFC) holders at the agreed settlement price, in partial settlement of the outstanding principal / redemption obligations. As part of the above arrangement, the Fund settled its investment in TFC of Azgard Nine Limited amounted to Rs. 141,403,150 in consideration of 4,040,090 ordinary shares at the value of Rs.35 per share of Agritech Limited against the partial settlement of its outstanding exposure. The fair value of an ordinary share was Rs. 12.30 at transaction date i.e. 31 October 2012. Accordingly, the same have been recorded at fair value and the resultant effect recorded through income statement as recovery on partial settlement of investment.

As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their name for and on behalf of the TFC Holders who shall be the beneficial owners of the subjected shares in proportion to their holdings.

The Trustees for the TFC issue are authorized pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer. During the lock in period of five years, shares can be sold to an outside buyer subject to a prior written approval of the investors, however, no such approval is required for inter financier sale.

7.5.3.1 These zero coupon privately placed term finance certificates (PPTFCs) were issued against the interest receivable on TFCs of Azgard Nine Limited (disclosed in note 7.5.3) under an agreement dated 28 June 2012 between the Management Company of the Fund and Azgard Nine Limited. These PPTFCs are issued against the non performing securities, therefore the management, as a matter of prudence has recognised the above PPTFCs at nil value. The principal outstanding against these PPTFCs is to be redeemed in seven equal semi-annual instalments starting from 31 March 2014 and will mature on 31 March 2017. These PPTFCs were classified as non performing by MUFAP on 07 December 2012.

7.5.4 The Fund had advanced an amount of Rs 150 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was 09 January 2008). DCL failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.127.344 million (30 June 2013: Rs. 118.726 million).

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- 7.5.5 Agritech Limited defaulted in payment of principal and mark-up due on 30 May 2010. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.52.490 million (30 June 2013: Rs. 43.856 million).
- 7.5.6 This represents investment in privately placed term finance certificates of Agritech V received against due markup of Agritech I. MUFAP has classified these PPTFC's as non-performing. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.7.115 million (30 June 2013: Rs. 5.323 million).
- 7.5.7 These represent investments in privately placed Term Finance Certificates and Sukuk bonds of the investee company. The investment has been fully provided. The income suspended on these term finance certificates up to 31 December 2013 amounted to Rs.28.121 million (30 June 2013: Rs. 26.116 million) and Rs. 33.738 million respectively (30 June 2013: Rs. 31.117 million).
- 7.5.8 This represents investment in privately placed sukuk bonds issue with a term of five years. On 6 May 2011, these Sukuks were classified as non performing by MUFAP. Accordingly the Fund has valued these sukuks at the price lower than the last price quoted by MUFAP. Although the Fund has received all installments due as per restructured terms with certain delays, accrual of profit has been suspended and all income has been recognised on receipt basis. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs. 0.462 million (30 June 2013: Rs. 0.005 million).
- 7.5.9 Maple Leaf Cement Factory Limited defaulted for the second time in the payment of principal and mark-up due on 03 September 2011 (earlier default on 03 December 2009). In accordance with the requirements of Circular No. 33 of 2012 dated 24 October 2012 issued by SECP, the exposure has been classified as non-performing (both by the fund and MUFAP). During the period, the Fund received principal repayments amounting to Rs. 20 million (2 installments of 10 million each) along with markup of Rs. 38 million. A provision of 60% i.e. Rs. 203.49 million has been made in respect of the outstanding exposure and no further mark-up is being accrued. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs. 0.461 million (30 June 2013: Rs. 8.753 million).
- 7.5.10 This represents investment in privately placed sukuk bonds. On 27 December 2011 i.e. the scheduled redemption date, profit redemption of Rs. 1.93 million was not received by the Fund. The investment has been fully provided. The income suspended on these sukuk bonds up to 31 December 2013 amounted to Rs.4.361 million (30 June 2013: Rs. 2.197 million).
- 7.5.11 The term finance certificates and sukuk bonds held by the Fund are generally secured against hypothecation of stocks and receivables and mortgage / pledge of fixed assets of the user.

	31 December 2013	31 December 2012
	(Rupees in '000)	
7.6 Net unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss		
Market value of investments	230,841	166,360
Less: carrying value of investments	<u>(402,228)</u>	<u>(356,188)</u>
	(171,387)	(189,828)
Provision against non-performing TFCs		
Balance as at 1 July	174,176	191,071
Reversal made during the period	-	(16,895)
Balance as at 31 December	<u>174,176</u>	<u>174,176</u>
	<u>2,789</u>	<u>(15,652)</u>

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	31 December 2013	31 December 2012
	(Rupees in '000)	
7.7 Unrealised appreciation / (diminution) on re-measurement of investments classified as available for sale - net		
Market value of investments	524,854	914,582
Less: Carrying of investments	<u>(1,464,143)</u>	<u>(1,864,248)</u>
	(939,289)	(949,666)
Provision against non-performing TFCs and sukus		
Balance as at 1 July	939,681	908,755
Provision made during the period	27,313	183,701
Written off during the period	-	(91,710)
Reversal of provision due to recovery	-	(49,693)
Reversal of provision due to redemption of principal	<u>(12,902)</u>	<u>(9,837)</u>
Balance as at 31 December	<u>954,092</u>	<u>941,216</u>
	<u>14,803</u>	<u>(8,450)</u>
7.8 Movement in provision against non-performing term finance certificates and sukus		
Balance as at 1 July	1,113,857	1,099,826
Add: Charge for the period - net of reversal	<u>14,411</u>	<u>156,969</u>
	1,128,268	1,256,795
Reversal of provision due to recovery	-	(49,693)
Written off during the period	-	(91,710)
Balance as at 31 December	<u>1,128,268</u>	<u>1,115,392</u>
8 PROFIT RECEIVABLE		
	31 December 2013	30 June 2013
	(Rupees in '000)	
Profit receivable on savings and term deposits	54,241	53,755
Profit on certificate of investments	-	78
Provision against accrued profit	9 <u>(17,012)</u>	<u>(17,012)</u>
	37,229	36,821
Income accrued on term finance certificates and sukuk bonds - net	<u>42,517</u>	<u>60,420</u>
	<u>79,746</u>	<u>97,241</u>
9 ADVANCE, DEPOSIT, PREPAYMENT AND OTHER RECEIVABLE		
This mainly includes receivable of Rs. 463.225 million on account of deposit maintained with KASB Bank Limited ("the Bank") on which accrued profit of Rs. 33.859 million (net off provision of Rs. 17 million) has been recorded. The Fund has also recorded liability of Rs. 440.064 million and Rs. 23.161 million on account of redemption of units made by the Bank and contingent load respectively, the payments of which have been withheld due to dispute with the Bank. There has been no change in the status from 30 June 2013 as stated in the note 7.1 of the annual financial statements for the year ended 30 June 2013.		
	31 December 2013	30 June 2013
	(Rupees in '000)	
10 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	332	354
Settlement charges payable	22	20
Printing charges payable	35	85
Provision for Workers' Welfare Fund	12 17,199	15,384
Contingent load	9 23,161	23,161
Legal fee	25	40
Others	<u>236</u>	<u>252</u>
	<u>41,010</u>	<u>39,296</u>
11 CONTINGENCY AND COMMITMENT		
There was no contingency and commitment outstanding as at 31 December 2013.		

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12 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.

Subsequent to the year ended 30 June 2011, 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 14 December 2010, the Ministry 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 Court.

During the year 2012, 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, declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Sindh High Court (SHC) in various Constitutional Petitions declared that amendments introduced in the WWF Ordinance, 1971 through Finance Act 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

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 for the six months period ended 31 December 2013. As at 31 December 2013 the management has maintained provision against Workers' Welfare Funds' amounting to Rs. 17.199 million, if the same were not made the net assets value per unit of the Fund would have been higher by Rs. 0.0902.

13 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to 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 Fund has not recorded any tax liability in respect of income relating to the current period as the management company intends to distribute at least 90 percent of the Fund's accounting income for the year ending 30 June 2014 as reduced by capital gains (whether realised or unrealised) to its unit holders.

14 NON-COMPLIANCE WITH THE CIRCULAR AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

As at 31 December 2013, the Fund is compliant with all the requirements of The Securities and Exchange Commission of Pakistan vide circular no. 7 of 2009 dated 6 March 2009, except for clause 9 (v) requires that the rating of any security in the portfolio shall not be lower than investment grade. Non compliance of the said circular are as follows:

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Type of Investment	Name of Non-Compliant Investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net asset	Percentage of gross asset
----- (Rupees in '000) -----						
Investment in	Azgard Nine Limited III**	108,377	108,377	-	-	-
Debt securities	Azgard Nine Limited V**	82,180	82,180	-	-	-
	Agritech Limited I **	149,860	149,860	-	-	-
	Agritech Limited V **	32,320	32,320	-	-	-
	BRR Guardian Modaraba***	40,469	-	30,352	1.50%	1.21%
	Dewan Cement Limited - **	150,000	150,000	-	-	-
	Eden Housing Ltd. Sukuk II **	12,075	4,209	7,866	0.39%	0.31%
	Escort Investment Bank Limited***	4,996	-	3,684	0.18%	0.15%
	Gharibwal Cement Limited - **	24,356	24,356	-	-	-
	Kohat Cement Limited - Sukuk***	16,947	-	12,710	0.63%	0.51%
	Maple Leaf Cement Factory Limited - Sukuk I **	339,150	203,490	135,660	6.71%	5.40%
	New Allied Electronics Industries (Private) Limited - PPTFC **	31,707	31,707	-	-	-
	New Allied Electronics Industries (Private) Limited - Sukuk II **	44,149	44,149	-	-	-
	PACE Pakistan Limited **	149,820	149,820	-	-	-
	Pak Elektron Limited - Sukuk **	51,429	51,429	-	-	-
	Saudi Pak Leasing Company Limited ***	43,123	-	21,561	1.07%	0.86%
	Worldcall Telecom Limited **	96,371	96,371	-	0.00%	0.00%
Investment in	Azgard Nine Limited (Non-voting)	13	13	-	-	-
Equity securities	Agritech Limited*	51,188	-	51,188	2.53%	2.04%

* These shares are received in partial settlement against term finance certificates of Azgard Nine limited as fully explained in note 7.5.3.

** At the time of purchase, the term finance certificates and sukuks were in compliance with the aforementioned circular. However, subsequently due to defaults these were downgraded to non investment grade.

*** Book value, performing but without investment grade.

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

- 15.1 Connected persons include NBP Fullerton Asset Management Limited (Formerly National Fullerton Asset Management Limited) being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, National Bank of Pakistan 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.
- 15.2 The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 15.3 Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.
- 15.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

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15.5 Transactions during the period

	Six months period ended		Three months period ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
----- (Unaudited) -----				
----- (Rupees in '000) -----				
NBP Fullerton Asset Management Ltd.				
(Management Company)				
Remuneration expense for the period	13,730	11,826	7,138	5,979
National Bank of Pakistan - Sponsor				
Cash dividend	2,297	-	-	-
Sale of T-Bill	542,672	-	-	-
Central Depository Company of Pakistan Limited				
Remuneration expense for the period	1,207	1,099	619	553
CDS Charges	74	3	69	1
NBP Employees Pension Fund				
Bonus units issued: 3,561,172 units (2012: Nil units)	-	-	-	-
Employees of NAFA				
Bonus units issued: Nil units (2012: Nil units)	-	-	-	-
Units Issued / Transferred in (284,891 units)	2,987	-	2,987	-
Units Redeemed / Transferred out (258,649 units)	2,732	-	2,732	-
NBP Employees Benevolent Fund Trust				
Bonus units issued: 123 units (2012: Nil units)	-	-	-	-
CDC Trustee NAFA Asset Allocation Fund				
Purchase T-Bill	39,851	-	-	-
CDC Trustee NAFA Government Securities Liquid Fund				
Sale of T-Bill	60,603	-	60,603	-
International Industries Limited - Gratuity Fund				
Sale of T-Bill	5,420	-	5,420	-
Thall Limited Employees Provident Fund				
Sale of T-Bill	28,929	-	-	-
Pak Arab Refinery Limited - Supervisory Staff Gratuity Fund				
Sale of T-Bill	29,890	-	2,956	-
Summit Bank Limited				
Bank Profit	40	-	-	-
The Hub Power Company Limited				
Investment matured	136,000	-	-	-

NAFA INCOME OPPORTUNITY FUND

15.6 Balances outstanding as at period / year end

	31 December 2013 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
NBP Fullerton Asset Management Limited.		
Remuneration payable to management company	2,546	2,257
Sind sales tax on management fee	616	362
Federal excise duty on management fee	1,835	219
National Bank of Pakistan - Sponsor		
Investment held by the Sponsor in the Fund:		
3,601,691 units (30 June 2013: 3,601,691 units)	38,217	38,392
Balances in current account	744	639
Central Depository Company of Pakistan Limited		
Remuneration payable	216	198
Security deposit	100	100
NBP Employees Pension Fund		
Investment held in the Fund: 59,557,629 units (30 June 2013: 55,996,457 units)	631,954	596,894
Mr. Shahid Anwar Khan		
Investment held in the Fund: Nil units (30 June 2013: 94,454 units)	-	1,008
NBP Employees Benevolent Fund Trust		
Investment held in the Fund: 2,052 units (30 June 2013: 1,929 units)	22	21
Employees of NAFA		
Investment held in the Fund: 26,268 units (30 June 2013: Nil units)	279	-
Summit Bank Limited		
Balance in account	1,476	6,888
The Hub Power Company Limited		
Investment held	-	136,000

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on Feb 13, 2014 by the Board of directors of the Management Company.

For NBP Fullerton Asset Management Limited
(Management Company)

Chief Executive

Director



NBP Fullerton
Asset Management Ltd.

A Subsidiary of
National Bank of Pakistan

Your investments & "NAFA" grow together



Joint - Venture Partners

Head Office

7th Floor Clifton Diamond Building, Block No. 4,
Scheme No. 5, Clifton, Karachi.

UAN: 111-111-NFA (632)

Toll Free: 0800-20001

Fax: (021) - 35825329

Email: info@nafafunds.com

Website: www.nafafunds.com